



**REPUBLIC OF SEYCHELLES**

## **2024 BUDGET**

**ASSUMPTIONS AND OBJECTIVES OF THE 2024 BUDGET**

**PART 1**

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## **SECTION 1**

### **Budget Speech**



# **BIDZE 2024 GOUVERNMAN SESEL**

**Delivre par:**

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**MINISTER FINANS, PLANIFIKASYON NASYONAL EK KOMERS**

**Vandredi le 3 Novanm, 2023**

**9.00 er bomaten**

**Dan Lasanble Nasyonal Sesel**

**Ile Du Port, Victoria,**

**Mahe, Seychelles**

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

**Bonzour.**

### **1. Lentrodiksyon**

Msye Spiker, sa bidze i katriyenm ki sa ladministrasyon ki ti vinn ou pouvwar an 2020 i prezante. I enportan note, ki sa ladministrasyon ti vinn o pouvwar dan moman ekonomik pli difisil dan liswar sa pei. Dan sa konteks, sa i fer tou sa ki nou'n reisir akonplir pli remarkab, kot nou'n kapab vir en sitiasyon potansyelman katastrofik e retourn pei a son normalite e menm fer pli byen avan sa kriz pandemik e ekonomik.

Sesel ozordi i ganny war koman en sikse ekonomik lo nivo mondyal. Sa i montre sa travay formidab ki sa tim ki zer sa lekonomi Sesel in fer dan sa 3 an. Mon oule dir mersi mon tim zenn profesyonel, ki tou i Seselwa, kot mon Minister pour sa bon travay. Koman en pep osi nou war ki mannyer nou enn ki determinen, rezilyan e kouraze e nou devret fyer ozordi, sa semen ki nou'n traverse avek sikse.

Msye Spiker, travay sa ladministrasyon i kontinyen. Nou'n fer bokou, me i ankor annan bokou pou fer pour nou reisir satisfere laspirasyon nou pep. I reste ankor bokou pou aranze e bokou pou transformen dan sa pei. Mon kwar nou tou nou'n realize ki sa transformasyon ki nou oule war pa pou ariv dan 3an, me i en parkour a lon term.

Alors Msye Spiker, sa bidze 2024, parey monn dir dan lepase i en kontinyasyon en program lon term sa ladministrasyon pou amelyor sitiasyon ekonomik e sosyal sa pei e son pep. La baz pou fer sa se en transformasyon ekonomik ki ava kree plis larises, savedir pou enportan pour nou kontinyen ek nou bann polisi ekonomik. Sa i enkli; stabilite makorekonomik, en lanvironmann pli konvenab pou fer biznes e divertifikasyon dan nou bann diferan sekter lekonomi.

Sa Ladministrasyon i kwar dan leve debourye. Pour nou pep kapab leve e debourye nou bezwen kree sa lanvironnman ideal pou siport zot laspirasyon. Plitar, Msye Spiker, mon a donn plis detay lo bann mezir ki pou ganny pran dan sa direksyon.

Msye Spiker, lavi sitwayen dan lakominote i osi en laspe enportan dan byennet nou pep e nou pei. E zisteman, i pour sa rezon ki sa lannen, gouvènmman ti vizit tou le 26 distrik pou ekout bann konsern ek lopinyon nou pep. Nou'n ekout zot defi ki zot pe fer fas avek toulezour dan zot kominote. Depi sa bann miting, in annan bokou aksyon ki'n fini ganny pran, e dan bizde mon pou anons bann lezot sipor avek bi ede amelyor lavi bann zabitan dan kominote. Sa, i pou vinn enn bann gran priorite pour sa Ladministrasyon.

Pou amelyor lavi nou sitwayen dan lakominote, nou rekonnet ki nou bezwen osi anmenn en lalit serye kont bann fleo sosyal. Msye Spiker, Sa i osi reste enn nou priorite. Bidze 2024 pe investir dan program ek lenfrastruktir pou ede siport bann ki pli dan bezwen. Pour nou arive annan en pep ki rezilyan, for, e ki travay dir, nou pou bezwen investir pou konbat sa bann fleo.

Msye Spiker, zis parey in leka dan sa bann dernyen bidze, lenvestisman dan lenfrastruktir nou pei i pou reste en lot priorite. Dan sa enn bidze bokou lanfaz in ganny mete pou refer nou bann lenfrastruktir sportiv. Parey zot o kouran, Sesel pou akeyir zwe CJSOI an 2025, e si nou pa fer sa lenvestisman la, sirtou, anvi leta nou bann fasilite sportiv, nou pou dan problem.

Msye Spiker, Bidze 2024, alors pe met lanfaz lo transformasyon ekonomik, donn sipor bann ki bezwen, e kontinyen investir dan lenfrastruktir pei, ki pou siport lagrandisman nou lekonomi e nou pep. Me tousala, nou toultan bezwen reste vizilan anver nou vilnerabilite avek bann sok lo nivo mondyal.

## **2. Devlopman lo nivo mondyal**

Msye Spiker, devlopman lo nivo enternasyonal pe montre ki lagrandisman lekonomi mondyal pour 2023 pour selman 2.7 pousan, en pousantaz ki pli ba ki bann mwayenn lepase ki ti anviron 3.8 pousan. Rezon prensipal pour sa ralantisman i konm swivan:

- ralanti dan sekter servis dan bann lekonomi pli devlope,
- polisi moneter ki pli sere aköz lenflasyon ki par lao target dan bann pei devlope,
- lekonomi Lasin ki pa pe agrandi o si vit ki ti'n prevwar,

- sa lager ant Ikrenn ek Larisi,
- e la tou dernyenman konfli ki pe annan an Mwayenn Orian.

Msye Spiker si sa konfli i agrave e propaze, lenflasyon lo nivo mondyal pou kapab vin pli pir ankor, prenankont pri karbiran ki kapab ogmante. Sa nouvo konfli, i kapab enpakte lo Sesel direktteman, anvi la kantite touris Izraelyen ki'n vin Sesel dan lepase. Son lenpak pou endirekteman osi, ler ou konsider bann lenpak ekonomik negativ ki pou annan dan bann Marse Eropeen, ki nou marse touris prensipal.

Msye Spiker, an 2024, in prozekte ki lekonomi mondyal pou ralanti plis ankor, en mwayenn 2.5 pousan. Lo kote lenflasyon, Fon Moneter Enternasyonal pa ekspekte ki sa pou retourn lo en nivo normal ziska 2025.

### **3. Sekter Moneter**

Msye Spiker, pandan 2023, Labank Santral in mentenir en polisi moneter akomodativ pou siport lekonomi domestik, ki pe fer fas avek lenpak bann devlopman eksteryer.

An mwayenn, to lentere lo bann 'saving' depozit ti 1.50 pousan an Out 2023, e 9.62 pousan lo bann fasilite kredi. An sa ki konsern *Treasury-bills*, to lentere an Septanm 2023 ti 1.33 pousan, 1.42 pousan e 1.95 pousan lo bann fasilite 91-zour, 182-zour e 365-zour, respektivman.

An zeneral, in annan en ogmantasyon dan lakantite kredi ki'n ganny donnen an rounpi, e ki'n al anver sekter prive pandan 2023. Sa i reflekte en amelyorasyon dan aktivite ekonomik e en lanvironnman pli favorab pour bann biznes. An Septanm 2023, lakantite kredi in ogmant par 13 pousan konpare avek Septanm 2022. Sa, i en sinny pozitiv pour nou lekonomi.

I enportan note ki lensertitid relye avek bann tansyon politik dan lemonn, i kapab enpakte lekonomi domestik lannen prosenn. Alors, Labank Santral pou kontinyen pran kont bann faktor domestik e eksteryer ler i fer desizyon, pou fer sir ki son polisi moneter i anliny avek son bann lobzektif.

#### **4. Lenflasyon**

Msye Spiker, nivo lenflasyon in desann depi Me 2023, konpare avek 2022. Sa i an rezilta en apresyasyon dan valer roupi, moderasyon dan pri komodite ek karbiran lo marse enternasyonal, ensi ki rediksyon dan kou transportasyon maritim mondyal.

Statistik ofisyel in montre ki konpare avek Septanm 2022, to lenflasyon ti negativ 2.5 pousan an Septanm sa lannen. Lo en baz douz mwan, to lenflasyon ti 0.3 pousan pandan sa menm peryod.

An vi bann risk asosye avek ogmantasyon dan pri komodite e karbiran lo marse enternasyonal, ensi ki lekspektasyon ki pou annan plis demann dan marse domestik relye avek aktivite ekonomik, to lenflasyon i ekspekte pli o dan kour term.

#### **5. Sekter Eksteryer**

Msye Spiker, bann estimasyon preliminar i montre ki malgre ki balans ‘Current Account’ ki rikord valer tranzaksyon ki Sesel i fer avek larestan lemond i reste an defisit an 2023, in annan en amelyorasyon konpare ek 2022, kot in sorti 8.0 pousan pou ariv 5.6 pousan nou prodwi domestik brit (GDP). Sa ti an rezilta rediksyon dan pri komodite ek karbiran lo marse enternasyonal ensi ki en ogmantasyon dan valer marsandiz ek servis ki’n ganny eksporte sa lannen.

Anliny avek prozeksyon, nivo depandans ki pei i fer a leksteryer pou reste plis ki lakantite reveni ki antre dan pei an 2024 e pour ekivalan en defisit 8.3 pousan nou GDP, an vi lekspektasyon en logmantasyon dan pri komodite ek karbiran lo marse enternasyonal.

#### **6. Revi lo Performans Ekonomik 2023 e Konteks Lekonomi pour 2024**

Msye Spiker, en revi nou performans 2023 i montre ki nou lekonomi pou agrandi par 3.8 pousan. Sa i mwens ki ti’n prevwar e baze prensipalman lo faktor eksteryer ki pe enpakte lo nou. Sa rediksyon i baze lo bann nouvo devlopman lo nivo mondyal, sirtou kriz kou lavi dan bann pei devlope kot nou touris i sorti, pli ba kwasans ekonomik dan sa bann pei, ki’n osi redwir reset dan sa sekter konpare avek 2022.



Me, kantmenm sa, lo kote marse domestik, Sektor Lenformasyon Kominikasyon Teknolozi (ICT) in kontinyelman agrandi, e an 2023 sa sektor pe prozekte en kwasans 16 pousan. En lot sektor ki pe fer byen i Transportasyon ek Stokaz, kot nou pe prozekte en kwasans 11.8 pousan, e lapes semi-endistriyel pou rikord en kwasans 5 pousan.

Dan sektor Finansyel avek Lasirans, alafen 2023, en kwasans 2 pousan pe ganny prozekte. Dan sektor Konstriksyon, en kwasans 3 pousan pou ganny rikorde. En kwasans 2 pousan in prozekte dan prodiksyon ton dan bwat par IOT. En kwasans 4 pousan pe prevwar dan sektor labwason ek taba. Dan prodiksyon blok, lezot prodwi ros avek lapentir, en kwasans 2 pousan in estimen, an 2023.

Dan sektor '*wholesale ek retail*', en kwasans 1.8 pousan in ganny prozekte.

Msye Spiker, an 2024, nou pe prevwar ki pou annan en kwasans 4 pousan dan Prodwi Domestik Brit (GDP), akoz en ogmantasyon touris, anvi louvertir 3 gran lotel dan premye kar 2024. Kwasans reel dan bann aktivite ki relye avek lendistri tourizm, parey; Akomodasyon, avek Servis Manze, parey restoran, Administrativ avek Lezot Servis Sipor in ganny estimen pour 4 e 2 pousan respektivman.

Toudmenm, nou bezwen reste vizilan e responsab anvi sa konfli an Mwayenn Orian ki kapab afekte marse Izraelyen a lonterm ki an se moman i kont pour 5 pousan nou total touris ki vin Sesel. E de plis son potansyel pou afekte pri karbiran e lenflasyon lo nivo mondyal, sirtou, dan nou bann marse touris prensipal, ki Lerop. I enportan osi note, bann developman resan avek sa lager, parey monn dir i annan potansyel pou enpakte lo pri karbiran, ki kapab pous pri komodite pli o, kree lenflasyon dan bann pli gran marse touristik pour Sesel, ki fer i pou vin pli ser pour touris vwayaze. Tousala i bann senaryo ki nou bezwen pran an kont ler nou pe travay lo bidze pei e sa i bann analiz ki pou kontinyen ganny fer pandan lannen avek revizyon bize.

Lezot sektor ki nou pe ekspekte en kwasans an 2024 i sektor ICT ek konstriksyon, kot la prozeksyon i 10 e 4 pousan respektivman. Pour sektor lagrikiltir, nou pe prevwar en kwasans 3 pousan, anvi ki pri manze zannimo in redwir.

Dan sektor Prodiksyon oubyen '*Manufacturing*', prodiksyon prodwi ton IOT, nou pe prevwar en kwasans 3 pousan. Lo kote prodiksyon labwason ek taba, kwasans

pour 3 pousan, e lezot prodiksyon, parey blok, lezot prodwi ros avek lapentir i ekspekte annan en kwasans 3 pousan. In osi prevwar ki pou annan en kwasans 2 pousan dan sekter Finansyel ek Lasirans. Sekter ‘Wholesale ek Retail’ i ekspekte rikord en kwasans 2 pousan en 2024.

## **7. Revi lo Performans Fiskal 2023**

Msye Spiker, lekonomi Sesel i ankor rezilyan e pe kontinyen agrandi, avek aktivite lekonomi ki’n preski dir ariv lo menm nivo avan pandemik COVID19.

Pour lannen 2023, pozisyon primer fiskal gouvènmàn i ekspekte balanse, an dot mo, kantite larzan ki nou pou kolekte e depanse pou preski parey. Sa i akòz nou’n anmas plis reveni ki ti’n prevwar e in annan en pti rediksyon dan depans akòz retar ki’n annan dan ekzekisyon serten proze kapital.

Sa performans, ansanm avek en to lesanz ki’n stab, i fer ki nou pou fini lannen avek en stok det 64.4 pousan nou Prodwi Domestik Brit (GDP). Sa i ankor soutenab, e gard nou lo bon semen pou ariv lo target pou redwir det pei ziska 50% nou GDP, ver lannen 2030.

Msye Spiker, nou estimen ki pour lannen 2023, nou reveni total ki osi enkli bann don pour R9.9 bilyon, ki ekivalan 34 pousan nou GDP. Sa estimasyon i preski konsistan avek sa ki nou ti’n prevwar dan revizyon bidze milye lannen. Nou pou selman rikord en pti rediksyon par R5 milyon oubyen 0.05 pousan. Ler nou konpar sa reveni total an 2023 avek sa ki pou 2022, in annan en ogmantasyon anviron R1.1 bilyon oubyen 13 pousan, akòz in annan en ogmantasyon dan koleksyon taks pour sa lannen.

Msye Spiker, an sa ki konsèrn zis reveni taks, an 2023, sa sonm total pour R8.4 bilyon oubyen 28.98 pousan nou GDP, ki anefe 14 pousan anplis ki sa rikord etabli an 2019. Sa i reflekte en ogmantasyon R11.2 milyon oubyen 0.13pousan, konpare avek sa ki nou ti’n prevwar pandan revi bidze milye lannen.

De taks ki’n kontribye dan sa ogmantasyon i taks biznes e propriyete. Ansanm zot in kontribye pou ogmant nou prozeksyon par R71.5 milyon. Koleksyon taks biznes in enn ki’n perform tre byen pou ariv lo en prozeksyon R1.6 bilyon, prensipalman akòz lagrandisman sekter ‘securities dealers’ dan lendistri finansyel.

Lo kote taks lo propriyete ki bann etranze i annan isi, li osi in perform tre byen pandan lannen, ki fer nou'n ogmant nou prozeksyon par R35.6 milyon.

Parkont, Msye Spiker, in annan en rediksyon R60.4 milyon dan nou prozeksyon pour lezot kalite taks, ler ou konpar avek revizyon bidze milye lannen. Dan sa rediksyon total, sa nouvo lalwa '*Tourism Environmental Sustainability Levy*' e '*Tourism Turnover Tax*', i responsab pour en rediksyon R25.9 milyon.

Msye Spiker, pandan revi milye lannen, nou ti prezant en bidze siplemanter SR 275.5 milyon ek en rediksyon SR 621.4 milyon dan depans gouvernman. Sa i en rediksyon zeneral SR 345.9 milyon konpare ek sonm orizinal ki ti'n prevwar dan bidze.

Nou pou termin 2023 avek en balans defisit primer SR2.4 milyon.

## **8. Bidze 2024 e Performans Fiskal Mwayen Term**

Pour lannen 2024, Msye Spiker, gouvernman pe propoz en depans R10,640,628,966. Sa i reprezant en ogmantasyon 1poursan, ler ou konpar avek 'Appropriation Bill' 2023, ki ti R10,495,149,665.

Nou pe osi prozekte pou kolekte R10.9 bilyon an term reveni ek bann don.

Pour lannen 2024, Msye Spiker, gouvernman pe prozekte en sirplis dan nou balans primer fiskal. Nou pe prevwar en sirplis R332 milyon, ki reprezant 1.1 poursan nou GDP. Rezon pour sa sirplis se aköz nou ekspekte nou lekonomi kontinyelman agrandi, alors koleksyon reveni pou ogmante par SR 907 milyon ouswa par 9 poursan.

Dan mwayen term, nou ekspekte ki sa sirplis fiskal i ganny mentenir, ki ava kapab ed nou dan repeyman nou det, e kree plis rezilyans.

## **9. Koleksyon Reveni pour 2024**

Msye Spiker, parey nou konnen, gouvernman i kolekte son reveni aparti de sours prensipal. Premyerman i annan taks, ki pour 2024 nou pe prozekte en total R 9.19 bilyon, ki reprezant 30.3 poursan nou GDP. Sa prozeksyon i plis ki sa ki ti an 2019, e i reflekte mannyer nou lekonomi pe refer e osi lezot devlopman. Sa total i en ogmantasyon R760 milyon, ouswa 4.6 poursan ler ou konpar avek 2023. Koleksyon reveni taks i ekspekte kontribye apepre 85% reveni total, avek en

ogmantasyon prensipalman dan Taks Biznes, Lezot Taks (Other Tax) e Taks Valer Azoute (VAT). Sa ogmantasyon i prensipalman gras a koleksyon adisyonnèl SR 254.0 milyon anba Taks Valer Azoute (VAT), SR 146.4 milyon anba Taks Biznes, e SR 166.8 milyon anba lezot taks.

An 2024, bann ‘non-tax revenue’ i ekspekte ogmante par apepre SR 143 milyon. Bann don ki nou ganyen i ekspekte ogmante par apepre SR 5.8 milyon. Dan mwayen term, reveni total ek bann don in ganny prozèkte pou ariv apepre 35.8 pousan nou ‘GDP’.

### **10.Labaz Depans Gouvernman**

Msye Spiker, gouvernman i bezwen reste pridan e responsab dan son depans pour lannen 2024 e mwayen term. Nou rekonnet ki nou bezwen investir en pe plis dan nou program sosyal e lenfrastriktir. Me nou bezwen fer li dan en fason soutenab. Pour lannen 2024, nou pou travay lo en revè nou bann striktir fonksyonman bann Minister, Departman e Lazans, baze lo lenvestisman dan nouvo teknolozi ki nou pe enplimante. Sa i ava permet nou prepar nou bann travayer lo sa sanzman ki nou bezwen e osi donn en pli bon servis sekte prive e piblik an zeneral.

Sekte Lasante e sekte Ledikasyon i reste sa de pli gro sonm dan bidze avek en total SR 1.41 bilyon e SR 1.40 bilyon respektivman. Sa i reprezant 13.3 pousan e 13.1 pousan respektivman bidze total ki nou pe propoze.

Bidze byen e servis i reste pli gro sonm dan bidze 2024 avek en total SR 3.73 bilyon ki reprezant 35.1 pousan depans total Gouvernman. Sa i osi pe reprezant 12.3 pousan GDP konpare avek 12.8 pousan-GDP dan revizyon bidze an 2023. Gouvernman pou kontinyen rod fason pou vwar plis efikasite e redwir bann depans operasyonnel e servi sa larzan pou investir plis dan bann program.

Msye Spiker, en sonm SR 1.43 bilyon pe ganny propoze dan program lenvestisman kapital ki reprezant 4.7 pousan GDP. Sa i en ogmantasyon SR 211.3 milyon konpare avek bidze revize an 2023 e SR 835.3 milyon letan ou konpar avek depans anba proze kapital an 2022. Sa sonm SR 1.43 bilyon pe ganny finanse konm swivan;

1. Finansman domestik SR 876.6 milyon
2. Finansman par bann loan SR 277.7 milyon
3. Finansman par bann don SR 304.4 milyon

Msye Spiker, sa i demontre langazman sa gouvèrnman pou envestir plis bidze dan nou bann proze kapital ki pou ed lagrandisman nou lekonomi dan mwayen e lon term e kontribye dan devlopman sosyo-ekonomik nou pep.

### **11.Reminerasyon ek Saler**

Msye Spiker, dan bidze 2024, nou pe osi propoz en bidze SR 3.6 bilyon pour reminerasyon ek saler dan servis piblik. Sa i reprezant 11.7 pousan GDP konpare avek 11.2 pousan dan bidze revize an 2023. Bidze 2024 i osi pe montre en ogmantasyon par SR 295.1 milyon ouswa 9 pousan letan ou konpar avek bidze revize an 2023.

Dan mwayen term bidze reminerasyon ek saler pou ariv lo sa nivo 11 pousan GDP. En to, ki dapre bann resers ek analiz ki'n ganny fer i rekonmande pour bann pti leta zil. Alors mon demann tou travayer servis sekter piblik pou perform a en oter ki pou ed lekonomi agrandi plis. Nou pou kontinyen envestir dan nou travayer pou prepar zot dan sa transformasyon ki nou anvi vwar arive dan servis piblik.

Msye Spiker, en servis piblik modern i enn bann priorite gouvèrnman. Sa lankadremans performans baze lo rezilta ki enkli 'performance management' pe fini ganny enplimante. Bann program formasyon pour travayer servis piblik in konmans e pou kontinyen. Parey zot in war semenn pase, nou'n konmans ek en program formasyon 'leadership' pour bann Sekreter Prensipal. Sa pe ganny fer an partenarya avek gouvèrnman UAE. Nou'n osi konplet en program formasyon pour bann travayer resous imen.

Nou pe osi fer revizyon dan striktir labours pour bann travayer ki deza dan lanplwa servis piblik, pou asire ki i annan en devlopman kontinyel. Dan lefase Gouvèrnman pann toultan stratezik dan la fason ki in donn labours. Bann landrwa ki nou'n war serten mankman mendev pann ganny prioritize. Sa i bezwen sanze. Ozordi nou war ki difikilte ki egziste pou fer rekritman e ki manyer serten pozisyon i reste 'vacant', kantmenm lavertisman i ganny mete. Sa i montre en defayans dan 'manpower planning' e i bezwen sanze. Komansman 2024, avek finalizasyon 'manpower planning plan', nou pou prioritiz labours dan bann domenn ki annan gran demann.

Msye Spiker i osi enportan note ki an Avril 2023, gouvèrnman ti fer en ogmantasyon an mwayenn 10 pousan, apre ki detrwa alawenns ti ganny konsolide dan sa saler. Sa ogmantasyon pe kout gouvèrnman SR 218 milyon an 2024, konpare avek SR 158 milyon an 2023. Logmantasyon saler in osi annan lenpak lo

peyman trezyenm mwan aköz bann alawenns ki'n ganny konsolide. Alor pour lannen 2024 en provizyon SR 136 milyon pe ganny bidzete konpare avek SR 116 milyon ki'n ganny depanse an 2023.

Msye Spiker, dan lefase bokou lanfaz in ganny mete lo bann 'scheme of service' pour bann travayer teknik dan bann diferan Minister, Departman e Lazans. Ozordi, nou'n war ki avek nouvo lankadreman lo zesyon gouvrenman ki Baze lo rezilta (RBM), nou bezwen met osi plis lanfaz lo bann lezot 'cadre' parey bann travayer resours imen, lenformasyon teknoloji e administrasyon. Alors pour sa 3 skim provizyon bidzeter pour sa revizyon i SR 4.2 milyon. Bann lezot skim pour bann Minister, Departman ek Lazans pou ganny revize letan lespas bidze i permet.

## **12. Depans Enprevi (Contingency)**

Msye Spiker, en sonm SR 88.2 milyon in ganny mete dan bidze 2024 konpare avek SR 50 milyon dan bidze 2023. Sa ogmantasyon i pou peyman dezyenm faz konpansasyon pour bann ka polisyon delo La Misere. Nou ekspekte sa bann peyman i ganny fer pandan premye sis mwan 2024. Bann detay pou ganny finalize par Biro Prokirer Zeneral.

Pour lannen 2023, nou'n kapab met en propozisyon devan bann zabitan pou pey konpansasyon ki konsern polisyon stasyon elektrisite Baie Ste Anne Praslin. Nou ekspekte pou finaliz peyman avan lannen 2023 pour tou bann endividi ki'n aksepte sa propozisyon e sinny zot lagreman.

## **13. Depans dan bann sektor prioriter**

### **13.1 Sektor Lasante**

Msye Spiker, pour lannen 2024, nou pe fer en alokasyon bidze SR 1.41 bilyon pour sektor lasante ki reprezant 4.7 porsan GDP konpare avek 4.5 porsan GDP dan bidze revize an 2023. En alokasyon SR 693.4 milyon pe ganny prozekte dan bidze reminerasyon e saler dan sektor lasante ki pe reprezant 49 porsan depans anba sa sektor.

Dan bidze 2024, en sonm SR 639.6 milyon pe ganny fer anba byen e servis e mazorite pe ganny mete anba Lazans Swen Lasante pour bann depans swivan :

- Latizann - SR73.6 milyon
- Tretman dyaliz - SR 76.8 milyon
- Provizyon medikal - SR 104.5 milyon

- Provizyon manze pour bann pasyan - SR27.4milyon
- Tretman medikal spesyalize - SR 50 milyon

En sonm SR 79.3 milyon pe osi ganny prozekte anba bann proze kapital pour sekter lasante pour sa bann proze swivan;

- i. Mentenens kontinyel Lopital Sesel- SR 9.6 milyon
- ii. Travay Renovasyon Lopital Baie Ste Anne- SR 4.5 milyon
- iii. Lopital La Digue- SR 8.7 milyon pou prensipalman travay adisyonnèl pou en ‘stand-by generator’ e ‘aluminium ceiling’.
- iv. Renovasyon ex NIHSS- SR 11.3 milyon. Sa lenfrastruktir pou ganny servi pou reabilitasyon bann dimoun avek latak laserel.
- v. Azout nouvo fasilite dan batiman NIHSS- SR 4 milyon
- vi. Nouvo Stor Medikal Providans- SR 5 milyon
- vii. Nouvo laliny ‘Sewerage’ kot Lopital Sesel- SR 2.8 milyon
- viii. Ekstansyon ICU kot Lopital Sesel- SR 4 milyon
- ix. Renovasyon Sant Lasante Les Mamelles- SR 1.1 milyon
- x. Konstriksyon Sant Lasante Baie Lazare – SR 4.8 milyon e
- xi. Renovasyon bann diferan lenfrastruktir lasante – SR 10 milyon

Msye Spiker, aparti 2025, gouvènmman pou konmans konstriksyon nouvo lopital Sesel. An 2024, lopital Sesel pou ganny li 100 an. Me parey nou kapab konstate, avek logmantasyon dan bann maladi non transmisib, par egzanp dyabet, kanser e tansyon, lobzektiv i ki avek en nouvo lopital pli modern, ekipe avek bann lekipman pli avanse nou pou kapab fer plis loperasyon ek tretman isi Sesel dan plas anvoy nou Seselwa trete a letranze. Sa konstriksyon pou enn bann pli gro proze ki Sesel in deza enplimante. Nou estimen ki sa nouvo lopital pou kout apepre SR 1 bilyon. Gouvènmman pe fer bann demars finansman pour nouvo lopital. La mon ti ava osi lans en lapel pour tou Seselwa pou fer en kontribisyon pour sa nouvo lopital.

## **13.2 Sekter Ledikasyon**

Msye Spiker, lenvestisman dan sekter ledikasyon i reste en priorite gouvènmman. Nou lavenir konman en sosyete rezilyan, i depan bokou lo ki mannyer nou ankadre nou fitir sitwayen, e ledikasyon i sa pwèn santral kot nou zanfan i aprann plis ki zis lir, ekrir e konte. I sa landrwa kot zot osi aprann bann valer lavi, bann valer moral, bann skil kiltirel e sportif.

En alokasyon bidze SR 1.40 bilyon pe ganny fer pour lannen 2024 pour sekter ledikasyon. Sa i reprezant 4.6 pousan GDP. En alokasyon SR 598.6 milyon pe ganny propoze dan bidze reminerasyon e saler dan sekter ledikasyon ki reprezant 42.8 pousan depans anba sa sekter. Pli gro sonm depans pour sa sekter i anba byen e servis pour en sonm SR 657.7 milyon ki reprezant 47.0 pousan depans anba sa sekter.

Msye Spiker avek bi pou asire ki lanvironman lekol i reste enn ki konvenab pour laprantisaz e kot lekol i osi evolue avek teknolozi, dan mwanyen term en total SR 63.76 milyon in ganny bidzete pour akizisyon sez, latab e konpiter pour bann lekol.

En sonm SR 41.1 milyon pe ganny propoze pour gouvernman kontinyen avek son programm donn 'breakfast' pour tou etidyan dan lekol leta, primer e segonder e osi dezennen.

En sonm SR 70.9 milyon pe osi bidze pour servis bis SPTC pour bann etidyan.

Msye Spiker, parey ti anonse le 27 Oktob Lenstiti pour Devlopman Pti Anfans (IECD) in vin en Kategori 2 pour sant pti Anfans e Ledikasyon UNESCO. Sa lenvestisman ki Gouvernman pe fer pe anmenn bon rezilta. En sonm SR 27.6 milyon in ganny bidzete an 2024, pour 'Day Care Scheme' e dan 'ECCE Trust Fund' i annan en sonm R 1.6 milyon ki'n ganny bidzete. Bann 'day care' e 'childminders' i ganny asiste anba sa fon kot zot kapab fer laplikasyon pour lekipman ki a met zot lo bann standar ki IECD in etabli.

En sonm SR 198 milyon pe ganny bidzete dan fon letid an 2024. Sa i kouver pour bann dimoun ki deza dan lanplwa e osi bann etidyan ki fek sorti dan bann sant profesyonnel. Parey monn mansyonnen avan, nou bezwen travay avek nou bann etidyan pou fer sir zot pran bann letid avanse baze lo demann priorite pei. Nou deza war dan sa bann dernyen lannen kot bokou etidyan i pran bann kour lo nivo degre ki zeneralize, parey 'Business administration'. Me nou war ki bezwen pei i pa neserman dan sa bann domenn. I annan bann domenn pli teknik ki anann en mankman ki nou bezwen met lanfaz lo la. Savedir, gouvernman pou bezwen fer en travay pli konpreansiv avek bann formater 'careers guidance' avek Liniversite Sesel pou ofer bann degre dan bann sekter ki pli relevan e an demann.



Msye Spiker, apard program labours gouvernman, sa opsyon pou pran loan pou investir dan ou prop ledikasyon i ankor ekziste. Dan bidze 2024, nou pe fer en alokasyon SR 8 milyon pour skim 'loan edikasyonnel' avek bann labank komersyal. Sa skim ti lanse an 2023. En sonm SR 5 milyon pe ganny bidzete konman kontribisyon gouvernman pour Liniversite Sesel. Sa sipor pou al anver renovasyon bann fasilite lenfrastruktir e osi dan devlopman bann program ki anlinny avek bezwen sekter lanplwa Sesel.

Pour lannen 2024, gouvernman pou revwar laptop skim pou osi enkli tou etidyan senkyenm ek sizyenm dan lekol leta e prive. Ozordi tou etidyan segonder e sant profesyonel pe benefisye anba sa skim. Sa skim i en kontribisyon SR 3,000 anver pri laptop ki zot aste. Sa skim pe kout gouvernman en sonm SR 5 milyon par lannen. Nou demann tou etidyan ki pou benefisye anba sa skim pou pran sa loportinite anvi ki teknolozi pe ganny entegre dan sistenm ledikasyon.

Msye Spiker, en sonm SR 21.4 milyon pe osi ganny bidzete pour 'stipend' ki bann etidyan sant profesyonnel i resevwar. Anvi bann defi ki bann etidyan ki sorti lo bann zil pros i rankontre letan zot vin etidye lo Mahe, konsiderasyon pour en ogmantasyon dan zot alawens in ganny pran dan bidze 2024. Bann etidyan zil pros pou aprezan resevwar en alawens SR 2,000 par mwan, sa i ogmantasyon SR 600.

Pour bann etidyan ki pa'n kalifye pou antre dan bann sant profesyonnel, en sonm SR 11.2 milyon dan bidze in ganny mete pou kouver program "Apprenticeship Scheme".

Msye Spiker, lannen prosen nou pe donn loportinite etidyan lo La Digue e Praslin ki pou swiv Letid A'Level an 2024 pou fer li kot lekol 'Vijay International' dan plas vin Mahe. Minister Ledikasyon pou travay lo lankadremman pou kouver sa program e zot pou enform bann etidyan a en moman apropiye. Sa i ava fer ki bann zanfan pa ava bezwen kit zot lakour, pou vin Mahe, pou kontinny zot letid.

En sonm bidze SR 142.1 milyon pe ganny propoze dan bidze 2024 pour proze kapital dan sekter ledikasyon. An Septanm sa lannen nou ti sinny lagremman en loan pour en lavalier US\$ 10 milyon avek Fon Saoudyen pour Devlopman pour konstriksiyon nouvo lekol La Digue. En sonm SR 83.1 milyon in ganny bidzete dan bidze 2024 pour ki konstriksiyon sa lekol i demare. Sa lannen, gouvernman pe fer

en fasilite tanporer pour ki bann zanfan i kapab servi pandan ki konstriksyon sa nouvo lekol i konmanse an 2024.

Msye Spiker, parey bokou lenfrastruktir dan pei ki zot leta in deteryore, sa osi i enkli bann lekol. Pour lannen 2024, gouvènmman pou depans dan sa bann proze kapital swivan;

- i. Kontinyasyon konstriksyon lakres Anse Royale- SR 4.5 milyon
- ii. Konstriksyon nouvo blok lekol primer La Rosiere - SR 18 milyon
- iii. Renovasyon lekol primer La Rosiere- SR 6.2 milyon
- iv. Konstriksyon nouvo blok Lekol Beau Vallon- SR 1.2 milyon
- v. Renovasyon lekol Glacis- SR 3.5 milyon
- vi. Renovasyon lekol primer Perseverance- SR 1.6 milyon
- vii. Renovasyon lekol Belonie- SR 3 milyon
- viii. Travay renovasyon lo lekol segonder Anse Boileau - SR 3 milyon
- ix. Renovasyon lekol English River- SR 1.5 milyon
- x. Renovasyon lekol segonder Plaisance - SR 1.2 milyon
- xi. Konstriksyon ‘Boundary Wall’ kot lekol A’level - SR 3.6 milyon
- xii. Travay renovasyon e nouvo konstriksyon kot lenstiti Agrikiltir e Ortikiltir- SR 3.8 milyon
- xiii. Travay Renovasyon kot lekol ki donn lankadreman bann ansennyan (SITE)- SR 4 milyon e
- xiv. Bann lezot Renovasyon bann diferan lenfrastruktir lekol dan sekter ledikasyon– SR 3.9 milyon

Msye Spiker, mon anvì sezi sa lopòrtinite pou lans en lapel avek tou paran e tou bann ankadrer pour ki zot pran letan pou enkilke bann bon fason fer dan nou bann zanfan. E bann zanfan ki zot sezi letan ki zot gannnen pou pran zot letid o serye e investir letan dan keksoz ki pozitiv.

### **13.3 Sekter Lakaz**

Msye Spiker, pli gro sonm dan bidze proze lenfrastruktir pe ganny bidzete dan sekter lakaz ek later pour en sonm SR 335.4 milyon ki pe reprezant 22.5 pousan bidze total proze kapital an 2024. Gouvènmman pe kontinyen rod finansman neser ki pou ed li investir dan bann proze lakaz pou ed nou popilasyon annan zot prop lakaz. Nou rekonnet ki i annan bokou endividi ki ankor pe rod en lozman.

Sa sonm dan bidze 2024, i pour sa bann proze swivan;

**i. Proze Land bank**

- a. Ex Deltel Dan Banbou Anse Royale- SR 15 milyon
- b. Cap St Marie Land Bank- SR 4.5 milyon
- c. La Retrait Land Bank- SR 9.7 milyon
- d. En provizyon pour bann lenfrastruktir PUC lo bann proze Land bank- SR 5 milyon

**ii. Proze Lozman**

- a. 12 younit Ex-Ferrari- SR 8.0 milyon
- b. 32 younit social housing- pou SR 9.5 milyon
- c. 24 younit Ex-Zelia Anse Boileau- SR 12.6 milyon
- d. 24 younit La Gogue- SR 13.3 milyon
- e. 6 younit Mt. Plaisir Grand Anse Praslin- SR 3.4 milyon
- f. 16 younit Anse Francois Pwent Lari- SR 8.3 milyon
- g. 16 younit Waterloo St. Louis- SR 9.2 milyon
- h. 12 younit Ex-Kashugie Bel Ombre- SR 3.8 milyon
- i. 16 younit Anse Poules Bleus Faz II- SR 8.5 milyon
- j. 24 younit Roundabout Perseverance- SR 5.6 milyon
- k. 24 younit Ex-PSSW Faz 2 Cascade- SR 14.3 milyon
- l. 24 younit Corgat Fraz 4 Mont Fleuri- SR 10 milyon
- m. 40 younit Vilaz Orkid Faz 2- SR 25 milyon

En sonm SR 15 milyon dan bidze 2024 pe ganny prozekte pou konplet bann lenfrastruktir de baz pou fasilite konstruksyon 128 younit ‘mid-range condo’. Mid range condo pe target bann profesyonel ki pran zot prop loan avek labank komersyal. Sa bann ‘mid-range condo’ pour lo sa bann sit swivan:

- a. Ex Desaubin – Takamaka
- b. Ex Sacos – Anse Royale
- c. Ex Tarmac – Petit Paris – Cascade
- d. Ex Daycare – Bel Air e
- e. Perseverance – Akote Condo PMC

Msye Spiker, an Septanm sa lannen nou ti sinny en lagreman pour sa lot loan lavalere US\$ 15 milyon avek Fon Saoudyen pour Devlopman pour konstruksyon 172 younit proze lakaz dan 7 distrik pandan 2024 a 2026. En provizyon SR 84.5 milyon pe ganny prozekte pour lannen 2024 pour sa bann proze.

Bann proze lakaz ki gouvènmàn pou finans anba Fon Saoudyen pou Devlopman i dan sa bann distrik swivan:

- a. Anse Aux Pins - Karyol,
- b. Au Cap – Ex Farm,
- c. Anse Royale – Mont Plaisir,
- d. Beau Vallon - Vilaz Paskal,
- e. Glacis – Ex Sacos,
- f. Perseverance e
- g. Baie Ste Anne – Marie Jeanne.

Adisyonnèlman, en sonm SR 10 milyon in ganny bidzete pou repar bann lakaz pour bann endividi ki pli dan bezwen e pa kapab rod finansman pou fer sa bann renovasyon. En lot sonm SR 10 milyon pe ganny mete pour bann proze lakaz anba skim spesyal. Sa skim i pou konstirir lakaz pour bann endividi ki pa kalifye sonm total pri konstriksyon zot lakaz. Sa skim i en partenaya ant Minister responsab pour lakaz ek HFC.

Msye Spiker, gouvènmàn in osi fer en provizyon pour en sonm SR 18 milyon anba skim finansman lakaz avek bann labank. Sa skim i ed bann endividi ki pe ganny en saler pli ba ki SR 30,000 e ki pran loan avek bann labank pou sipòrt zot finansman e fer zot kapab konplet konstriksyon zot lozman e fer zot repeyman vin abòrdab.

Gouvènmàn in osi met en sonm SR 5 milyon dan bidze pour skim renovasyon lakaz bann pansyoner. Sa i en loan avek HFC pour bann pansyoner ki anvè fer serten renovasyon lo zot lakaz.

Msye Spiker, an 2024, HFC pou osi revwar son bann fasilite ki i ofer pou reflekte nouvo realite ozordi. Sa avà ganny anonse boner 2024.

Msye Spiker, nou rekonnèt ki endividi ki pe esper lozman avek gouvènmàn pe lwe lakaz avek sekter prive e sa sonm i kapab tre eleve e zot vwar zot dan bann sitiasyon pli kwense pou fer de bout zwenn. Alors, gouvènmàn i annan en skim part ‘rental’ pou ed sa bann endividi avek en morso sa ‘rent’. Sa skim i pour bann endividi ki zot saler i par anba SR 19,000, ki en ogmantasyon akòz sa sonm avan ti R15,000. Sa bann ki kalifye anba sa skim zot kapab ganny lasistans ziska 55

poursan zot ‘rental’ ki zot pe peye. En alokasyon SR 12 milyon pe ganny prozekte dan bidze pour sa skim.

Msye Spiker, gouvènmman pe osi travay avek bord PMC pou eksplor posibilite en model pou finans konstriksyon lakaz. Ozordi gouvènmman i konstir lakaz, e apre transfer sa bann lakaz lo PMC pou zere. Peyman ‘rent’ i ganny fer avek PMC, ki fer zot retenir sa bann reveni. Alors nou pe eksplor diferan model dan ki sa reveni anplis a kapab ganny servi pou ede dan konstriksyon lakaz. Nou ekspekte finans 2 proze lakaz dan sa fason dan mwayen term.

### **13.4 Devlopman Sport**

Msye Spiker, lenvestisman dan sport i reste touzour en lenvestisman dan nou zenn, nou popilasyon an zeneral, dan lasante nou popilasyon e dan nou pei. Sport i reste sa eleman kle ki touzour inifye en pep, malgre tou son diferans. Langazman dan aktivite sportif, i ed nou fizikman, e mantalman par asire ki nou annan en pep ki an bonn sante. Pou asir en langazman sportif o pli o nivo posib, e ankouraz partisipasyon nou popilasyon, nou bezwen annan lenfrastruktir sportif ki atiran e ki osi lo standar. Pandan sa bann dernyen lannen, sa gouvènmman pe investir bokou pou remet nou bann lenfrastruktir sportif lo en nivo akseptab. Sa lenvestisman pou kontinyen. Zisteman, en sonm SR 48.3 milyon pe ganny mete dan bidze 2024 pour bann diferan lenfrastruktir sportif konm swivan;

- a. Travay renovasyon Stad Linite - SR 5.5 milyon
- b. Kontinyasyon travay renovasyon ‘Palais des Sports’- SR 7 milyon
- c. Renovasyon Roche Caiman Swimming pool- SR 1.5 milyon
- d. Renovasyon lezot fasilite lenfrastruktir sports- SR 1.5 milyon
- e. Renovasyon ‘flooring’ Victoria gymnasium- SR 1.5 milyon

Nou bezwen osi desantraliz enpe nou bann lenfrastruktir sportif. Nou konstate ki nou bann zenn atlet i perdi letan pou desann anvil pou vin servi sa bann fasilite, letan ki zot ti pe kapab konsantre dan zot lantrennman. Alors, gouvènmman dan sa prosen 2an pou konplet bann proze lo Sports Complex Anse Royale e La Digue. Dan bidze 2024, sa bann proze swivan pou demare;

- a. Renovasyon Anse Royale Sports Complex- SR 4.5 milyon
- b. Konstrikasyon en ‘Indoor Court’ Anse Royale- SR 15.6 milyon

c. Renovasyon La Digue Sport Complex- SR 1 milyon

Msye Spiker, an 2025, Sesel pou organiz CJSOI e konman en pei nou bezwen asire ki tou fasilite sportif i a la oter. En sonm adisyonnèl SR 10 milyon in ganny mete dan bidze pou sipòrt bann lezot travay renovasyon lo bann fasilite sportif. Pou fasilite partisipasyon Sesel dan CJSOI, en sonm SR 35.7 milyon in ganny mete dan bidze 2025 anba byen e servis pou lorganizasyon e partisipasyon dan sa levennman.

En sonm SR 4.3 milyon in osi ganny mete pou bann pti renovasyon bann lezot lenfrastriktir sportif dan distrik. Sa i ava sipòrt zefor ki gouvèrnman pe fer pou ki bann zenn i reste angaze dan bann aktivite sportif ki ava anpes zot tonm dan bann move fleo.

Nou pe osi met en sonm SR 3.4 milyon dan bidze 2024 pou devlopman sport lo en baz profesyonnel. An 2024, i annan en sonm SR 1.3 milyon pou partisipasyon dan zwe Olenmpik e SR 4.6 milyon pou partisipasyon dan zwe ‘All Africa Games’.

En sonm SR 3.2 milyon in ganny bidzete pou lasistans pou bann federasyon. En sonm SR 710,000 in osi ganny mete pou lasistans bann lekip letan zot vwayaze lo bann zil pou fer konpetisyon. En sonm SR 1.7 milyon pe ganny bidzete pou devlopman bann zenn dan sports e SR 1.1 milyon pou idantifye talan.

### **13.5 Sekter Sosyal**

Msye Spiker, en popilasyon edike, an bonn sante, travayan, rezilyan, for e responsab, i reste labaz devlopman sa pei. An dot mo, Msye Spiker, pou Sesel kree plis larises pou son popilasyon, i bezwen e depan lo sa menm popilasyon pou reisir.

Ozordi, nou war bokou Seselwa pe sezi tou loportinite pou zot avanse dan zot lavi, me anmenmtan, nou war ki en annan en group ki pe fer fas avek bann fleo sosyal. Msye Spiker, koman en gouvèrnman, e koman en pei, nou pa kapab inyore sa sitiasyon, ki mon menm kapab dekrir koman en ‘KRIZ NASYONAL’.

Msye Spiker, gouvènmman pe envestir bokou pou konbat bann fleo sosyal. Premyèman, sa batay pou anpes drog ilegal antre dan nou pei pou kontinyen. Dezyèmman, nou bezwen kontinyen donn sipor bann ki'n tonbe akòz labi drog ilegal ek lalkol. Sa travay prevansyon e reabilitasyon i mars kot a kot.

Alor, dan Bidze 2024, nou pe fer provizyon pour de proze pou siport reabilitasyon bann pasyan avek adiksyon:

- i. En nouvo sant reabilitasyon pour bann pasyan avek adiksyon ki pou baze vizavi Sant Lasante English River – ki pou kout SR 14.5 milyon e
- ii. Renovasyon sant Anse Bouden – Praslin, pour bann pasyan avek adiksyon- SR 3 milyon

Msye Spiker, anplis ki sa, resers in montre ki labi drog ek lalkol i rezon prensipal akòz bokou dimoun i tonm dan lapovrete. Mazonite reveni en lakour i ganny depans lo sibstans. Pour nou koman en pei pli byen konpran gravite e lenpak sosyo-ekonomik sa sitiasyon, an semoman gouvènmman avek sipor Labank Mondyal pe fer en letid. Rezilta sa letid a permet gouvènmman pran bann mezir pli efektif, targete e konpreansiv pou ede adres sa kriz ki nou pei pe fer fas avek.

Msye Spiker, la mon fer en lapel nasyon, ki nou tou, nou fer nou kontribisyon pou lager kont sa bann fleo Sosyal.

Toudmenm msye Spiker, nou rekonnèt ki pou toultan annan en group ki pou bezwen sipor anplis, e parey in leka, gouvènmman pe kontinyen fourni sa sipor pou ed nou popilasyon ki dan bezwen.

Alors, en alokasyon R 1.3 bilyon pe ganny bidzete pour bann benefis ek program anba Lazans Proteksyon Sosyal. Bann pli gro sonm anba bann benefis e program Lazans Proteksyon Sosyal i konm swivan;

- i. SR 868.4 milyon pour benefis retrait
- ii. SR 161.2 milyon pour benefis dezabilite
- iii. SR 109.1 milyon pour benefis envalidite
- iv. SR 61.8 milyon pour 'Social Safety Net'

Msye Spiker, antou, zis sa kat benefis i pran 1.2 bilyon oubyen 96 pousan sa sonm total anba bidze benefis ek program anba Lazans Proteksyon Sosyal. Sa sonm total R1.3 bilyon i anefe reprezant 11 pousan sonm total bidze Nasyonal.

Msye Spiker, Sa i en gro sonm. Alor mon oule pran en moman pou demann avek tou Seselwa pou seryezman reflexir lo sa sonm **R1.3 bilyon** ki al anver zis benefis ek program ASP. 11 pousan nou bidze nasyonal! Avek en popilasyon ki pe kontinyelman vyeir sa sonm pou kontinyelman monte.

### **Revizyon dan bann Benefis Sosyal – Statutory**

Msye Spiker, an linny avek stratezi gouvènmman pou anmenn en sistenm sipor sosyal pli ekitab e soutenab, ozordi mon pe anonse ki nou annan revizyon dan serten ‘Statutory Benefits’.

Sa travay pou revwar sa bann benefis in ganny fer lo en peryod plis ki 1an e an konsiltasyon avek bann partener kle. I enportan pou note ki serten benefis pann ganny revize depi 2016 e i kler ki la fason ki sa bann benefis ti ganny revize dan le pase pa ti ganny fer dan en fason striktire.

Alors, a lavenir gouvènmman i ekspekte met en striktir an plas ki pa zis formaliz ki fason bann benefis sosyal i ganny revize, me pou osi regarde si i pe fer son fonksyon prenan kont laspe sosyal e bidzeter.

Alors Msye Spiker, aparti Zanvye 2024, pou annan en ogmantasyon dan sa bann benefis swivan;

- Maternite/Paternite – sa pou aplik spour manman oubyen papa ki travay pour zot menm (self-employed) oubyen ki travay lo en baz ‘casual’.
- Semi orfelen – en zanfan ki’n perdi enn son paran
- Zanfan abandonnen oubyen orfelen – en zanfan ki’n perdi toulede son paran
- ‘Foster Parent’ – en endividi ki pare pou pran en zanfan ki dan sistenm vin reste kot e sonny sa zanfan
- ‘Foster Child’ – en zanfan ki dan sistenm
- ‘Survivor’ – en dimoun ki’n perdi en partner ki ti pe resevwar en benefis avek ASP
- benefis pour bann manman ki pe al donn nesans sorti lo bann zil pros ki bezwen desann Mahe, osi konnen koman benefis pour ‘expectant mother’.



Anplis ki sa, Msye Spiker, gouvènmman pe azout en nouvo benefis anba ‘Statutory Benefits’, sa i pou bann madanm ki donn nesans plis ki en pti baba a la fwa, sa ki an angle nou apel ‘Multiple Births’.

Msye Spiker revizyon dan sa bann benefis i konm swivan;

- Maternite/Paternite pou sorti R2480 pou vin R6633.5, avek nivo lasistans konsistan avek lalwa lanplwa.
- Semi Orfelen, aprezan zot benefis pou vin R2350, olye R1300
- Orfelen oubyen zanfan abandonnen pou sorti R1540 pou mont R3134
- Foster Child pou monte pou vin R3134, olye R1300
- Foster Parent pou ganny en lasistans maximum R25,000, koman en ‘one off’
- Survivor pou sorti R2480 pou vin R5224 e
- Alawens pour manman ki pe al donn nesans sorti lo bann zil pros ki bezwen desann Mahe, zot benefis pou monte sorti R1500 pou vin R5000. Sa enn osi pour en ‘one off’

Pour sa nouvo benefis – Multiple Births – paran pou ganny en sonm R3134 pour sak zanfan adisyonnèl ziska en maksimonm R6635. I enportan pou note ki sipor pou ganny mentenir ziska laz 5 an.

Tou sa bann peyman i lo en baz par mwan, eksepte sa peyman ‘one off’ pour ‘Foster Parent’ e ‘Expectant Mothers’, sorti lo zil pros ki pe vin donn nesans Mahe.

Msye Spiker, an total nou’n estimen ki sa revizyon pou kout gouvènmman en sonm preski R31 milyon anplis par an, me prenan kont lekel ki benefisyè avek sa bann azisteman, sa i zistifyab.

Fodre note, ki sa nouvo revizyon dan benefis i form parti en pli gran travay ki gouvènmman in fer pou reviz bann benefis sosyal pou asiste nou popilasyon ki vreman dan bezwen. Nou ava rapel ki en premye ogmantasyon dan benefis ti fer an Me, 2022, kot lasistans benefis sosyal ti ogmant par 32%, e ozordi maximum lasistans anba sa benefis i R5, 224.

Anmenmtan, sa program kot gouvènmman ti ‘top up’ bann benefis pour pansyoner, dimoun avek en dezabilite e envalidite, ziska en maximum R500 pou kontinyen. Nou ava rapel ki sa program ti konmanse an 2022, ler gouvènmman ti entrodwir plizyer mezir, pou sipor nou popilasyon fer fas avek ogmantasyon dan pri komodite, akòz sa lager ant Ikrenn ek Larisi.

Msye Spiker, touzour gouvèrnman pou kontinyen donn sipor sa group ki pli dan bezwen. Gouvèrnman pe osi fer en provizyon SR 310.9 milyon pou peyman pour bann ‘Home Carers’ anba Lazans ‘Home Care’.

### **13.6 Sekter Kominoter**

Msye Spiker, sa lannen, Prezidan, ansanm avek bann Minis, bann MNAs e travayer kle dan servis piblik ti vizit tou le 26 distrik, kot zot in rankontre zabitan, ekout zot laspirasyon e defi ki zot pe fer fas avek dan zot lavi tou lezour e dan zot kominote. Anvi sa konversasyon ki nou’n annan avek zabitan, parey monn dir dan mon lentrodiskyon, en priorite sa bidze 2024 se pou ede siport lakominote. Apre tou, nou tou nou form par en kominote e en kominote an bonn sante i reprezant bon vwazinaz, sekirite, e konfor.

Msye Spiker, avek bi pou ed nou kominote nou pe propoz bann depans konm swivan;

- i. SR 7.5 milyon pou ‘cater’ pour bann Disaster Emergency Works dan bann distrik
- ii. Renovasyon lakaz dimoun aze dan bann distrik- SR 3.2 milyon
- iii. Lagrandisman lakaz dimoun aze Ans Royale- SR 2.1 milyon
- iv. SR15 milyon pour en sant rezidansyel Bonne Espoire pour bann zenn ki annan problem konportman— lobzektiv sa sant se fer bann programm entervansyon kot move konportman zanfan i sanze e zot vin bann adilt responsab ek prodiktiv dan lasosyete.
- v. En Half-Way Home pour viktim vyolans domestik — - gouvèrnman pe negosye pou fer en lesanz propriyete e R2 milyon in ganny met pour serten renovasyon
- vi. En sonm SR 2 milyon i dan bidze 2024 pour konmans konstriksyon sant ‘Day Care’ Les Mamelles.
- vii. En sonm SR 2.5 milyon pe osi ganny mete pour bann renovasyon lo lenfrastruktir bann sant ‘day-care’.
- viii. Travay lo sistenm semen segonder- R10 milyon – la nou pa zis pe koz lo semen, me drenaz osi e lezot ankor.
- ix. Gouvèrnman in osi fer en provizyon SR 1.5 milyon pour nouvo ‘bus shelters’.

- x. En sonm SR 2 milyon pou aste nouvo ‘crash barriers’ ouswa fer menntenens lo bann ki egziste.
- xi. En alokasyon SR 2 milyon pou fer ‘disaster mitigation’.
- xii. En sonm SR 7.7 milyon pou enstal lalimyer lo semen e
- xiii. En sonm 2.6 milyon pour bann ‘travay emergency’

Msye Spiker, sa bann proze ki monn fek liste, i separe avek sa alokasyon ki ganny fer avek distrik pour bann pti proze ki ed lakominote. Pour lannen 2024, en sonm SR 26 milyon pe ganny bidzete pour sa bann pti proze dan distrik. Sa sonm i R6 milyon anplis ki an 2023, ki ti R20 milyon. Savedir sak distrik pou ganny R1 milyon, pou depanse lo sa bann pti proze.

Msye Spiker, anplis, byensir i osi annan serten depans ki pli gro ki gouvernman i bezwen fer pou siport e fasilite lavi son pep dan lakominote. Alors an 2024, gouvernman in fer alokasyon pour bann lezot proze konm swivan;

- i. Sant Kominoter Cascade- SR 5 milyon
- ii. Ladministrasyon Distrik Ile Perseverance- SR 4 milyon
- iii. Ladministrasyon Distrik Bel Ombre- SR 3 milyon
- iv. Renovasyon Sant Kominoter Mont Buxton- SR 1.5 milyon
- v. Renovasyon Sant Kominoter Beau Vallon- SR 700,000 e
- vi. Travay lo sistenm desarz Copolia- SR 4.1 milyon

### **13.7 Lord ek Lape**

Msye Spiker, pour nou pep viv byen i bezwen annan lord ek lape dan son kominote e dan son pei. Lord ek Lape i reste touzour en priorite, e tou mezir pou dekouraz krim e anpes nou pep al dan en lavi kriminalite i devret ganny eksplere.

Ler lalwa pe fer son bout, nou koman Ekzekitiv, nou osi bezwen fer nou bout.

Pour lannen prosenn, gouvernman pou investir SR 62 milyon dan bann diferan proze dan Minister Entern. Enn sa pli gran proze se prizon ‘maximum security’ pou separ bann prizonnyen kin fer bann lofans pli serye avek bann lezot prizonnyen. En bidze SR 3 milyon adisyonel in ganny mete pour sa proze an 2024, par lao sa R4.5 milyon ki tin ganny bidzete an 2023. I osi annan en proze konstriksyon en fasilite pour prizonnyen klasifye koman ‘medium to low risk’- ki pou kout SR 6 milyon.

Bann lezot proze, i konm swivan;

- i. Sant rimann Ile Perseverance- SR 1.4 milyon. Sa proze i ekspekte konplete an 2024
- ii. Kontinyasyon konstriksyon Fasilite lo Praslin pour bann zenn ki'n kondannen- SR 1.2 milyon
- iii. Renovasyon kordgard santral- SR 1 milyon
- iv. Konstriksyon kordgard Perseverance – SR 5 milyon e
- v. Konstriksyon fasilite 'Marine Police'- SR 42.1 milyon

### **13.8Sektor Transportasyon**

Msye Spiker, pou fasilite mouvman nou sitwayen, pou permet zot akse diferan kalite servis, zot lakominote, e lemonn, nou bezwen kontinyen fer lenvestisman dan sektè transpor.

An 2024, dezyenm pli gro sonm dan bidze kapital i dan sektè transpor. En sonm SR 275.7 milyon ki reprezant 19.3 pousan bidze total lenvestisman proze kapital in ganny bidzete. Sa bann proze mazer i konm swivan;

- i. Stasyon teste veikil lo Praslin- SR 5 milyon
- ii. Proze semen Was Mahe- SR 206.9 milyon
- iii. Trwazyenm 'Lane' Pointe Larue- SR 7 milyon
- iv. Lagrandisman semen St Louis pou al Beau Vallon- SR 4 milyon
- v. Dezyenm faz proze semen Gran Riviere, Anse Royale- SR 4 milyon
- vi. Semen Pasquere Praslin- SR 3 milyon
- vii. Semen English River pou Ile Du Port- SR 2 milyon
- viii. Lagrandisman semen Ile Du Port pou al ziska kot IOT - SR 4 milyon e i annan
- ix. En sonm R50.6 milyon pou resirfas semen lo Mahe e R21.9 milyon pour Praslin ek La Digue – ki fer en total R72.5 milyon

Msye Spiker, nou lenfrastruktir por ek erport i reste sel de fason pour Sesel kontinyen annan akse avek larestan lemonn, alor, zot lenportans dan devlopman pei i parey angle i dir 'second to none'.

Plan devlopman lagrandisman por Victoria pe finalize e nou ekspekte ki sa proze i demare boner 2024.

An 2023, nou'n war linogirasyon redevlopman por La Digue ki'n kout SR 33.8 milyon. Bidze in ganny mete an 2024, pour dezyenm faz sa proze demare avek en nouvo batiman terminal pour pasaze, parey sa enn ki nou'n fer Praslin.

Pou anmenn plis efikasite dan servis, Lotorite Por pou investir dan ankor en remorker e osi de bato pilot ki asiste bann bato pou antre e sorti dan por.

An Oktob 2023, Lotorite Por ti osi lans zot nouvo sistenm lenformasyon teknolozi (Port Victoria Management Information System) lo en baz pilot, pou ed bann partener annan lenformasyon an avans pou kapab fasilite tir marsandiz dan por. Sa sistenm pou osi fasilite komers rezyonal avek bi pou redwir kou lavi e benefisyen nou popilasyon. Nou ekspekte sa sistenm i vin an mars an Zanvye 2024.

Msye Spiker, kote plan devlopman erport, nou ekspekte finaliz sa plan konpreansiv dan premye kar 2024.

Lotorite Laviasyon Sivil (SCAA) pou osi investir SR 90.8 milyon dan bann diferan proze pour lannen 2024. Sa i enkli modernizasyon lekipman telekominikasyon, servis navigasyon, 'Air Traffic Management', ranplasman sant kontrol 'air traffic' lo Praslin, ranplasman bann masin X-ray ki servi dan 'screening' e osi travay renovasyon kot avyon ki fer larout enternasyonal i park.

#### **14.Stratezi Devlopman Nasyonal**

Msye Spiker, ansa ki konsern nou stratezik devlopman nasyonal, avek bann sok eksteryer e sitiasyon zeo politik atraver lemond, i enportan pour nou vin pli rezilyan e prioritiz nou bann lobzektif.

Dan sa menm lalinny, stratezi devlopman nasyonal i kree sa platform ki pou ed nou sirmont nou bann defi e i souligny sa 6 pilye priorite ki nou pe ekspekte met plis lanfaz lo la. Parey monn deza dir avan, sa 6 pilye i konpri:

- (i) En servis piblik modern
- (iii) En nasyon an bonn sante
- (iv) Promosyon lalwa e lord
- (v) En sistenm ledikasyon pli modern ki anlinyen avek nou bann bezwen dan le fitir–

(vi) Soutenabilite lanvironman e rezilyan kont sanzman klima e

(vii) Azanda Transformasyon Ekonomik

### **14.1 Transformasyon nou Lekonomi**

Msye Spiker, travay pe kontinyelman ganny fer pou kree en lanvironman ki pou ankouraz transformasyon e diversifikasyon ekonomik e ki pou promouvwar valer azoute dan bann sektè kle pour ki nou ava ganny plis rannman pou soutenir nou devlopman.

Sa stratezi pou transform e diversifye nou lekonomi i enn ki pou a lon term. Pour sa stratezi reisi, nou pou bezwen bokou lenvestisman, devlopman lenfrastruktir, e pli enportan en sanzman latitib ver nouvo model pou biznes. Tro souvan, nou'n pri dan bann vye fason fer biznes, e nou pa adapte ou evolue.

Dapre sa stratezi diversifikasyon lekonomi, gouvènmman in idantifye bann sektè priorite:

#### **14.2 Sektè Tourizm**

Sektè tourism i reste en sektè kle nou lekonomi e son soutenabilite i konsèrn nou tou. Plis zefor pou ganny fer pou amelyor leksperyans bann viziter e satisfèr lekspektasyon atraver diversifikasyon bann prodwi. Bann nouvo aktivite touristik pou kontinyen ganny entrodwir e ankouraze pou asire ki retonbe ekonomik i pa zis pour lotel me i osi anmenn reveni pour lezot. I enportan alors pou asire ki sa sektè i egalman annan en lafors travayer performan e kalite.

Msye Spiker, nou pe osi finaliz demars pou antreprann en letid pour pli byen konpran tou laspe sa sektè lo nou lekonomi an zeneral osi byen ki son potansyel pou maksimiz reveni. Sa letid i ekspekte konplete ver milye 2024 e i ava ede pli byen enform nou bann polisi dan sa sektè kle.

#### **14.3 Sektè Lagrikiltir**

Msye Spiker, sektè lagrikiltir pou bezwen adopte bann teknolozi apropiye pou fasilite komers, amenazman lenformasyon ki a permet bon desizyon ganny fer dan sa sektè. Nou pou osi travay avek bann prodiktè lokal pou adopte teknolozi oubyen sa ki nou apel 'high tech farming' ki pou ed nou vin pli rezilyan avek konsekans sanzman klima.

Koman en lankourazman pour bann ferme adopte teknolozi dan zot biznes, gouvènmman pou reviz fon devlopman pour sektè lagrikiltir.

Pou fer rapel, sa fon devlopman pour sekter lagrikiltir i annan en to lentera 2.5 poursan pour bann loan ziska SR 3 milyon e pour bann loan par lao SR 3 milyon, son to lentera i 5 poursan. Repeyman i pour en peryod maksimonm 12 an.

Alors gouvèrnman in fer en alokasyon SR 3 milyon dan bidze e SR 60 milyon dan bann fon ek DBS, ki fer en total SR 63 milyon pour lannen 2024 pour bann loan ki pe target ‘hi-tech farming’. Nou pou travay ek sa sekter pou fer sir definisyon ‘‘hi-tech farming’ i kler e baze lo sa transformasyon ki nou anvè vwar dan sekter lagrikiltir. Sa revè dan fon devlopman pour sekter lagrikiltir pou ganny prezante dan premye parti kar 2024.

Msye Spiker, en alokasyon bidze SR 25.6 milyon pe osi ganny fer pour bann proze dan sekter lagrikiltir. Sa i enkli SR 2.75 milyon pour konstriksyon e renovasyon semen. SR 3.5 milyon pe ganny bidzete pour sistenm irigasyon. En lot proze mazer i konstriksyon nouvo labatwar. En bidze SR 5 milyon pe ganny fer an 2024. Later in fini ganny idantifye.

Renovasyon Bazar Victoria in demare an 2023 e en alokasyon bidzeter SR 6.5 milyon in ganny mete pour lannen 2024.

#### **14.4 Sekter Lapes ek Lekonomi Ble**

Msye Spiker, pandan lannen 2023, gouvèrnman in met bokou zefor pou konsolid sekter lapès e kontinyen devlop li. Bokou larzan in ganny envesti dan bann fasilite atraver pei e gouvèrnman in mentenir son promès pou amelyor kalite lavi nou bann peser. Sa bann proze por, bazar, gear store, pou kontinyen lannen prosenn avek nouvo fasilite modern dan sa bann distrik swivan:

- i. Fasilite Lapes - Anse Aux Pins
- ii. ‘Gear Store’ - Grand Anse Praslin
- iii. ‘Gear Store’ - Glacis

Gouvèrnman pe osi fer en alokasyon SR 45.9 milyon an 2024 pour devlopman bann lenfrastriktir Ile Du Port, sa i enkli nouvo semen, lenfrastriktir desarz, delo, elektrisite ek telekominikasyon. Ile du Port in ganny demarke koman en landrwa kot sekter ‘fish processing’ pou baze.

Msye Spiker, nou pe osi fer en analiz lo potansyel ki sekter ‘live aboard e yachting’ i kapab anmennen pour pei. Sa letid i ekspekte konplete dan premye sis

mwan 2024. En letid osi in konmanse pou travay lo en ‘containerised hatchery’ pou siport bann pti biznes lokal dan devlopman akwakiltir.

Gouvernman pou osi rod nouvo fason pou devlop e enplimant en stratezi ‘marketing’ pour marse prodwi pwason. Nou pou osi ankouraz bann aktivite lapès soutenab e adopte en model biznes an re-servi ‘by-products’ e ‘waste’ dan transformasyon pwason, sa ki nou apel ‘circular economy’.

Msye Spiker, lapès endistriyel i enn ki osi anba menas sanzman klima, lapès an ekse, lapès ilegal e degradasyon bann stok pwason tel ki ton. Fas a sa menas, nou pe travay lo bann mezir kontrol ki pou ankouraz bann bato ton pou debark zot pwason dan Por Victoria plito ki dan en lot por. Nou pe osi konsider bann mezir ‘licence’ ki pou fors sa bann bato pou desarz sifizaman pwason dan nou por.

Gouvernman i determinen pou protez travay bann ‘stevedores’ e osi biznes bann Seselwa ki’n investi dan bann fasilite lokalman, par fer sir ki zot pe toultan ganny dekwa pwason pou fer marse zot lizin.

Msye Spiker, sa trwa sekter – tourizm, lagrikiltir ek lapès – zot kle dan sa transformasyon, aköz vizyon governman, se pou vwar plis tranzaksyon komers antre zot. Sekter lagrikiltir ek lapès pou bezwen asir prodwi de kalite, lo en baz regilye, ki pou atir sekter touris pou aste lokalman, olye enportan. Ler sa trwa sekter pe siport kanmarad dan zot devlopman e lagrandisman, nou tou nou pou benefisye.

#### **14.5 Sekter Lekonomi Nimerik**

Msye Spiker, depi 2021, governman in fer bokou progre pou adopte teknolozi pou fasilite prosedir e fer son servis vin pli aksesib avek manm piblik. Lenplimantasyon sa stratezi pou kontinyen, me nou pa oule limit sa transformasyon zis dan governman. Nou oule war adopsyon teknolozi dan Sesel an antye e dan sekter prive osi.

Dan mwayen term, pou annan en lenvestiman enportan ki pou antre dan azanda lekonomi nimerik. Dan zefor pou fer governman vin pli efikas, en total SR 413.7 milyon in ganny bidzete. Sa i enkli provizyon en nouvo Sistenm Lenformasyon Entegre pour Zestyon Finansyel, en nouvo Sistenm Zestyon Resours Imen, e en nouvo sistenm pour Lazans Proteksyon Sosyal. Lezot linisyativ ki form parti plan dakasyon lekonomi nimerik i reste anmars.



Gouvernman pe osi kontinyen promouvwar lizaz bann platform elektronik dan servis piblik.

- i. Lenplimantasyon Sistenm Lenformasyon Lasante i ekspekte vin anlinny ver lafen 2023.
- ii. En nouvo Sistenm Lenformasyon entegre pour Zestyon Fon Piblik (Integrated Financial Management Information System) pou al lo tender avan lafen lannen 2023 e nou ekspekte sa sistenm pou vin an operasyonel an 2025 an preparasyon pour bidze 2026.
- iii. Sistenm Zestyon Resours Imen (HRMS) i dan staz tender. Nou ekspekte sa sistenm a vin a mars dan preparasyon bidze 2025. Sa sistenm pou entegre prosedir resours imen avek ‘payroll’, i pou osi ed Gouvernman idantifye talan baze lo menazman performans travayer.
- iv. En Sistenm Zestyon Taks modern i dan son staz enplimantasyon avek adopsyon teknolozi pou ogmant lefikasite Komisyon Reveni e
- v. Nou pou etabli dan en ‘Investment portal’ avek bi ki i vin koman en ‘one stop platform’ kot envestiser ki oule konmans en biznes i kapab akse tou lenformasyon neser pour fasilite son demars.

Msye Spiker, dan sa demars pour nou devlop lekonomi nimerik, i annan nesosite pour nou revwar e moderniz nou bann lalwa. En nouvo lezislasyon ki annan pour bi protez bann endividi kan zot lenformasyon personnel pe ganny servi dan konteks ofisyel (Data Protection), in ganny gazete.

#### **14.6Sektor Finansyel**

Msye Spiker, bann risk kont stabilite finansyel pe kontinyelman evolue. Resaman, nou’n vwar ki in annan en logmantasyon dan bann eleman ki sorti andeor laspe ekonomik e finansyel, tel ki ‘*cyberattacks*’, sanzman klima, pandemi COVID-19 e bann tansyon politik atraver lemond. Alor, Sesel i bezwen prioritiz devlopman e lenplimantasyon en lankadremman efikas pour stabilite finansyel. Dan sa konteks, enn parmi bann eleman kle i en kad legal pour stabilite finansyel ki annan pour bi formelman etabli en komite pou siperviz stabilite finansyel dan pei. Sa kad legal i ekspekte ganny prezante devan byento avek Lasanble Nasyonal.

## **Amanman dan Lalwa Labank Santral**

Avek bi pou ranforsi lotonomi finansyel e enstitisyonnel Labank Santral, e osi promouvwar latransparans dan son bann loperasyon e fonksyon, Lalwa Labank Santral pou ganny amande pour met li an linny avek bann meyer prensip enternasyonal. Dan sa konteks, proze de lwa pou amann Lalwa Labank Santral pou ganny prezante devan Lasanble Nasyonal byento.

## **CSD and RTGS systems**

Msye Spiker, lobzektiv Labank Santral pou kontinyen develop marse finansyel e amelyor bann lenfrastruktir finansyel pou ganny realize atraver akizisyon de nouvo sistenm, ‘*Central Securities Depository*’ ek ‘*Real-Time Gross Settlement*’ ki sipoze vin operasyonnel an 2024. Sa de sistenm modern pou ede ogmant lefikasite e kree plis rezilyans dan marse finansyel domestik.

Msye Spiker, Gouvernman pe kontinyen amelyor son zefor pou anmenn plis progre dan striktir ziridiksiyon Anti-Blansisaz Larzan e pou Lit Kont Finansman Terorizm (AML/CFT). An Oktob sa lannen, Komite responsab pou amelyor kordinasyon nasyonal e asire ki bann defayans ki’n note dan ‘*Mutual Evaluation Report*’ i ganny adrese atan, in soumet en lot rapor avek ESAAMLG pou demann amelyorasyon dan ankor 5 ratings dan sa 6 defayans ki ti reste. Zis rekonmandasyon 15 ki reste e nou ekspekte anmenn bann lezislasyon nesese pou met sa lankadremman legal pour ‘*Virtual Assets*’ e ‘*Virtual Asset Service Providers*’.

Msye Spiker, parey in anonse Linyon Elopeen in remet Sesel lo ‘*Annex I*’ koni konman ‘*black list*’ lalis Linyon Elopeen pour bann ziridiksiyon ki pa korpore lo taks. Sa i akoz Sesel napa en rating “*Largely Compliant*” dapre standar Lorganizasyon pour Korporasyon Ekonomik ek Devlopman (OECD).

Sa desizyon i baze lo bokou demann lenformasyon taks ki konsern en lazans ki ti anrezistre Sesel avan 2018. Sa lazans ki ti sorti dan ziridiksiyon Sesel avek tou rikord bann lakonpanyen ki ti anrezistre avek li, e sa in fer ki SRC pann kapab soumet lenformasyon lo okenn demann ki i ti ganny demande lo sa bann lakonpanyen.

Toudmenm, Msye Spiker sa rapor in rekonnet ki Sesel in fer bokou progre lo met an plas bann lezislasyon nesese e osi lo lenplimantasyon sa bann standar. I regretab ki Linyon Elopeen in remet Sesel lo sa lalis apre bokou travay ki

gouvernman in fer lo lankadremman lesanz lenformasyon taks. E osi menm si enn de pei ki manm Linyon Eropeen i annan menm 'rating' ek Sesel.

Malgre sa lenzistis, nou pa pou les sa, anpes nou atenn nou lobzektik pou vin en akter kle dan promosyon latransparans dan sistenm taks, e nou pou kontinyen adress okenn defayans ki ekziste.

Nou lentansyon i pour nou demann en dezyenm revi siplemanter avek OECD aparti dezyenm kar an 2024.

Msye Spiker, les mwan pran sa lokazyon pou demann avek Linyon Eropeen pou annan plis lazistis dan zot evalyasyon e tret bann pti leta zil parey zot bann manm. Arete avek sa sistenm de pwa de mezir.

## **15. Lenvestisman, Lantreprenarya, Lendistri e Fasilitasyon dan Komers**

Msye Spiker, Gouvernman pe kontinyen dan son stratezi pou etidye e analiz diferan mezir pou fasilit lanvironnman biznes dan pei. Nou rekonnet ki i ankor annan travay pou fer dan sa domenn.

Minister Lenvestisman, Lantreprenarya ek Lendistri i sa Minister ki annan sa manda pou fasilit e amelyor lanvironnman biznes dan pei.

Apart, rezourd enpe bann baryer legal, sa Minister pe osi travay pou ogmant e amelyor standar dan prosedir e servis, ki a pli byen fasilit demars investiser pou ouver zot biznes.

An linny avek sa vizyon, Msye Spiker, gouvernman pe al fer li mandatwar pour ki bann lazans konsiltatif i annan en lalis byen kler bann kondisyon ki en envesister i bezwen satisfere avan ki i ganny en 'license'. Nou pou osi egzize ki sa lalis kriter i ganny pibliye lo 'website' sa bann lazans e osi lo website SIB. Tro Souvan, nou vwar ki sa lalis kriter pa 'an nwar ek blan' ki fer ki manm piblik i monte desann, e tourn an ron, ki rann zot fistre, e met retar dan zot demars pou konmans zot biznes.

Anplis ki sa lalis Msye Spiker, nou pou egzize ki bann lazans i etabli en dele letan rezonnab ki pou ganny fer piblik, pour zot donn larepons en kliyan ouswa soumet zot analiz konsernan en laplikasyon pour en license biznes. Lide an gro Msye Spiker, se pou senplifye laplikasyon pour en license.

Pou fer sa arive, pou bezwen annan sanzman dan serten lalwa ek regilasyon.

Msye Spiker, ler nou pe reviz lalwa License, enn nou priorite se pou enkli license pour bann nouvo model biznes, ki an se moman sa lalwa pa fer okenn provizyon pour zot. Parey nou kapab konstate, aktivite biznes pe toultan evolue, e nou kad legal i bezwen li osi evolue e reste a zour avek devlopman.

Vizyon Minister Lenvestisman, Lantreprenarya ek Lendistri se pou kree en lanvironman kot ganny en license i vit e efikas. Lanfaz i devret ganny mete lo sa biznes apre ki in ganny license. E sa, Msye Spiker, i pou asire ki standar pe ganny obzerve par sa bann biznes a tou moman.

Pour sa model mars byen Msye Spiker, bann lazans konsernen pou bezwen fer serten lamannman dan zot lalwa pour asire ki zot anan pouvwar legal pou pran mezir/aksyon nesese pour garanti standar pe ganny swiv.

Msye Spiker, Bord Lenvestiman Sesel (SIB), i reste sa lotorite ki en ‘one stop shop’ pour tou investiser dan pei. Nou pe konstate, ki i annan en persepsyon parmi investiser lokal ki kwar ki rol sa Bord se pou donn lasistans zis investiser etranze, me sa pa leka, ditou. Alor, Minister ki sa bord i tonm anba la, pe al konmans en travay pou revwar son rol ek manda, avek bi, retir okenn konfizyon ki kapab annan, e fer plis piblisite otour servis ek prodwi ki SIB i ofer.

Msye Spiker, Labank Devlopman Sesel (DBS), i annan en rol tre enportan dan fasilite biznes dan pei, sirtou an sa ki konsern akse avek finansman abordab. Sa lenstitisyon i devret pe kapab evolue pou ed nouvo demann loan pour diferan kalite biznes, sirtou bann ki gouvènmman in idantifye koman sekter prioriter. Nou santi ki i annan en bezwen pou annan reform dan fason fer sa labank. Lobzektif sa reform se pour;

- a. senplifye prosedir laplikasyon pour loan,
- b. asire ki kriter pour loan i tre kler, etabli ‘key performance indicators’ pour prosedir loan e
- c. asire ki loan pe ganny donner dan bann sekter ki’n ganny idantifye koman priorite par gouvènmman.

DBS i bezwen asire ki li osi i pe zwe sa rol enportan pou fasilite lanvironman biznes dan pei.

Msye Spiker, ozordi i annan en kantite lenformasyon ki pou ede fasilite lanvironman biznes dan Sesel ki ‘online’. Lenplimantasyon nou stratezi lekonomi nimerik, i fer li pli fasil pour investiser akse servis gouvènmman, e sa legzersis pou

kontinyen. Gouvèrnman pe investir dan lenfrazstriktir nimerik pour fasilite laplikasyon license e akse avek servis biznes ‘online’.

Lo sa menm lalinny, nou pe kontinyen investir pou ‘digitalise’ nou bann servis, sirtou kot SLA, ek SRC, avek bi amelyor leksperyans kliyan.

Msye Spiker, dan nou prosen staz nou devlopman ekonomik, nou pou bezwen enn bann komodite pli presye e pli rar dan Sesel. Sa se later. Nou tou nou kapab apresye ki nou annan en mankman later dan nou pei, sirtou later ki plat. Alors i lentansyon gouvèrnman pou fer reklamasyon anviron 50 ektar later pour sekter endistriyel.

Bann travay preparasyon, tel ki letid lenpak lanvironnman, teknik e finansman in fini konmanse. Nou a donn plis detay boner 2024 lo sa bann proze reklamasyon.

En sonm SR 44.7 milyon pe osi ganny investir par Lotorite Endistriyel. Dan sa sonm SR 30 milyon i pour devlopman lenfrazstriktir lo Zil Eve. E osi SR 5.2 milyon pour devlopman semen lo Zone 20. En sonm SR 5 milyon in ganny bidzete pour ‘Marine and Auto Industrial Park’.

Pour ki nou pei e nou pep i vreman benefisyè avek tou sa bann mezir ki anplas, ki pou fasilite zot demars, pou vin bann antreprenè, mon pe fer en lapel avek tou bann ki ganny mandate pou fasilite lanvironnman biznes, pour zot zisteman, sanz zot fason fer. Zot in ganny anploye pou fasilite e sipòrt enn zot frèr oubyen ser Seselwa pou konmans en biznes e non pa pou vin en baryer. Sa lapel pe ganny fer akòz i ankor tro difisil pou fer biznes dan sa pei. Sa pa kapab kontinyen.

## **16.Sekter Lanvironnman, Lenerzi e Sanzman Klima**

Msye Spiker, gouvèrnman i rekonnet ki lenpak sanzman klima i annan lenplikasyon lo nou lekonomi e fodre nou met an plas bann striktir ki pou kapab ed nou reazir vitman lo bann stratezi lo adaptasyon sanzman klima. Pou anmenn plis transparans lo evalyasyon bann depans gouvèrnman ki ganny fer dan sa sekter, gouvèrnman pou entrodwir en sistenm ‘tagging e tracking’ son bann depans ki relye avek sanzman klima. Sa nouvo sistenm i ekspekte vin an fors Oktob 2024.

Pour lannen 2024, nou’n osi konmans enkli bann lenpak sanzman klima dan nou bann dokiman bidze espesyalman ‘fiscal risk statement’. Nou pou osi entegre lenpak sanzman klima dan nou lankadreman evalyasyon bann proze lenvestisman.

Sa entegrasyon i a kapab sipòrt nou zefor dan nou bann stratezi pou rod finansman dan sa sèkter.

Msye Spiker, diferan proze pou protez nou lanvironnman pou ganny enplimante an 2024;

- i. Lentegrasyon ‘Marine, Coastal & Terrestrial’ eco-sistèm- SR 5.9 milyon
- ii. Restorasyon Eco-sistèm la marin- SR 17.14 milyon e
- iii. Chemical and Waste (Island Project)- SR 9.9 milyon

Dan bidze revize 2023, gouvènmàn in osi fer alokasyon SR 29.3 milyon pou enplimant plan reabilitasyon lakot Anse Kerlan.

Gouvènmàn in osi fer en alokasyon bidze SR 1 milyon e SR 5 milyon anba ‘SEEREP incentive scheme’ e ‘PV rebate scheme’ respektivman. Sa de skim pou ganny revwar dan son totalite pou fer li vin pli releван ozordi.

Msye Spiker, demann pou lenerzi i kontinyelman ogmante e i enportan ki gouvènmàn i akseler son demars anver en tranzisyon pou adopte bann polisi e teknolozi ki pou promouvwar lilizasyon lenerzi renouvlab dan sa sèkter. Sa i avek bi redwir depandan lo lenportasyon karbiran, ki osi met presyon lo nivo to lesanz dan lekonomi. An se moman nou pe resevwar lasistans pou devlop en ‘Integrated Resource Plan’ (IRP) pou sèkter lenerzi, ki pou etabli en lapros kordinen dan tranzisyon anver bann sours lenerzi renouvlab. Sa stratezi i anlinny avek langazman ki gouvènmàn in fer anba son kontribisyon nasyonal an 2021 pou redwir gaz ki annan en lefe advers lo lanvironnman (Greenhouse Gas) par 26.4% avan lannen 2030.

Plizyer revizyon dan lalwa ki gouvèrn sèkter lenerzi in ganny fer pandan sa bann dernyen mwan, tel ki ‘Utilities Regulatory Commission (URC) e Electricity Acts, kin vin anfors.

Msye Spiker, ler nou koz lo lenpak sanzman klima e lenplikasyon ekonomik nou osi bezwen adres zestyon salte. Gouvènmàn i rekonnet lenportans pou met an plas bann stratezi ki pou redwir nivo salte lo landfill e promouvwar en ‘circular economy’. Move zestyon salte i afekte lasante e sekirite piblik e i osi annan move konsekans lo nou lanvironman.

Msye Spiker, fason ki nou zer salte, in fer ki la kantite letan ki nou ti pou kapab servi nou landfill Providans in redwir konsiderableman. Sa i en vre konsèrn

prennankont ki koman en pti leta zil, nou kapasite pou adres sa logmantasyon dan salte i vreman limite. Dapre en analiz kin ganny fer si nou enplimant bann stratezi apropiye tel ki kraz salte pli byen nou kapab servi sa landfill pour 10an ankore. Plis ki 40% salte i salte ki nou kapab fer konpost avek.

Gouvernman i an se moman an diskisyon avek son bann partener enternasyonal pou prepar en proze pou zisteman amelyor lenfrastruktir zestyon salte e entrodwir bann mezir pou amelyor kapasite dan zesyon salte, promouvwar ‘circularity’ e osi redwir salte ki pe ariv kot landfill.

## **17. Polisi Taks**

### **17.1 Revizyon to taks lo bonus e bann saler ki ganny peye lo en baz performans anyel**

Gouvernman in koz bokou lo plis performans dan travay pour nou lekonomi kapab agrandi plis. Nou osi rekonnèt ki i annan bokou anplwayer ki pe donn ‘bonus’ ouswa lezot saler zot travayer baze lo performans. Ozordi sa ‘bonus’ i ganny takse anba dezyenm ‘Schedule’ Lalwa pour Taks lo saler ek Benefis Non-Moneter. Zis lavalèr lapey en mwan sa travayer ki ganny egzanpte e okenn ‘bonus’ adisyonnèl lo sa en mwan lapey, i ganny takse baze lo nou sistenm taks lo saler lo en baz progresiv.

Nou war sa sistenm i pa zis pour motiv travayer pou travay pli dir. Alors, gouvernman pou anmèn en nouvo sistenm taks lo ‘bonus’ e bann saler ki ganny peye lo en baz performans anyel, konmansman le premye Zanvye 2024, konm swivan;

1. La valer lapey en mwan sa travayer pour napa taks lo la
2. Okenn ‘bonus’ an plis ziska 15 pousan saler anyel sa travayer pou ganny takse lo en to 15 pousan
3. Okenn ‘bonus’ an plis lo sa 15 pousan saler anyel pour ganny takse lo en to 20 pousan

Msyè Spiker, permet mwan pou donn enn de legzanp;

- En travayer ki pe ganny en saler SR 10,000 e pe ganny trwa mwan saler lavalèr SR 30,000 pour son performans. Ozordi sa travayer pe pey SR 4,000 taks lo sa bonus. Avek nouvo sistenm taks, sa travayer pour pey selman SR 3,100.00. Alors en benefis SR 900

- En travayer ki pe ganny en saler SR 25,000 e pe ganny de mwan saler lavaler SR 50,000 pour son performans. Ozordi sa travayer pe pey SR 5,000 taks lo sa bonus. Avek nouvo propozisyon, sa travayer pou pey selman SR 3,750 taks. Alors en benefis SR 1,250.

Sepandan, bann travayer ki annan en saler par anba SR 8,555.50, nou pou fer sir ki okenn egzansyon ki zot pe gannyen ozordi baze lo sistenm taks progresiv avek sa paramet egzansyon SR 8,555.50, i reste.

### **17.2Egzansyon Pansyon volonter ki anplwayer i kontribye pour son travayer anba Katriyenm ‘Schedule’ Lalwa pour Taks lo Saler ek Benefis Non-Monneter**

Msye Spiker, zot ava rapel pli boner dan mon diskour, mon ti dir ki nou pou bezwen SR 868.4 milyon an 2024 dan bidze nasyonal pou pey zis benefis retrait, bann dimoun ki’n pran zot retrait. Msye Spiker, sa kou i enn ki enorm. Gouvernman pe eksplor diferan fason pou ankouraz e siport bann ki pe planifiye zot retrait, par investir dan zot prop retrait. I enportan ki nou seryezman konmans sa konversasyon, anfet sa i en konversasyon ki nou ti’n devret konmanse byen lontan.

Alor, avek bi ankouraze ki nou pep i benefisyte avek diferan opsyon peyman ler zot in ariv laz retrait, gouvernman pe anons en serten poursantaz egzansyon taks lo pansyon volonter ki anplwayer i kontribye pour son travayer.

Msye Spiker, i annan anplwayer dan sekter prive ki pe investir dan pansyon prive ouswa kot fon pansyon pour zot travayer, e bann anplwayer i benefisyte en pansyon adisyonnal kan zot pran zot retrait. Ozordi, i annan en taks 15 poursan ki sa anplwayer i bezwen peye lo sa benefis ki i kontribye lo sa pansyon pour son travayer.

Alors, nou pou amann katriyenm ‘schedule’ lalwa taks pour saler ek benefis non-monneter pou retir sa to taks 15 poursan lo kontribisyon anver pansyon retrait ki anplwayer i kontribye pour son travayer. Fon Pansyon osi pe travay lo bann nouvo striktir ki sa travayer i kapab servi sa bann kontribisyon volonter pour bann garanti dan lefitir.

Sa egzansyon pour aplikab ziska 8 poursan saler sa travayer. Alors mon fer en lapel, avek sa egzansyon, pour plis anplwayer partisip dan sa ‘match-it’ skim ki



Fon Pansyon i annan. Mon osi ankouraz bann travayer, pou kontribye plis dan zot kontribisyon volonter.

### **17.3 5an Adisyonnèl pou bann lakonpanyen prodiksyon Lenerzi Renouvlab an term ‘loss carry forward’**

Msye Spiker, Sesel i bezwen plis lenvestisman dan bann proze lenerzi renouvlab. E nou konstate ki gouvènmàn pou bezwen antre plis dan bann partenarya piblik prive, anvi kou sa bann lenvestisman dan sa sektè.

Anba lalwa taks biznes, en lakonpanyen i kapab ‘carry forward losses’ pour selman 5an. Alors, pou ankouraz plis sa bann lenvestisman par sektè prive dan sektè prodiksyon lenerzi renouvlab, nou pou met 5an adisyonnèl pour sa bann lakonpanyen kapab ‘carry forward losses’. Sa i a vin en total 10 an.

### **17.4 Entrodwir taks ‘holiday’ pour senk an pour bann nouvo biznes dan sektè priyoriter**

Msye Spiker, nou’n koz bokou lo transformasyon e diversifikasyon nou lekonomi. Pour lannen 2024, gouvènmàn pou entrodwir en taks ‘holiday’ pour 5an, pour bann nouvo biznes dan sektè priorite parey dan lekonomi ble, lekonomi nimerik e osi prodiksyon plis prodwi pour redwir lenportasyon e ankouraz plis eksportasyon. Sa i ava en motivasyon pour bann endividi envestir plis dan sa bann sektè.

### **17.5 Ogmantasyon dan dediksyon depans en biznes i kapab fer anba lalwa taks biznes par bann donasyon ki zot fer pour benefisye bann program ou proze kominoter**

Msye Spiker, ozordi anba senkyenm ‘schedule’ lalwa taks biznes, en biznes i kapab dedwir 100 pousan son donasyon ki i fer pour bann proze e program kominoter baze lo bann prosedir dapre lalwa. I annan bokou biznes ki anvi travay konzwentman avek gouvènmàn pour bann proze dan zot distrik ouswa bann program dan zot kominote parey bann program sportif.

Alors pou ankouraz sa bann zes saritab sorti kot bann biznes, gouvènmàn pe ogmant sa to pour ariv 150 pousan. Sa i vèdir ki sa bann biznes ki fer sa bann

donasyon pour bann proze e program dan kominote ouswa bann lasistans ki zot fer pour bann proze e program lasosyete sivil, 150 pousan sa donasyon i kapab ganny dedwir lo zot 'assessable income' pour taks. Sa biznes pour kapab fer sa bann donasyon ziska en sonm ki pa redwir zot profi dan negatif.

### **17.6 Retir sarz ki bann 'booking platforms' i sarz konmisyon lo VAT**

Msye Spiker, nou ti met en provizyon ki pa ti permet bann 'booking platforms' sarz 'commission' lo sa 'Tourism Environmental Sustainability Levy' anvi ki bann letablisman ki pe kolekte sa levy. Alors, gouvènmman pou revwar lalwa VAT, e asire ki nou enkli en provizyon dan lalwa ki pou anpes okenn sa bann 'booking platforms' sarz en 'commission' lo sa VAT.

### **17.7 Taks lo veikil ek pyes**

Msye Spiker, aparti le 1 Zanvye 2024 taks e 'levy' lanvironman lo serten veikil e pyes pou ganny redwir. Apre plizyer konsiltasyon gouvènmman pou redwir 'Excise' taks avek 'levy' lanvironman lo bann pick-up Twin Cab. Sa rediksyon i espekte ede fer ki pickup Twin Cab i vin pli adordab pour biznes lokal tel ki bann pti e mwayenn antrepriz ki servi sa kalite transpor pour zot tranzaksyon komersyal.

E osi anlinny avek proteksyon lanvironman, gouvènmman pou redwir 'Excise' taks avek 'levy' lanvironman ki aplikab lo serten veikil ki servi batri pour transportasyon imen. I enportan note ki sa rediksyon lo bann veikil 'hybrid' ki servi batri avek en kapasite 200 voltaz ou plis, lo bann 'plug-in hybrid' e osi lo bann transpor ki antyerman servi batri. Sa rediksyon i annan bi pou ankouraz konsomater pou servi plis veikil ki anmenn benefis pozitiv pour lanvironman.

I enportan note ki 'Excise' taks lo "quarter panel" nef pour transpor pou osi ganny redwir. Me, gouvènmman pe mentenir 'Excise' taks ki aplikab lo lenportasyon bann "quarter panel" dezyenn men. Sa mezir ava fer "quarter panel" nef vin pli adordab e ankouraz konsomater pou servi "quarter panel" nef ki dapre bann akter dan sa lendistri i pli an sekirite.

## **18.Skim Finansyel pour bann Biznes**

### **18.1Skim pour sibvansyonn to lentere lo bann loan pour bann pti e mwayen biznes**

Msye Spiker, parey mon ti anonse dan bidze 2023, Gouvernman in fer en revi lo skim loan ‘Small and Medium Enterprise’ (SME) dan bann sekter kle ki pou ede dan sa transformasyon ekonomik. Bann biznes dan sa bann sekter kle ki annan en reveni SR 10 milyon ou mwens, i kapab kalifye avek en loan maksimonm SR 3 milyon e repeyman pandan 10 an. To lentere pour sa premye SR 1 milyon i 5 pousan e sa dezyenm 2 milyon lo sa maksimonm loan SR 3 milyon i 7 pousan. Alors, gouvernman i sibvansyonn sa to lentere ki bann labank i sarze.

Avek bokou diskisyon avek sekter prive e bann labank, gouvernman pou enkli bann loan ki bann biznes i pran pour konstrir proze lakaz abordab e lagrandisman bann proze ki egziste dan sekter tourizm anba sa SME skim. Sa kategori pour annan en peryod gras 12 mwan konpare avek bann lezot kategori ki sa peryod i 6 mwan.

Gouvernman in fer en alokasyon SR 50 milyon pou siport skim pour sibvansyonn to lentere lo bann loan pour bann pti e mwayen biznes.

### **18.2Skim ‘seed capital grant’**

Msye Spiker, dan bidze 2023, SR 5 milyon in ganny prevwar pour skim ‘seed capital grant’. Sa i en don ziska SR 200,000 pour finansman bann pti ‘start-up’ lantrepriz pou asiste zot dan bann premye faz zot devlopman. Sa skim i ganny administre par Lazans Lantrepriz Sesel (ESA).

## **19.Konklizyon**

Msye Spiker, an konklizyon, sa Bidze 2024 pe met bokou lanfaz dan lenvestisman dan nou pei, e dan nou pep. Nou pe investir dan lakominote pou fasilite lavi nou pep. Nou pe investir dan lenfrastruktir, sirtou sportif, avek bi motiv nou pep pou angaz zot dan bann aktivite sportif, pou gard zot an bonn sante. Nou pe investir dan bann lenfrastruktir ki pour tro bokou lannen in ganny neglize. Nou pe investir

dan bann diferan benefis sosyal pour donn sipor nou pep ki bezwen sa lasistans adisyonel. Nou pe investir pour fasilite lanvironnman biznes pour ed sekter prive pou agrandi nou lekonomi. San en sekter prive ki pe fleri, nou lekonomi pa pou devlope e gouvèrnman pa pou kolekte reveni, pou founi servis son pep. Nou pe investir dan nou lazènes, par met a zot dispozisyon plizyè program, servis ek lopòrtinite pour zot epanouir.

Msye Spiker, dan sa bidze i annan en benefis pour tou dimoun. Gouvèrnman pe reisir distribye larises ki nou pei e nou pep i zenere, gras a en sistèm fiskal e moneter byen responsab. Sa gouvèrnman i enn ki pe travay tre dir pou amelyor sitiyasyon son sitwayen, par kree lopòrtinite pour zot leve e debourye. Ler, nou'n fer byen, nou 'give back', me nou pou toultan reste responsab, e pridan dan nou depans, akòz Sesel i vremen vilnerab avek bann sok eksteryer.

**Avek Sa, Msye Spiker, mon rekonmande ki sa, "Appropriation Bill 2024" pour en bidze R10,640,628,966 pou otoriz depans dan 'Consolidated Fund' pour lannen 2024, i ganny aprouve.**

**Mersi Msye Spiker.**



# **BUDGET 2024**

## **GOVERNMENT OF SEYCHELLES**

**Delivered by:**

**NAADIR HASSAN**

**MINISTRY OF FINANCE, NATIONAL PLANNING AND TRADE**

**Friday 3rd November, 2023**

**9.00 a.m.**

**In the Seychelles National Assembly**

**Ile Du Port, Victoria,**

**Mahé, Seychelles**

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

**Good morning.**

### **1. Introduction**

Mr. Speaker, since coming into power in 2020, this is the fourth budget presented by this administration. It is important to note that this administration came to power during the most difficult period of this country's economic history. This makes everything that we have accomplished all the more remarkable, whereby we have managed to turn around a potentially catastrophic situation and put the country back on its feet – I would say, even, that we are doing better than before the pandemic and economic crisis.

Seychelles is today, hailed as an economic success on a global scale. This is testimony to the formidable work done by the team which managed the country's economy during the last three years. I wish to thank the team of young professionals from my ministry, all of them Seychellois, for this excellent work. As a people, we are also aware of our own determination, resilience and courage, and we should be proud today, of the successful journey we have undertaken.

Mr. Speaker, the work of this administration goes on. We have accomplished a lot, but a lot more needs to be done, in order to satisfy our people's aspirations. There is a lot more fixing to be done, and more transformations needed in this country. I believe we have all realized that the transformation that we want to see will not happen in three years, and that it is in fact, a long-term journey.

So, Mr. Speaker, the 2024 budget, like I have said in the past, is part of this administration's long-term project to improve the social and economic situation of this country and its people. The basis of this is an economic transformation that will result in the creation of more wealth – this means that it is important that we continue to implement our economic policies. This includes macro-economic stability, an environment that is conducive for business, and the diversification of the different sectors of our economy.

This administration believes in the principle of 'leve debourye' (get up and help yourself). For our people to be able to help themselves, we have to create the ideal environment to support their aspirations. Mr. Speaker, later on I will give more details on the measures we are taking towards this end.

Mr. Speaker, the lives of citizens in their communities is also an important aspect of our country's welfare and its people. It is precisely for this reason that our government visited all 26 districts, to listen to the people's concerns and opinions. We have heard the challenges that they face in their communities every day. Since these meetings, we have taken action in many cases, and in this budget, I will announce other actions that will be taken with the aim of improving our citizens' lives in their communities. This will become one of the greatest priorities of this administration.

We also recognize the fact in order to improve the lives of our citizens in their communities, we have to conduct a serious battle against the social ills that affect them. Mr. Speaker, this also remains one of our priorities. The 2024 budget is investing in a lot of programmes and infrastructure that will support those who are in need. In order to have a society that is strong and resilient, we need to invest in the battle against these social ills.

Mr. Speaker, as has been the case in the last few budgets, investment in our country's infrastructure remains another one of our priorities. In this present budget, a lot of priority has been placed in the renovation of our sports facilities. As you know, Seychelles will host the CJSOI in 2025, and in view of the state of our sports facilities, if we do not invest in them at this time, we shall find ourselves in difficulties during the event.

Mr. Speaker, the 2024 budget is thus putting a lot of emphasis on our economic transformation, supporting those who are most in need, and continue investing in the country's infrastructure, which will support the growth of our economy and our people. However, we still need to remain vigilant in view of our vulnerability to global shocks.

## **2. Global Development**

Mr. Speaker, on the international scene, global economic growth is being assessed at only 2.7% for the year 2023, a percentage that is much lower than the average growth rate of around 3.8% that we have seen in recent years. The main reasons for this decrease are as follows:

- a slowdown in the service sector of advanced economies;
- continued monetary tightening due to above target inflation in many countries;
- China's economy is not growing as fast as was expected;
- the war between Ukraine and Russia;
- and more recently, the developing conflict in the Middle East.

Mr. Speaker, if this conflict is aggravated and spreads, the global inflation rate could rise even higher, bearing in mind that there's a possibility of fuel prices rising. This new conflict could have a direct impact on Seychelles, in view of the number of Israeli tourists we have had in the past. We could also face some indirect impacts, seeing as the European markets which are facing these negative economic impacts are also our main tourism markets.

Mr. Speaker, in 2024, the global economy is expected to slow down even more, at an average of 2.5%. As for inflation, the International Monetary Fund does not expect that it will return to target until 2025.

### **3. The Monetary Sector**

Mr. Speaker, during 2023, the Central Bank has maintained an accommodative monetary policy to support our domestic economy, which is facing the impacts of external developments.

On average, the interest rate on savings deposits was at 1.50% , and 9.62% for credit facilities in August 2023. As for Treasury-bills, the interest rates in September 2023 were at 1.33%, 1.42% and 1.95% on the 91-days, 182-days and 365-days facilities, respectively.

In general, there has been an increase in the amount of credit given to the private sector in Rupees, during 2023. This reflects improvements in economic activities and a more conducive environment for business. In Septanm 2023, the amount of credit increased by 13% compared to September 2022. This is a positive sign for our economy.

It is important to note that current political incertitude, which is linked to global political tensions, could negatively impact our domestic economy next year. As such, the Central Bank will continue to take into consideration, domestic and external factors in its decision making, to ensure that its monetary policies are in line with its objectives.

### **4. Inflation**

Mr. Speaker, the inflation rate has gone down since May 2023, compared to 2022. This is due to appreciation in the value of the Rupee, price moderations in in the cost of commodities and fuel on the international market, as well as global maritime transportation costs going down.

Official statistics have shown that compared to September 2022, the inflation rate was negative 2.5% in September this year. On a twelve-month basis, the inflation rate was 0.3% during the same period.

In view of the risks associated with a rise in commodity and fuel prices on the international market, as well an expected rise in demand in the domestic market, as a result of economic activities, inflation rates are expected to be higher in the short term.

### **5. The External Sector**

Mr. Speaker, preliminary estimates have shown that the Current Account balance, which records the value of transactions made by Seychelles with the rest of the world, remains at a deficit in 2023. However, there has been an improvement, compared to 2022, where it has moved from 8.0% to 5.6% of our GDP. This is due to a reduction in the cost of commodities and fuel on the international market, as well as a rise in the value of goods and services which have been exported this year.

In line with our projection, the level of the country's dependance on external imports will remain higher than the revenue entering the economy in 2024. This will be the equivalent of a deficit of



8.3% of our GDP, in view of an expected rise in the price of commodities and fuel on the international market.

## **6. Review of Economic Performance in 2023 and the 2024 Economic Context**

Mr. Speaker, a review of our performance in 2023 shows that our economy will grow by 3.8%. This is less than had been projected, and this is mainly due to external factors which have impacted on us. This reduction is based on new global developments, especially the rising costs of living in developed countries which are our main tourism markets. The lower economic growth in these countries has also affected our tourism sector compared to 2022.

In spite of this, in the domestic market, the Information Technology and Communication Sector (ICT) has continued to grow, and in 2023, this sector is projecting a growth of 16%. Another sector that is doing well is Transportation and Storage, where we are projecting a growth of 11.8%. A 5% growth is also expected in the semi-industrial fishing sector.

In the Financial Sector and Insurance, we are projecting a growth of 2% by the end of 2023. In the Construction Sector, a growth of 3% will be recorded. A 2% growth has been projected in the production of canned tuna by IOT. A 4% growth is being projected in the alcohol and cigarette production sectors. The 'Manufacturing- other' sector, which mainly consists of the production of concrete, rock products, and paints, is projected to grow by about 2% during 2023.

The Wholesale and Retail sector remains resilient in 2023 with an estimated growth rate of 1.8%.

Mr. Speaker, in 2024, we are predicting a growth of 4% of our GDP, in view of the expected rise in tourist arrivals, especially since three new large hotels are expected to open their doors in the first quarter of 2024. Real growth linked to the tourism industry such as accommodation, catering services such as restaurants, administrative and other support services, have been estimated between 4% and 2% respectively.

However, we must stay vigilant and act responsibly, in view of the ongoing conflict in the Middle East which might affect the Israeli market in the long term, which at the moment, makes up 5% of the total tourist arrivals in Seychelles. On top of this, the conflict has the potential to affect fuel costs and inflation on a global scale, especially in Europe, which is our principal tourism market. It is also important to note that recent developments in this war, like I have said, could mean that there will be impacts on the fuel prices, which will in return, affect the price of commodities and raise inflation rates in our principal tourism markets as travel will become more expensive for tourists. We have to take into consideration, all these possible scenarios, when we are working on the country's budget. We will continue to make these analyses during the year and when making budget revisions.

Other sectors in which we are expecting growth in 2024 are the ICT and construction sectors, with a projection of 10% and 4% respectively. In the agricultural sector, we are predicting a growth of 3%, since there has been a reduction in animal feed costs.

In the Manufacturing sector, we are projecting a 3% growth in the IOT tuna canning industry. As for the alcohol and cigarette industries, we are also projecting a 3% growth, and 3% as well in the 'Manufacturing- other' sector, which mainly consists of the production of concrete, rock products, and paints. A 2% growth has been projected in 2024 for the Financial and Insurance sectors, and 2% as well for the Wholesale and Retail sectors.

## **7. 2023 Fiscal Performance Review**

Mr. Speaker, the Seychelles economy remains resilient and continues to grow, with more or less the same level of economic activities as in the pre-Covid19 pandemic period.

In 2023, Government's primary fiscal positioning is expected to be balanced, in other words, our revenues and expenses will be about the same. This is because we have collected more revenues than had been anticipated, and there has also been a slight decrease in our expenses due to delays in the execution of certain capital projects.

This performance, coupled with a stable exchange rate, means that we will finish the year with a debt stock of 64.4% of our GDP. This is still sustainable, and keeps us on the right track to achieve our target of reducing national debt down to 50% of our GDP, by 2030.

Mr. Speaker, we are estimating that for the 2023 fiscal year, our total revenue, including grants, will amount to SR 9.9 billion, which is the equivalent of 34% of our GDP. This estimate is more or less consistent with our predictions during the mid-year budget revisions. We are expecting to record only a slight reduction of SR 5 million or 0.05%. When we compare the 2023 total revenue to that of the 2022 fiscal year, there is an increase of about SR 1.1 billion or 13% poursan, due to increases in tax collection for this year.

Mr. Speaker, with regards to tax collection in 2023, the total sum of SR 8.4 billion or 28.98% of our GDP, is in fact, 14% more than the record established in 2019. It reflects an increase of SR 11.2 million or 0.13%, compared to what we had predicted during the mid-year budget review.

Two taxes which have contributed to this increase are business and immovable property taxes. Together, they have increased our projection by SR71.5 million. The business tax collection had surpassed the revised projections and reached a projection of SR 1.6 billion, principally because of the growth of the securities dealers industry in the financial sector.

As for tax on foreign-owned properties, this also performed very well during this year, which has caused our projection to increase to SR 35.6 million.

On the other hand, Mr. Speaker, there has been a reduction of SR 60.4 million in our projection for other taxes, compared to our mid-year review projections. The new Tourism Environmental Sustainability Levy and Accomodation Turnover Tax are the reasons for a SR 25.9 million.

Mr. Speaker, during the mid-year review, we presented a supplementary budget of SR 275.5 million with a reduction of SR 621.4 million in government expenditure. This represents an overall budget cut of SR 345.9 million compared to the sum originally predicted in the budget.

We shall end 2023 with a primary deficit balance of SR 2.4 million.

## **8. The 2024 Budget and the Medium Term Fiscal Performance**

Mr. Speaker, for the 2024 fiscal year, Government is proposing a budget of SR 10,640,628,966. This represents an increase of 1%, when compared to the 2023 Appropriation act, which was SR10,495,149,665.

We are also expecting to collect SR 10.9 billion in terms of revenues and grants.

Mr. Speaker, in 2024, Government is projecting a surplus in our primary fiscal balance. We are predicting a surplus of SR 332 million, which represents 1.1% of our GDP. The reason for this surplus is that we expect that our economy will continue to grow, which thus means that revenue collection will increase by SR 907 million or 9%.

In the mid-term, we expect that this fiscal surplus will be maintained, which should help us in our debt repayment plan and create more resilience.

## **9. Revenue Collection for 2024**

Mr. Speaker, as we know, Government collects its revenues from two principal sources. Primarily, there is tax collection, for which in 2024, we are projecting a total of SR 9.19 billion, which represents 30.3% of our GDP. This projection surpasses that of 2019, which is a reflection of how well our economy is doing, and also other aspects of our development. This sum represents a total increase of SR 760 million, or 4.6% when compared to 2023. The tax collection revenue is expected to contribute approximately 85% of our total revenue, with an increase principally in Business Tax, Other Taxes and VAT. This increase is mainly due to the additional collection of SR 254.0 million in VAT, SR 146.4 million in Business Tax, and SR 166.8 million under Other Taxes.

In 2024, non-tax revenues are expected to increase by approximately SR 143 million. Grants are expected to increase by about SR 5.8 million. In the medium term, our total revenue and grants are projected to reach approximately 35.8% of our GDP.

## **10. The Basis of Government Expenses**

Mr. Speaker, Government must remain prudent and responsible with regards to its expenses in 2024, and in the medium term. We recognize the fact that we need to invest a bit more in our social programmes and infra-structure. However, we must do this in a sustainable way. For the

2024 fiscal year, we will work on a plan to revise the structure of Ministries, Departments and Agencies, based on new technological investments that we are implementing. This will allow us to prepare our workforce for the changes that we need, and also contribute towards better service delivery to the private sector and to the public in general.

The Health and Education sectors have been allocated the biggest sums in the budget, amounting to a total of SR 1.41 billion and SR 1.40 billion respectively. This represents 13.3% and 13.1% respectively, of the total budget being proposed.

The budget for goods and services remains the highest in the 2024 budget, with a total of SR 3.73 billion, representing 35.1% of Government total expenditure. This also represents 12.3% of our GDP compared to 12.8% in the 2023 budget revision. Government will continue to evaluate efficient ways of providing public service and reduce operational costs, so that these savings could be invested in more programmes.

Mr. Speaker, a sum of SR 1.43 billion is being proposed for the capital investment programme, which represents 4.7% of our GDP. This is an increase of SR 211.3 million compared to the 2023 revised budget, and SR 835.3 million compared to capital projects investment in 2022. This sum of SR 1.43 billion is being financed as follows:

1. Domestic financing SR 876.6 million
2. Loans financing SR 277.7 million
3. Grants financing SR 304.4 million

Mr. Speaker, this shows the commitment of this government to invest in capital projects that will boost the growth of our economy and contribute to the socio-economic development of our people.

## **11. Wages and Salaries**

Mr. Speaker, we are also proposing a sum of SR 3.6 billion for wages and salaries in the public service in the 2024 budget. This represents 11.7% of our GDP compared to 11.2% in the 2023 revised budget. The 2024 budget also shows an increase of SR 295.1 million or 9% when compared to the 2023 revised budget.

In the medium term, the wages and salaries budget will reach 11% of our GDP. According to research and analyses which have been done, this is the recommended rate for small island states. I am thus appealing to public service employees to perform at a level that will assist our economy to grow much more. We will continue to invest in public service employees to prepare them for the transformation that we want to see in this sector.

Mr. Speaker, a modern public service is one of this government's priorities. The result based management framework which is based on results, including performance management, is in its last stages of implementation. Training programmes for public service employees have begun and will continue. As you have seen the week before, we have started with a leadership training for Principal Secretaries. This is being done in partnership with the UAE government. We have also completed a training programme for human resource employees.

We are also revisiting the structure of scholarships for public service employees, to ensure a continued development. In the past, government has not always been strategic in the way it has distributed scholarships. We have noted some areas where there are clear shortcomings, but which have not been prioritized. This must change. Today, we are facing difficulties to make recruitments in certain areas, with some positions remaining vacant in spite of the positions being advertised. This reveals weaknesses in manpower planning, and it must change. Towards the beginning of 2024, and with the finalizing of the 'manpower planning plan', we will prioritize scholarships in areas with the greatest needs.

Mr. Speaker, it is also important to note that in April 2023, Government effected a raise of 10% on average, on public services salaries, following the consolidation of several allowances on these salaries. This raise is costing the government SR 218 million in 2024, compared to SR 158 million in 2023. The salary increase has also impacted on the thirteenth month salary payment due to these consolidated allowances in salaries. Thus, in the 2024 fiscal year, a provision of SR 136 million is being budgeted compared to SR 116 million which was spent in 2023.

Mr. Speaker, in the past, a lot of emphasis has been placed on schemes of service for technical employees in different ministries, departments and agencies. Today, we have seen that with the new government management framework which is based on results and performance (RBM), we must also put emphasis on other cadres such as human resource employees, information technology and administration. Thus, with regards to these three schemes, the budget provision for this revision in their scheme of service is SR 4.2 million. Other schemes for the other ministries, departments and agencies as and when the budget permits.

## **12. Contingencies**

Mr. Speaker, a sum of SR 88.2 million has been allocated in the 2024 budget for contingencies, compared to SR 50 million in the 2023 budget. This increase is meant for the payment of the second phase of compensations for the La Misere water pollution case. We expect to made these payments during the first six months of 2024. The office of the Attorney General will finalize the details.

For the 2023 fiscal year, we have been able to present a compensation proposal to the inhabitants who have been affected by pollution around the electricity station at Baie Ste Anne Praslin. We expect to finalize the payments before the end of 2023 for all individuals who have accepted this proposition and signed their agreements.

## **13. Spending in Priority Sectors**

### **13.1 The Health Sector**

Mr. Speaker, in the 2024 fiscal year, we are allocating a budget of SR 1.41 billion to the health sector, representing 4.7% of our GDP compared to 4.5% of our GDP in the 2023 revised budget. An allocation of SR 693.4 million is being projected for wages and salaries in this sector, representing 49% of its total expenses.

In the 2024 budget, a sum of SR 639.6 million has been allocated to goods and services, of which the majority will go to the Health Care Agency for the following expenses:

- Medicine - SR73.6 million
- Haemodialysis 76.8 million
- Medical Supplies - SR 104.5 million
- Provision of meals for patients - SR27.4 million
- Specialized Medical Treatment - SR 50 million

A sum of SR 79.3 million is also being projected under capital projects in the health sector for the following projects:

- i. The ongoing maintenance of Seychelles Hospital - SR 9.6 million
- ii. Renovation works on the Baie Ste Anne Praslin hospital - SR 4.5 million
- iii. The La Digue hospital - SR 8.7 million, principally for additional work on a 'stand-by generator' and 'aluminium ceiling'.
- iv. Renovation of the ex NIHSS- SR 11.3 million. This infra-structure will be used to rehabilitate stroke patients.
- v. Additional facilities in the NIHSS building - SR 4 million
- vi. The new medical store at Providence- SR 5 million
- vii. A new sewage line for Seychelles Hospital - SR 2.8 million
- viii. The extension of ICU facility at the Seychelles Hospital Sesel- SR 4 million
- ix. The renovation of the Les Mamelles Health Centre - SR 1.1 million
- x. The construction of a health centre at Baie Lazare – SR 4.8 million
- xi. The renovation of different health infra-structures – SR 10 million

Mr. Speaker, as from 2025, this government will begin the construction of the new Seychelles Hospital. In 2024, the current Seychelles Hospital will be 100 years old. As we have seen, with constantly increasing cases of non-transmissible diseases, for example, diabetes, cancer and hypertension, the aim is that with a new and modern hospital which is equipped with more advanced facilities, we will be able to conduct more operations and treatments locally, instead of sending our patients abroad for treatment. This will be one of the biggest construction projects ever undertaken in the country. We are estimating that this new hospital will cost around SR 1 billion. Government is in the process of seeking funds for this new hospital. I would like to take this opportunity to ask every Seychellois to make a contribution towards this project.

### **13.2 The Education Sector**

Mr. Speaker, investing in the education sector remains one of Government's priorities. Our future as a resilient society depends a lot on how we train our future citizens, and education is the key to our children's acquisition of not just the skills of reading, writing and counting. It is the key to their understanding of life values, moral values, and cultural and sports skills.

A budget allocation of SR 1.40 billion has been proposed for the education sector in 2024. This represents 4.6% of our GDP. For wages and salaries, an allocation of SR 598.6 million is being

proposed in the education budget, representing 42.8% of this sector's expenses. The largest allocation in this sector is towards goods and services, for a sum of SR 657.7 million, representing 47.0% of its total expenses.

Mr. Speaker, with the aim of keeping the school environment conducive to learning, and that schools become more technologically advanced, a total of SR 63.76 million has been budgeted in the medium term, for the acquisition of chairs, tables and computers.

A sum of SR 41.1 million is being proposed to enable the government to continue with its provision of breakfast and lunch for all state school pupils, from Primary to Secondary level.

A sum of SR 70.9 million is also being budgeted for SPTC bus services for students.

Mr. Speaker, as was announced on 27<sup>th</sup> October, the Institute for Early Childhood Development (IECD) has become a UNESCO Category 2 institution for early childhood education. The government's investment in this area is bringing results. A sum of SR 27.6 million has been budgeted in 2024, for the Day Care Scheme, and there is an additional SR 1.6 million budgeted for the ECCE Trust Fund. Day care centres and childminders are assisted under this fund whereby they can apply for equipment to bring them up to the standards established by IECD.

A sum of SR 198 million has been budgeted for the tertiary education in 2024. This is meant to cover students who are already in employment and those who have just graduated from a professional centre. As mentioned before, we have to work with our students so that they are able to go for advanced studies in high priority areas in our country. We have seen recently, how students tend to go for generalized courses at degree level such as Business administration. However, our country's needs are not necessarily in these areas. We need to put emphasis on technical areas where we have the highest demand. This means that the government will need to work comprehensively with careers guidance officers and the University of Seychelles so that we have more courses at degree level that are more relevant and in demand.

Mr. Speaker, apart from government scholarships, the student loan scheme whereby students invest in their own education still exists. In the 2024, we are allocating SR 8 million for the educational loan with the commercial banks. This scheme was launched in 2023. A sum of SR 5 million is being budgeted as a contribution to the University of Seychelles. This will go towards the renovation of its infra-structure and also the development of its programmes that aligned with the demand of employment in Seychelles.

In 2024, the government is also reviewing the laptop scheme to also include all P.5 and P.6 students in state schools and private schools. Our secondary student and professional centres are already benefitting from this scheme. This scheme comprises of a SR 3,000 contribution towards the cost of a laptop. The scheme will cost government a sum of SR 5 million annually. We are appealing to all students who qualify for this scheme to take this opportunity in view of the fact that technology is being integrated in the education system.

Mr. Speaker, a sum of SR 21.4 million is also being budgeted for the stipends of students from professional centres. In view of the difficulties faced by students from the inner islands when they come to study on Mahé, the 2024 budget caters for an increase in their allowance. They will now receive a monthly allowance of SR 2,000, which represents a SR 600 increase.

For those students who do not qualify to join a professional centre, a sum of SR 11.2 million has been budgeted to cover the Apprenticeship Scheme programme.

Mr. Speaker, next year, we will offer Praslin and La Digue students who qualify to study for their A Levels, the opportunity to study at the Vijay International School, instead of being obliged to come to Mahe. The Ministry of Education will work on a framework to cater for this programme, and will inform the students accordingly. This means that inner islands students will not need to leave their homes in order to continue their studies.

A sum of SR 142.1 million is being proposed in the 2024 budget, for capital projects in the education sector. In September this year, we signed an agreement with the Saudi Development Fund for a loan of US\$ 10 million for the construction of a new school for La Digue. A sum of SR 83.1 million has been allocated in the 2024 budget to start the construction of this project. This year, the government is preparing a temporary facility that students can use while the project gets under way in 2024.

Mr. Speaker, like other infra-structures in the country, many schools are in a state of deterioration. For the 2024 fiscal year, government will cater for the following capital projects:

- i. The continuation of construction of Anse Royale crèche- SR 4.5 million
- ii. The construction of a new school block at La Rosiere Primary school - SR 18 million
- iii. The renovation of the La Rosiere Primary school - SR 6.2 million
- iv. The construction of a new block at the Beau Vallon school - SR 1.2 million
- v. The renovation of the Glacis school - SR 3.5 million
- vi. The renovation of the Ile Perseverance primary school - SR 1.6 million
- vii. The renovation of the Belonie school - SR 3 million
- viii. Renovation works on the Anse Boileau Secondary school - SR 3 million
- ix. The renovation of the English River school - SR 1.5 million
- x. The renovation of the Plaisance Secondary school - SR 1.2 million
- xi. The construction of a boundary wall at the School of A level Studies - SR 3.6 million
- xii. Renovation works and new constructions at the Institute for Agriculture and Horticulture - SR 3.8 million
- xiii. Renovation works at Seychelles Institute of Teachers Education (SITE) - SR 4 million, and
- xiv. Other renovations of different school infra-structures in the education sector – SR 3.9 million



Mr. Speaker, I want to seize this opportunity to appeal to parents, guardians and educators, to ensure that they take the time to inculcate in our students, the best living values. I appeal to students as well, to use the time dedicated to their studies constructively, and positively.

### **13.3 The Housing Sector**

Mr. Speaker, the biggest allocation in the capital project budget in 2024 is for the lands and housing sector, which is a sum of SR 335.4 million, representing 22.5% of the total budget for capital investment. Government continues its efforts to seek funding for investing in housing projects, to assist our population in having a home of their own. We recognize the fact that many individuals are still searching for the own dwelling .

This sum will cover the following projects in 2024:

- i. **The Land Bank Project**
  - a. The ex Deltel project, ‘Dan Banbou’ Anse Royale- SR 15 million
  - b. Cap St Marie Land Bank- SR 4.5 million
  - c. La Retrait Land Bank- SR 9.7 million
  - d. Provisions for PUC infra-structures on Land Bank projects - SR 5 million
  
- ii. **Housing Projects**
  - a. 12 units for the ex-Ferrari project - SR 8.0 million
  - b. 32 units of social housing - SR 9.5 million
  - c. 24 units for the ex-Zelia project, Anse Boileau- SR 12.6 million
  - d. 24 units at La Gogue - SR 13.3 million
  - e. 6 units at Mt. Plaisir, Grand Anse Praslin- SR 3.4 million
  - f. 16 units at Anse François, Pt. Larue - SR 8.3 million
  - g. 16 units at Waterloo, St. Louis - SR 9.2 million
  - h. 12 units for the ex-Kashugie project, Bel Ombre- SR 3.8 million
  - i. 16 units at Anse aux Poules Bleus, Phase II- SR 8.5 million
  - j. 24 units at the Perseverance Roundabout - SR 5.6 million
  - k. 24 units at the ex-PSSW, Phase 2 Cascade - SR 14.3 million
  - l. 24 units Corgat Estate, Phase 4, Mont Fleuri- SR 10 million
  - m. 40 units at Vilaz Orkid, Phase 2- SR 25 million

A sum of SR 15 million is being projected in the 2024 budget to complete the basic infra-structures to facilitate the construction of 128 mid-range condo units. These mid-range condos are targeting professionals who obtain their own loans from commercial banks. These condos will be constructed on the following sites:

- a. Ex Desaubin – Takamaka
- b. Ex Sacos – Anse Royale
- c. Ex Tarmac – Petit Paris – Cascade
- d. Ex Daycare – Bel Air, and

e. Perseverance – next to the PMC Condos

Mr. Speaker, in September this year, we signed an agreement for another loan of US\$ 15 million with the Saudi Development Fund for the construction of 172 housing units in 7 districts from 2024 to 2026. A sum of SR 84.5 million is being projected in 2024 for these projects.

Those house projects that will be financed by the Saudi Development Fund are in the following districts:

- a. Anse Aux Pins - Karyol,
- b. Au Cap – Ex Farm,
- c. Anse Royale – Mont Plaisir,
- d. Beau Vallon – Pascal Village,
- e. Glacis – Ex Sacos,
- f. Perseverance, and
- g. Baie Ste Anne – Marie Jeanne.

Additionally, a sum of SR 10 million has been budgeted for repairing the homes of more vulnerable individuals who are unable to find the necessary funds to make their own repairs. Another sum of SR 10 million is being budgeted for housing projects under a special scheme. This scheme is for the construction of homes for those individuals who do not qualify for the total sum of the construction cost of their homes. The scheme is a partnership between the ministry responsible for housing and HFC.

Mr. Speaker, government has also provided for a sum of SR 18 million under the housing finance scheme with the banks. This scheme will help those individuals who are receiving a salary lower than SR 30,000 and who need to take a loan from the bank to complete their construction project, and to make their loan repayment more affordable.

Government has also put aside a sum of SR 5 million for a renovation scheme of pensioners' homes. This consists of a loan under HFC for pensioners who want to make renovations to their homes.

Mr. Speaker, in 2024, HFC will also review the facilities it offers, to reflect the current realities. This will be announced early in 2024.

Mr. Speaker, we recognize the fact that individuals who are waiting for government housing are renting from the private sector, and that the cost of renting can be very high, making it difficult for these people to make ends meet. As such, government has a part rental scheme to assist such individuals with their rent. This scheme applies to people with salaries under SR 19,000, which is an increase as the previous sum was R15,000. Those who qualify for this scheme may get assistance for up to 55% of their rent. An allocation of SR 12 million has been put aside for this scheme.

Mr. Speaker, government is also working closely with the PMC Board to explore the possibility of a model to finance housing construction. Currently, government is building these houses and then hands them over to PMC to manage. Rent is paid to PMC, which retains these revenues. We are thus exploring different models whereby surplus funds can be used for building more homes. We expect to fund two housing projects in this manner in the medium term.

#### **13.4 Sports Development**

Mr. Speaker, investments in sports remains an invest in our youths, in our general population, in the health of our people, and in our country. Sports remains a key element of our people's unity, whatever our differences. Sports activities help us physically, mentally, and ensure that we are a healthy nation. To ensure better commitment to sports at the highest possible level and encourage the participation of our population, we need to have sporting facilities that are attractive and of high standards. During these past few years, this government has been investing a lot in bringing our sports infra-structure to an acceptable standard. This investment will continue. Precisely, a sum of SR 48.3 million has been allocated in the 2024 budget for different sports infra-structure as follows:

- a. Renovation works on Stad Linite - SR 5.5 million
- b. Completing renovation works on the 'Palais des Sports' - SR 7 million
- c. Renovation of the Roche Caiman Swimming Pool- SR1.5 million
- d. Renovation of other sports facilities - SR 1.5 million
- e. Renovation of the Victoria Gymnasium flooring - SR 1.5 million

We also need to decentralize some of our sports facilities. We realize that our young athletes waste a lot of time travelling to town to use these facilities – time which could have been invested in their training. As such, government will complete its projects on the Anse Royale and La Digue Sports Complex. In 2024, the following projects will begin:

- a. Renovation of the Anse Royale Sports Complex- SR 4.5 million
- b. Construction of an Indoor Court at Anse Royale- SR 15.6 million
- c. Renovation of the La Digue Sport Complex- SR 1 million

Mr. Speaker, in 2025, Seychelles will organize the CJSOI, and as a country, we have to ensure that all our sports facilities are up to standard. An additional sum of SR 10 million has been budgeted to support other renovation works on sports facilities. In order to facilitate Seychelles' participation in the CJSOI, a sum of SR 35.7 million has been budgeted for 2025 under goods and services for the organization and our participation in this event.

A sum of SR 4.3 million has also been provided for small renovations on sports facilities in the districts. This will boost the efforts made by government to ensure that our youths remain engaged in sports activities, and prevent them from falling prey to social ills.

We are also allocating a sum of SR 3.4 million in the 2024 budget for sports development on a professional basis. In 2024, a sum of SR 1.3 million has been allocated for the Olympics and another SR 4.6 million for our participation in the All Africa Games.

A sum of SR 3.2 million has been budgeted for assisting the sports federations. A sum of SR 710,000 has also been allocated to assist sports teams when they travel within different islands for competitions. A sum of SR 1.7 million is being budgeted for the development of youths in sports, and SR 1.1 million for talent spotting.

### **13.5 The Social Sector**

Mr. Speaker, an educated population that is healthy, hardworking, resilient, strong and responsible remains the basis of this country's development. In other words, Mr. Speaker, Seychelles relies on this same population to succeed in creating more wealth for us all.

Today we see many Seychellois seizing all opportunities to move forward in life, but at the same time, we are conscious that there is a group being challenged by social ills. Mr. Speaker, as a government, and as a country, we cannot ignore this situation, which might even be described as a NATIONAL CRISIS.

Mr. Speaker, government is investing a lot in the battle against social ills. In the first place, the battle to stop illegal drugs from entering our country will continue.

Secondly, we have to keep supporting those who have fallen to illegal drugs and alcohol. This prevention and rehabilitation work go hand in hand.

As such, in the 2024 budget, we are making provisions for two projects to support the rehabilitation of patients with addictions:

- i. A new rehabilitation centre for patients with addictions which will be based opposite the English River Health Centre – costing SR 14.5 million, and
- ii. The renovation of the Anse Boudin Health Centre, Praslin, for patients with addictions - SR 3 million

Mr. Speaker, further to this, research has shown drug and alcohol abuse is directly linked to poverty. In such cases, the majority of the household income is spent on substances. In order for us as a country, to better understand the gravity of this situation and its socio-economic impact, government is currently conducting a study on this with the help of the World Bank. The results of this study will allow the government to take more effective, targeted and comprehensive measures, to help deal with this crisis that our country is faced with.

Mr. Speaker, I am making a national appeal that we all make our contributions towards the fight against these social ills.

Nevertheless, Mr. Speaker, we recognize the fact that there will always be a group that will need additional support, and as has been the case, government will continue to provide the necessary support to those among our population who are in need.

As such, an allocation of R 1.3 billion is being budgeted for benefits and approved programmes under the Agency for Social Protection. The largest sums under this programme are as follows:

- i. SR 868.4 million for retirement benefits
- ii. SR 161.2 million for disability benefits
- iii. SR 109.1 million for invalidity benefits
- iv. SR 61.8 million as a Social Safety Net

Mr. Speaker, in total, just these four benefits come to 1.2 billion or 96% of the total budget for benefits and approved programmes under the Agency for Social Protection. The total sum of R1.3 billion in fact represents 11% of the national budget.

Mr. Speaker, this is a big sum. I would thus like to ask every Seychellois to think carefully about this - **SR1.3 billion** just for benefits and the ASP programme. 11% of our national budget! With a constantly aging population, this sum will continue to rise.

### **Revision of Social Benefits – Statutory**

Mr. Speaker, in line with our government's strategy to bring about a more equitable and sustainable system for social assistance, today I am announcing the fact that there will be some revisions in certain Statutory Benefits.

Review work on these benefits has been ongoing for about a year, in consultation with key partners. It is important to note that some of these benefits have not been revised since 2016, and it clear that the way in which they were revised in the past was not well structured.

As such, in the near future, governments intends to put in place a structure that will not only formalize the way social benefits are revised, but will also monitor the way they function, bearing in mind the social and budgetary aspect.

So, Mr. Speaker, as from January 2024, there will be an increase in the following benefits:

- Maternity/Paternity – this will apply to mothers or fathers who are self-employed or who work on a casual basis.
- Semi-orphans – children who have lost one of their parents.
- Abandoned children or orphans – children who have lost both parents.
- Foster Parents – individuals who are prepared to take in a child in the system, and take care of them in their home.
- Foster Child – a child in the system
- Survivor – someone who has lost a partner who had been receiving a benefit from ASP.
- Benefits for mothers from the inner islands who are about to give birth, and who have to travel to Mahe – also known as the benefit for expectant mothers.

Furthermore, Mr. Speaker, government is adding a new benefit under the Statutory Benefits, for mothers who give birth to more than one child at a time, i.e., Multiple Births.

Mr. Speaker, the revisions in these benefits are as follows:

- Maternity/Paternity from SR 2,480 to SR 6,633.5, with the level of assistance being in line with employment regulations.
- Semi-orphans - benefits will amount to SR 2,350, instead of SR 1,300
- Abandoned children or orphans - from SR 1,540 to SR 3,134
- Foster Child - benefits will amount to SR 3,134, instead of SR 1,300
- Foster Parents will receive an assistance of SR 25,000 maximum, as a one off.
- Survivor benefit - from SR 2,480 to SR 5,224, and
- Benefits for expectant mothers from the inner islands who have to travel to Mahe – their benefits will increase from SR 1,500 to SR 5,000. This as well, will be a one off.

As for the new benefit, i.e., Multiple Births, the parents will receive a sum of SR 3,134 for each additional child up to a maximum of SR 6,635. It is important to note that this benefit will be maintained until the child or children in question are 5 years old.

All of these payments are on a monthly basis, except for the one off payments for Foster Parents and Expectant Mothers from the inner islands, travelling to Mahe to give birth.

Mr. Speaker, we have estimated that in total, this revision will cost the government an additional SR 31 million per year. However, bearing in mind who will benefit from this adjustment, we find that it is justifiable.

It must be noted that this new revision in benefits is part of a larger project being undertaken by government, to revise our benefit schemes so as to ensure that the segment of our population that is really in need is the one that gains from it. Let us be reminded that a first revision in benefits was implemented in May 2022, whereby social benefits were increased by 32%. Today, the maximum sum under this benefit is SR 5, 224.

At the same time, the programme whereby government topped up pensioners' benefits, as well as those with disabilities and invalidity, to a maximum of SR 500, will continue. This programme started in 2022 when government introduced several measures to assist our population, in view of rising commodity prices as a result of the war between Ukraine and Russia.

Mr. Speaker, as always, government will continue to support those who are most in need. A provision of SR 310.9 million is being made for Home Carers under the Home Care Agency.

### **13.6 The Community Sector**

Mr. Speaker, this year, the President, ministers, MNAs and key employees in the public service visited all 26 districts, where they met with the citizens, listened to their aspirations and the challenges they are facing in their everyday lives, and in the community. In view of this

conversation that we have had with our citizens, as I have said in my introduction, a priority of the 2024 budget is to assist communities. We all form part of a community, after all, and a healthy community is one with good neighbourhoods, security and comfort.

Mr. Speaker, we are proposing the following expenses to assist our communities:

- i. SR 7.5 million to cater for Disaster Emergency Works in the districts.
- ii. The renovation of homes for the elderly in the districts - SR 3.2 million.
- iii. Enlargement of the Anse Royale Home for the Elderly - SR 2.1 million.
- iv. SR15 million for a residential centre at Bonne Espoire youths with behaviour problems – the aim of this centre is to provide intervention programmes that will change the behaviour of these youths and turn them into responsible and productive members of society.
- v. A Half-Way Home for victims of domestic violence – government is negotiating a property exchange, and a sum of SR 2 million has been provided for renovations.
- vi. SR 2 million has been provided in the 2024 budget to start the construction of the Les Mamelles Day Care Centre.
- vii. SR 2.5 million has been provided for renovations on day-care infra-structures generally.
- viii. Works on secondary roads - R10 million – this includes other relevant work such as drainage systems, and other works.
- ix. Government has also made a provision of SR 1.5 million new bus shelters.
- x. A sum of SR 2 million to purchase new crash barriers or for maintenance work on existing ones.
- xi. SR 2 million allocated for disaster mitigation.
- xii. SR 7.7 million allocated for the installation of street lights, and
- xiii. SR 2.6 million for emergency works.

Mr. Speaker, these projects which I have just listed are separate from the allocation made for small community projects in the districts. A sum of SR 26 million has been allocated for these small projects in the districts in 2024. This is SR6 million more than was allocated in 2023, when SR20 million was allocated. This means that each district will receive SR1 million each, to spend on these small projects.

Mr. Speaker, of course there are also certain bigger expenses that the government must make towards improving the lives of its citizens in their communities. As such, in 2024, the following allocations are being made for such projects:

- i. Cascade Community Centre - SR 5 million
- ii. Ile Perseverance District Administration - SR 4 million
- iii. Bel Ombre District Administration - SR 3 million
- iv. Renovation of the Mont Buxton Community Centre - SR 1.5 million
- v. Renovation of the Beau Vallon Community Centre - SR 700,000, and
- vi. Work on the Copolia sewage system - SR 4.1 million

### **13.7 Law and Order**

Mr. Speaker, for our people to have a good life, there must be law and order in their communities and in the country. Law and Order remains a priority, and every possible measure to discourage crime and prevent our people from descending into a life of crime, must be explored.

When Law does its bit, we in the Executive must also do our bit.

For the coming year, government will invest SR 62 million in different projects within the Ministry of Internal Affairs. One of the biggest such projects is the maximum security prison for separating serious offenders from other offenders. An additional budget of SR 3 million has been set aside for this project in 2024, on top of the SR4.5 million which had already been budgeted in 2023. There is also another project for the construction of a facility, for convicts that are classified as medium to low risk – this will cost SR 6 million.

Other projects in this domain are as follows:

- i. The Remand Centre at Ile Perseverance- SR 1.4 million. This project is expected to be completed in 2024.
- ii. The continuation of the construction project on Praslin, for youths who have been convicted - SR 1.2 million.
- iii. The renovation of the Central Police Station - SR 1 million.
- iv. The construction of the Perseverance Police Station – SR 5 million and
- v. The construction of a Marine Police facility - SR 42.1 million.

### **13.8 The Transport Sector**

Mr. Speaker, in order to facilitate the movements of our citizens and give them easy access to different services within their communities and to the rest of the world, we need to keep investing in the transport sector.

In the 2024 budget, the second largest allocation in the capital budget is in the transport sector. A sum of SR 275.7 million, representing 19.3% of the total budget invested in capital projects, has been budgeted for this sector. The major projects in this area are as follows:

- i. A vehicle testing station on Praslin- SR 5 million
- ii. West coast road projects on Mahe - SR 206.9 million
- iii. A third lane at Pointe Larue- SR 7 million
- iv. The enlargement of the St Louis to Beau Vallon- SR 4 million
- v. The second phase of the Gran Riviere road project, Anse Royale- SR 4 million
- vi. The Pasquere road, on Praslin- SR 3 million
- vii. The English River road to Ile Du Port- SR 2 million
- viii. The enlargement of the Ile Du Port road up to IOT - SR 4 million, and
- ix. A sum of SR 50.6 million to resurface roads on Mahe generally, and SR 21.9 million for the same on Praslin and La Digue – which comes to a total of SR 72.5 million.



Mr. Speaker, our port and airport infra-structure remain the only two means of access to the rest of the world, so their importance in the country's development is second to none.

The Victoria Port Development Plan is being finalized and will start early in 2024.

In 2023, we saw the inauguration of the La Digue Port redevelopment, which cost SR 33.8 million. The second phase of this project has been budgeted in 2024, comprising of a new building for the passenger terminal similar to the one on Praslin.

To bring more efficiency to its services, the Ports Authority will invest in another tug boat and two more pilot boats.

In October 2023, the Ports Authority also launched its new information technology system (Port Victoria Management Information System) on a pilot basis, to help its partners access information in advance so as to facilitate merchandise clearance in the port. This system will also facilitate regional commerce, with the aim of reducing the cost of living, to the benefit of our population. We expect that this system will be operational by January 2024.

Mr. Speaker, with regards to the airport development plan, we shall finalize the comprehensive plan in the first quarter of 2024.

The SCAA will also invest SR 90.8 million in different projects for the 2024 fiscal year. This includes the modernization of telecommunications equipment, navigation services, Air Traffic Management, the replacement of the Praslin air traffic control tower, the replacement of X-ray machines used for screening, and also renovation works on the international apron and pavements.

#### **14. The National Development Strategy**

Mr. Speaker, concerning our national development strategy, it is important that we become more resilient and prioritize our objectives, due to possible external shocks and the current geopolitical situation across the globe.

Along these same lines, the national development strategy creates the necessary platform to help us surmount our challenges, and it underlines the six priority pillars that we expect to emphasize on. As I have said already, the six pillars are:

- i. A modern public service
- ii. A healthy nation
- iii. The promotion of law and order
- iv. An education system that is modern and aligned to our future needs
- v. A sustainable environment and climate change resilience, and
- vi. The Economic Transformation Agenda

## **14.1 Economic Transformation**

Mr. Speaker, we are continuously working towards the creation of an environment that encourages transformation and economic diversification, which will promote added value in the key sectors, and thus gain more revenue to sustain our development.

This strategy will transform and diversify our economy in the long term. In order for this strategy to succeed, we need a lot of investment, infra-structure development, and more importantly, a change of attitude to embrace new business models. Too often, we are caught in old ways of doing business, and we find it difficult to adapt or evolve.

According to the economic diversification strategy, the government has identified the priority sectors:

### **14.2 The Tourism Sector**

The Tourism Sector remains a key sector in our economy and its sustainability concerns all of us. We need to put in more effort to improve our visitors' experience and satisfy their expectation through the diversification of our products. New tourism activities will keep on being introduced and encouraged, to ensure that the economic rewards do not go to the hotels only, but also other groups. It is thus important to ensure that this sector has a workforce of high quality and performance.

Mr. Speaker, we are also finalizing the procedures for a study to better understand this aspect of our economy, as well as its potential to maximize revenue. This study is expected to be complete towards the middle of 2024, and will better inform our policies in this key sector.

### **14.3 The Agricultural Sector**

Mr. Speaker, the agricultural sector will have to adopt the appropriate technology to facilitate commerce, and manage information so that the right decisions are made in this sector. We will also work with local producers to adopt new technologies, or what is known as 'high tech farming', to enable them to become more resilient with regards to climate changes consequences.

As a form of encouragement for farmers to adopt new technologies in their businesses, government will revize the development fund for the agricultural sector.

Just to recap, the development fund for the agricultural sector has an interest rate of 2.5% on loans of up to SR 3 million, and for loans of above SR 3 million, the interest rate is 5%. The repayment plan is for a maximum period of 12 years.

As such, government has made an allocation of SR 3 million in the 2024 budget, and SR 60 million in funds with DBS, amounting to a total of SR 63 million for the 2024 fiscal year, for loans which are targeting hi-tech farming. We will work with this sector to ensure that the definition of 'hi-tech farming' is clear and geared towards the transformation that we want to see

in the agricultural sector. The development fund review for the agricultural sector will be presented in the first quarter of 2024.

Mr. Speaker, an allocation of SR 25.6 million is also being made for different projects in the agricultural sector. SR 2.75 million for the construction and renovation of roads. SR 3.5 million is being budgeted for irrigation systems. Another major project is the construction of a new abattoir. SR 5 million is being budgeted for this in 2024. An appropriate plot of land has already been identified.

The renovation of Victoria Market has already started in 2023, and a budget allocation of SR 6.5 million has been put aside for the 2024 fiscal year.

#### **14.4 The Fisheries and Blue Economy Sectors**

Mr. Speaker, during 2023, government has placed a lot of emphasis on consolidating the fisheries sector, and the need to continue its development. Significant funds have been invested in facilities for this sector, all over the country, and government has kept its promise to improve the quality of life of our fishermen. These projects, such as the improvement of the port, markets, gear stores, and others, will continue next year, with new facilities in the following districts:

- i. Fishing facilities - Anse Aux Pins
- ii. Gear Store - Grand Anse Praslin
- iii. Gear Store - Glacis

Government will also make an allocation of SR 45.9 million for the development of the Ile Du Port infra-structure in 2024, which includes, roads, waste disposal, water, electricity and telecommunication. Ile du Port has been designated as an area where fish processing will be based.

Mr. Speaker, we will also analyse the potential of the 'live aboard e yachting' business, and what it can contribute to the country's economy. This study is expected to be completed in the first six months of 2024. Another study has also started on containerised hatcheries, to support small, local businesses in the development of aqua-culture.

Government will also find ways of developing and implementing a marketing strategy to market fish products. We will also encourage sustainable fishing activities and adopt a business model of re-using by-products and waste in fish transformation – what is known as 'circular economy'.

Mr. Speaker, industrial fishing is also facing the challenges of climate change, excess fishing, illegal fishing, and the degradation of our stock of fish such as tuna. In the face of this challenge, we are working towards control measures that will encourage purse seiners to disembark their fish in Port Victoria, rather than another port. We are also looking at licence measures that will force these ships to offload sufficient fish at our port.

Government is determined to protect the work of 'stevedores', and also Seychellois businesses which have invested in local facilities, by ensuring that they get enough fish to run their factories.

Mr. Speaker, these three sectors – tourism, agriculture and fisheries, are key to this transformation, as government wants to see more commercial transactions in this sector. The agricultural and fisheries sectors will need to ensure the production of quality products, on a regular basis, which will encourage the tourism sector to buy locally instead of importing. When these three sectors begin to support each other in their development and expansion, we will all benefit.

#### **14.5 The Digital Economy Sector**

Mr. Speaker, since 2021, government has made a lot of progress in adopting new technologies that facilitates procedures for its services and render them more accessible to the public. The implementation of this strategy will continue, but we do not want this to happen in the government only. We want to see the whole of Seychelles embrace technology, especially in the private sector.

In the medium term, there will be an important investment in the digital economy agenda. In the effort to increase government's efficiency, a total of SR 413.7 million has been budgeted in 2024. This includes the provision of a new integrated information system for financial management, a new human resource management system, and a new system for the Social Protection Agency. Other initiatives which form part of the digital economy action plan are ongoing.

Government also continues to promote the use of digital platforms in the public service.

- i. The implementation of the Health Information System is expected to go online towards the end of 2023.
- ii. A new integrated information system for public funds management (Integrated Financial Management Information System) will also go on tender before the end of 2023, and we expect that this system will become operational in 2025, in the preparation of the 2026 budget.
- iii. The Human Resource Management System (HRMS) is currently on tender. We expect that this system will be operational for the 2025 budget preparation. This system will integrate human resource procedures with the payroll, and will help government to identify talent based on employee performance management.
- iv. A modern tax management system is in its implementation stage, adopting new technology that will increase the Revenue Commission's efficiency, and
- v. We will establish an Investment Portal, with the aim of turning it into a one stop platform where investors who want to start a business can access all the necessary information to facilitate their task.

Mr. Speaker, in this move to develop the digital economy, there is a necessity to review and modernize our laws. A new legislation with the aim of protecting personal data whilst it is being used in official contexts (Data Protection), has been gazette.

## **14.6 The Financial Sector**

Mr. Speaker, the risks threatening financial stability keep evolving. Recently, we have seen an increase in threats from outside, such as cyber attacks, climate change, the COVID-19 pandemic, and other political tensions across the globe, which have affected our economic and financial situation. As such, Seychelles must prioritize the development and implementation of an efficient framework for financial stability. In this context, a key element is a legal framework with the aim of maintaining financial stability, which will formally establish a committee to supervise financial stability in the country. This legal framework is expected to be presented to the National Assembly very soon.

### **Amendments in the Central Bank Law**

With the aim of reinforcing the financial and institutional autonomy of the Central Bank, and also to promote transparency in its operations and functions, the Central Bank Law will be amended to align it with international best practices. In this context, the bill to amend the Central Bank law will be presented to the National Assembly very soon.

### **CSD and RTGS systems**

Mr. Speaker, the objectives of the Central Bank to continue developing financial markets and improve financial infra-structures, will soon be realized through the acquisition of two new systems – the ‘Central Securities Depository’ and ‘Real-Time Gross Settlement’ systems, that are due to become operational in 2024. These two modern systems will help to increase efficiency and create more resilience in the domestic financial market.

Mr. Speaker, Government continues its efforts to bring more progress in the structure of the Anti-Money Laundering jurisdiction, and in the fight against financing terrorism (AML/CFT). In October this year, the committee responsible for improving national coordination and ensuring that the weaknesses noted in the Mutual Evaluation Report are addressed in time, submitted another report to the ESAAMLG to request re-rating in another 5 recommendations in the 6 deficiencies that remained. Only Recommendation 15 remains pending, and we expect to create the necessary legislations for the legal framework for Virtual Assets and Virtual Assets Service Providers.

Mr. Speaker, as has been announced, the European Union has put Seychelles on its ‘Annex I’ known as the ‘black list’ for non-cooperative jurisdictions for tax purposes. This is because Seychelles does not have a “Largely Compliant” rating according to the standards of the OECD.

This decision is based on extensive demands for tax information concerning one single registered agent that was registered in Seychelles before 2018. This agency left the Seychelles jurisdiction with all the records of the companies that were registered with it, which means that SRC has not been able to submit any of the information that was requested about these companies.

Nevertheless, Mr. Speaker, the report recognizes the fact that Seychelles has made a lot of progress in putting in place the necessary legislations, and their implementation according to the required standards. It is regrettable that the European Union has put Seychelles back on this list, after all the work done by government on the tax information exchange framework. It is also

regrettable that a number of member countries of European Union eventhough have the same rating as Seychelles, have not been included on the EU list.

Whilst lamenting the unfairness of the EU listing, the Seychelles will not permit this to impede on our objective of being a key player in the promotion of tax transparency, and will continue to address any deficiencies which detract from the achievement of this objective.

Our intention is to submit a further request for supplementary review to the OECD by the second quarter of 2024.

Mr. Speaker, let me take this opportunity to appeal to the European Union to immediately act to review the listing criteria to effectively provide a fairer governance structure and level the playing field for all jurisdictions. Small Island states cannot be held to higher standards than member states. These double standards must be stopped.

## **15. Investment, Entrepreneurship, Industry and Trade Facilitation**

Mr. Speaker, Government is continuing its strategy to study and analyze different measures to improve the country's business environment. We recognize the fact that there is still some work to do in this area.

The Ministry of Investment, Entrepreneurship and Industry is the ministry with the mandate to facilitate and improve the country's business environment.

Apart from dealing with existing legal barriers, this ministry is also working towards increasing and improving the standards of procedures and services, with the aim of better facilitating procedures for investors to open their businesses.

In line with this vision, Mr. Speaker, government is going to make it mandatory for consultative agencies to have a very clear list of conditions that investors must meet in order to get a license. We are also insisting that this list of criteria be published on these agencies' web sites, and on the SIB web site. Too often, we find that the list of criteria is not in black and white, resulting in members of the public going back and forth, which renders them frustrated and delays their attempts to open their businesses.

Apart from this list of criteria, Mr. Speaker, we will insist that agencies establish a reasonable time limit within which clients can receive an answer to their applications to open a business, and that this time limit should be published. The general idea, Mr. Speaker, is to simplify the application process for a license.

To make this happen, there needs to be changes in certain laws and regulations.

Mr. Speaker, when we revise the Licensing Law, one of our priorities is to include a license for new business models, for which current laws does not make provision. It is apparent that business activities are always evolving, and our legal framework must evolve alongside it and remain abreast to development.

In order for this model to work, Mr. Speaker, the agencies concerned will need to make certain amendments in their laws to ensure that they have the legal power to guarantee that standards are being followed.

Mr. Speaker, the Seychelles Invest Board (SIB), remains the authority that serves as a ‘one stop shop’ for all investors in the country. We aware that there is a perception among local investors, that this board’s role to assist only foreign investors. This is not at all the case. As such, the ministry responsible for this board is reviewing its role and mandate, with the aim of removing any possible confusion, and create more publicity about the services and roles of SIB.

Mr. Speaker, the Seychelles Development Bank (DBS), has a very important role to play in business facilitation in the country, especially with regards to affordable financing. This institution should be able to evolve so as to assist with new demands for loans for different types of businesses, especially those identified by government as priority sectors. We feel that there needs to be reforms in the way that this bank does things. The objectives of this reform are:

- a. to simplify loan application procedures ;
- b. to ensure that the criteria for obtaining a loan are very clear, establish key performance indicators for loan procedures, and
- c. to ensure that loans are being given in those sectors which have been identified as priority areas by government.

DBS must ensure that it plays a key role in the facilitation of the business environment in the country.

Mr. Speaker, nowadays there is a lot of information online that can be useful in facilitating the business environment in Seychelles. The implementation of our digital economy strategy is making it easier for investors to access government services, and this exercise will continue. Government is investing in digital infra-structure to facilitate license applications and access to business services online.

Along the same lines, we are continuously digitalizing our services, especially at the SLA and SRC, with the aim of improving client experience.

Mr. Speaker, in the next phase of our economic development, we will need one of the most precious and rarest commodities in Seychelles. This is land. We all understand the fact that we have a scarcity of land in our country, especially flat land. As such, it is government’s intention to reclaim about 50 hectares of land for the industrial sector.

Preparatory works such as the environment impact study, and technical and financial implications, have already begun. We shall give more information about this reclamation project early in 2024.

A sum of SR 44.7 million is also being invested in by the Industrial Estate Authority. Out of this sum, SR 30 million is meant for infra-structure development on Zil Eve. SR 5.2 million will also be used for the construction of roads on Zone 20. SR 5 million has been budgeted for the Marine and Auto Industrial Park.

So that our country and people can really benefit from all these measures in place, to facilitate transactions, and to become entrepreneurs, I am appealing to all those who have a mandate to facilitate the business environment, to change the way they do things. You have been employed, not to become a barrier, but to facilitate and give support to your fellow Seychellois so that they can start a business. This appeal is being made because it is still pretty difficult to do business in this country. This cannot continue.

## **16. The Environment, Energy and Climate Change Sector**

Mr. Speaker, government recognizes that the impact of climate change has implications for our economy, and the fact that we must put in place the necessary structures that can help us to react quickly, and climate change adaptation strategies. To create more transparency in the evaluation of government expenses in this sector, government is introducing a system of ‘tagging and tracking’ for its expenses related to climate change. This system is expected to become operational in October 2024.

For the 2024 fiscal year we have begun to include climate change impacts in our budget documents, especially the fiscal risk statement. We shall also integrate the climate change impact in our evaluation framework for investment projects. This integration can support our efforts in our strategies to find financing in this sector.

Mr. Speaker, a number of projects will be implemented in 2024 to protect our environment:

- i. The integration of the Marine, Coastal & Terrestrial eco-system - SR 5.9 million
- ii. The restoration of marine eco-systems - SR 17.14 million, and
- iii. Chemical and Waste (Island Project) - SR 9.9 million.

In the 2023 revised budget, government has also made an allocation of SR 29.3 million for the implementation of a rehabilitation plan of the Anse Kerlan coastline.

Government has also allocated SR 1 million and SR 5 million under the ‘SEEREP incentive scheme’ and ‘PV rebate scheme’ respectively. These two schemes will be reviewed in their totality, to make them become more relevant to the present context.

Mr. Speaker, the demand for energy continues to expand, and it is important that government accelerates its plan to transition to the adoption of policies and technologies that promotes the use of renewable energy in that sector. This aims at reducing our dependence on the importation of fuel, which also puts pressure on the level of the exchange rate in the economy. At the moment, we are receiving assistance to develop an Integrated Resource Plan (IRP) for the energy sector, which will establish a coordinated approach to renewable energy sources. This strategy is in line with government’s commitment, made in its national contribution in 2021, to reduce the use of gases with adverse effects on the environment (Greenhouse Gas) by 26.4%, before 2030.



In the past month, several revisions have been made in the laws that govern the energy sector, such as the introduction of the Utilities Regulatory Commission (URC) and the Electricity Acts.

Mr. Speaker, when we speak of climate change impact and its economic implications, we must also address the question of waste management. Government recognizes the importance of putting in place strategies that will reduce the level of waste on the landfill, and promote a circular economy. Poor waste management affects health and public security, and it also has adverse consequences on our environment.

Mr. Speaker, the way that we manage our waste means that the time limit that we have to use the Providence landfill has been considerably reduced. This is a real concern, given the fact as a small island state, our capacity to deal with the rise in waste production is really limited. According to an analysis that has been made, if we implement appropriate strategies such as crushing rubbish better, we can use this landfill for another ten years. More than 40% of our waste can be turned into compost.

Government is currently discussing with its international partners, on a project to improve the infra-structure of waste management, and to introduce measures to improve waste management capacity, promote circularity, and reduce the amount of waste that is offloaded at the landfill.

## **17. Tax Policy**

### **17.1 The revision of tax on bonuses and salaries that are paid on the basis of annual performance**

Government has spoken a lot about increased performance at work, to encourage more growth in our economy. We also recognize the fact that many employers are already giving bonuses to their employees, on the basis of performance. Currently, these bonuses are taxed under the second 'Schedule', of the income and non monetary benefits tax act. Only one month of the employee's salary is exempted from taxation, and any additional bonuses are taxed on a progressive basis based on the current income tax system.

We acknowledge the fact that this system is not just and does not motivate workers to work harder. As such, government will introduce a new tax system for bonuses and salaries paid on the basis of annual performance, starting from 1<sup>st</sup> January 2024, as follows:

1. There will be no taxation on earnings equaling a month's salary;
2. Any additional bonuses of up to 15% of the employee's annual salary will be taxed at a rate of 15%.
3. Any additional bonuses on the 15% of the employee's annual salary will be taxed at a rate of 20%.

Mr. Speaker, allow me to give a few examples:

- An employee on a salary of SR 10,000 and who is receiving the equivalent of three months salary as a bonus for his/her performance, thus, SR 30,000. Currently, this

employee would pay SR 4,000 in taxes on that bonus. With the new tax system, the same employee will pay only SR 3,100.00. They will thus benefit from another SR 900.

- An employee receiving a salary of SR 25,000 and who gets two months' salary as a bonus for his/her performance, thus SR 50,000. Currently, this employee would pay SR 5,000 in taxes on that bonus. With the new system, this employee will only pay SR 3,750 in taxes, thus benefitting from another SR 1,250.

However, we will ensure that workers with salaries below SR 8,555.50 and who are already exempted from taxes on a progressive basis, with the SR 8,555.50 salary as parametre, will retain these exemptions.

### **17.2 Exemptions of voluntary pensions contributed by employers for their employees under the Fourth Schedule, of the income and non monetary benefits tax act.**

Mr. Speaker, you will remember that earlier in my delivery, I said that we would need SR 868.4 million in the 2024 national budget just to pay for retirement benefits. Mr. Speaker, this cost is an enormous one. Government is exploring ways of encouraging and supporting those who wish to plan their retirement, by investing in it. It is important that we begin a serious conversation about this. In fact, it is a conversation that we should have begun a long time ago.

As such, with the aim of encouraging different retirement options, government is announcing a certain percentage of tax exemption on the voluntary pension that employers contribute for their employees.

Mr. Speaker, there are employers in the private sector who are investing in private pensions for their employees, and employees benefit from an additional pension when they retire. Currently, there is a 15% tax that the employer must pay on the benefit that he/she contributes to his/her employee's pension.

Thus, we will amend the Fourth Schedule, of the income and non monetary benefits tax act, to remove this 15% tax rate on the retirement pension that employers contribute for their employees. The Pension Fund is also working on new structures that will allow the employee to use these voluntary contributions as guarantee in the future.

This exemption will be applicable for up to 8% of the employee's montly salary. Thus, in view of this exemption. I am appealing to more employers to participate in the 'match-it' scheme initiated by the Pension Fund. I also encourage employees to make more voluntary contributions.

### **17.3 5 additional years for companies producing renewable energy, in terms of 'loss carry forward'**

Mr. Speaker, Seychelles needs more investments in renewable energy projects. We are conscious that government needs to engage in more public/private partnerships, in view of the cost of investing in this sector.

Under the business tax act, a company can carry forward losses for only five years. So, to encourage more investment from the private sector engaged in renewable energy production, we will add another five years to the period that these companies can carry forward their losses. This will make a total of ten years.

#### **17.4 Introduce a five-year tax holiday for new businesses in the priority sectors**

Mr. Speaker, we have spoken a lot on the transformation and diversification of our economy. For the 2024 fiscal year, government will introduce a 5-year tax holiday for new businesses in the priority sectors, such as the Blue Economy, Digital Economy, and also in the manufacturing sector that are assisting to reduce importations and encourage more exportation. This will be a motivation for individuals to invest more in these sectors.

#### **17.5 Increases in the deductions that a business can make under the business tax act through donations that they make towards community projects or programmes**

Mr. Speaker, currently, under the Fifth Schedule, of business tax act, a business can deduct 100% of the expenses donated towards community projects and programmes, based on procedures that are in accordance with the law. Many businesses want to work jointly with government on district projects, or community programme such as sports programmes.

Thus, to encourage such charitable gestures, government is increasing the deduction rate to 150%. This means that those businesses that make these donations towards community projects and programmes, or who assist projects and programmes in civil society, can have 150% of that donation deducted from the tax on their assessable income. These businesses can make these donations up to a sum that will not reduce their profits into the negative.

#### **17.6 Remove charges made by booking platforms as commission on VAT**

Mr. Speaker, we made a provision that did not allow booking platforms to charge a commission on the Tourism Environmental Sustainability Levy, since it is the establishments themselves that are collecting the levy. As such, government will review the VAT act and ensure that we include a provision in the law which will prohibit booking platforms from charging a commission on the VAT.

#### **17.7 Taxes on vehicles and spare parts**

Mr. Speaker, as from 1<sup>st</sup> January 2024, the environment taxes and levies on certain vehicles and their spareparts, will be reduced. After several government consultations, government will reduce the excise tax and environment levy on pick-up trucks and Twin Cabs. This reduction is

expected to help pick-ups and twin cabs become more affordable as they are used most often by local businesses for commercial transactions, especially small and medium enterprises.

Also in line with environment protection, government is reducing the excise tax and environment levy applicable to certain hybrid vehicles that are used for transportation. It is important to note that this reduction applies to hybrid vehicles that use batteries of 200 voltage or more, on plug-in hybrids and on transports that operate entirely by battery. This reduction aims to encourage consumers to use more vehicles that are more beneficial to the environment.

It is important to note that the excise tax on new quarter panels for vehicles will also be reduced. However, government will maintain excise tax that is applicable to second hand imported quarter panels. This measure will make new quarter panels become more affordable and encourage consumers to use new ones, which according to those in the industry, are safer.

## **18. Financial Scheme for Businesses**

### **18.1 A scheme to subsidize the interest rates on loans for small and medium enterprises**

Mr. Speaker, as I announced in the 2023 budget, Government has reviewed the loan scheme for Small and Medium Enterprises (SME) in key sectors, which will assist in our economic transformation. Businesses in these key sectors with revenues of SR 10 million or less, qualify for a loan of a maximum of SR 3 million with a repayment plan of 10 years. The interest rate on the first SR 1 million is 5% and the second million on the loan maximum of SR 3 million is 7%. So, government is subsidizing the interest rate charged by the bank.

Following discussions with the private sector and the banks, government will include loans that small businesses take for affordable social housing projects for rental, and the expansion of existing projects in the tourism sector, under the SME scheme. This category will have a 12-month grace period, compared to other categories for which the grace period is 6 months.

Government has made an allocation of SR 50 million to support the scheme for subsidizing the interest rates on loans for small and medium enterprises.

### **18.2 The seed capital grant scheme**

Mr. Speaker, in the 2023, SR 5 million has been set aside for the seed capital grant scheme. This is a grant of up to SR 200,000 for financing small start-up enterprises, to assist them in the first phase of their development. This scheme will be managed by the Enterprise Seychelles Agency (ESA).

## **19. Conclusion**

Mr. Speaker, in conclusion, the 2024 is putting a lot of emphasis on investment in our country and our people. We are investing in the community to improve the lives of our people. We are investing in our infra-structure, especially our sports infra-structure, with the aim of motivating

our people to engage themselves in sports activities and stay in good health. We are investing in infra-structure that have been neglected for too many years. We are investing in different social benefits to support our citizens who need this additional assistance. We are investing to facilitate a business environment that will help the private sector to make our economy grow. Without a flourishing private sector, our economy will not develop, government will not collect revenue, and thus will not be able to meet its people's needs. We are investing in our youths, by putting programmes, services and opportunities at their disposition, to develop their best potentials.

Mr. Speaker, in this budget, there is something for everybody. Government is succeeding in distributing the wealth generated by our country and people, thanks to a responsible fiscal and monetary policies. This government is one that is working hard to improve the lot of its citizens, by creating opportunities for them to help themselves. When we do well, we give back – but we shall always remain responsible and prudent in our expenses, because Seychelles is very vulnerable to external shocks.

**With this, Mr. Speaker, I recommend that this Appropriation Bill 2024, for a budget of SR 10,640,628,966 to authorize expenditures from the Consolidated Fund for the 2024 financial year, is approved.**

**Thank you Mr. Speaker.**

## **SECTION 2**

### **Budget Strategy & Outlook**



# Budget Strategy And Outlook 2024

Estimates of Revenue and Expenditure and Appropriation Bill November 2023



# Contents

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## Acronyms and Abbreviations

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AfDB	African Development Bank
ASP	Agency for Social Protection
BADEA	Arab Bank for Economic Development in Africa
BT	Business Tax
CBS	Central Bank Seychelles
CIF	Cost, Insurance and Freight
CSR	Corporate Social Responsibility Tax
EFF	Extended Fund Facility
EIB	European Investment Bank
EOY	End of Year
ET	Excise Tax
FPCD	Financial Planning & Control Division
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GEF	Global Environment Facility
GIZ	German Agency for International Cooperation
GST	Goods and Services Tax
IBRD	International Bank for Reconstruction and Development
ICT	Information Communications Technology
IMF	International Monetary Fund
LMG	Locally Manufactured Goods
LPG	Liquid Petroleum Gas
LPO	Local Purchase Order
PIM	Public Investment Management
PIT	Personal Income Tax
PEMC	Public Enterprise Monitoring Commission
PFM	Public Finance Management
PPBB	Performance Program Based Budgeting
PSIP	Public Sector Investment Program
SADC	Southern African Development Community
SSF	Social Security Fund
SRC	Seychelles Revenue Commission
NBS	National Bureau of Statistics
NTB	National Tender Board
NDEA	National Drug Enforcement Agency
MFAD	Macroeconomic Forecasting & Analysis Division
MEFP	Memorandum of Economic & Financial Policies
MoACCE	Ministry of Agriculture, Climate Change & Environment
MoFNPT	Ministry of Finance, National Planning & Trade
ODC	Other Depository Corporations
OT	Other Tax
SEAS	Seychelles East-Africa Submarine cable
SIDS	Small Island Development States
STC	Seychelles Trading Company
TMT	Tourism Marketing Tax
VAT	Value Added Tax
WEO	World Economic Outlook

## About this document

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This document sets out the economic and fiscal context for the 2024 Budget. It presents an overview of Seychelles economy, provides revenue and expenditure estimates for 2024 and the medium term. It briefly covers key measures and strategies influencing the Budget and gives a brief overview of the main economic reforms being undertaken by Government.

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

## Economic Outlook

### Overview

Global recovery from the COVID-19 pandemic continued in 2022, despite the war in Ukraine, and persistent inflationary pressure. The outlook for economic growth in the Seychelles and the world point to a slowdown in 2023, though inflation is also expected to decrease in most economies through continued monetary tightening by central banks. However, downside risks remain with regards to the war in Ukraine, extreme weather events, slow recovery in China, and the risk of sovereign debt distress in more countries. This moderation in both economic growth and inflation is expected to persist through 2024.

#### *International developments*

With reference to published data from major international financial institutions and economic organizations, the global growth averaged 3.2 per cent in 2022, and is forecasted to slow to 2.7 in 2023 – a rate lower than the historical average of 3.8 per cent. This is mainly due to a slowdown in the service sector of advanced economies, continued monetary tightening due to above target inflation in many countries (despite the recent decreases). China’s lacklustre recovery given its real estate woes, and continued conflict between Russia and Ukraine should also weigh on growth. Additionally, as of this writing, a new conflict has started in the Middle East, which if escalated to a regional war, can reverse global efforts made in the fight against inflation via increased fuel prices, as well as other possible negative indirect effects. This new conflict will impact Seychelles both directly, through lower tourist arrivals from Israel (currently accounting for about 5 per cent of the total), and indirectly through possible adverse economic impact on the key European markets<sup>1</sup>.

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

	World GDP Growth (%)		
	2022	2023	2024
IMF	3.5	3.0	2.9
OECD	3.3	3.0	2.7
World Bank	3.1	2.1	2.4
Fitch Ratings	2.7	2.5	1.9
<b>Average:</b>	<b>3.2</b>	<b>2.7</b>	<b>2.5</b>
<b>Seychelles:</b>	<b>8.9</b>	<b>3.8</b>	<b>4.0</b>

Source: IMF; OECD; WB; Fitch Ratings, and MoFNPT MFAD<sup>2</sup>

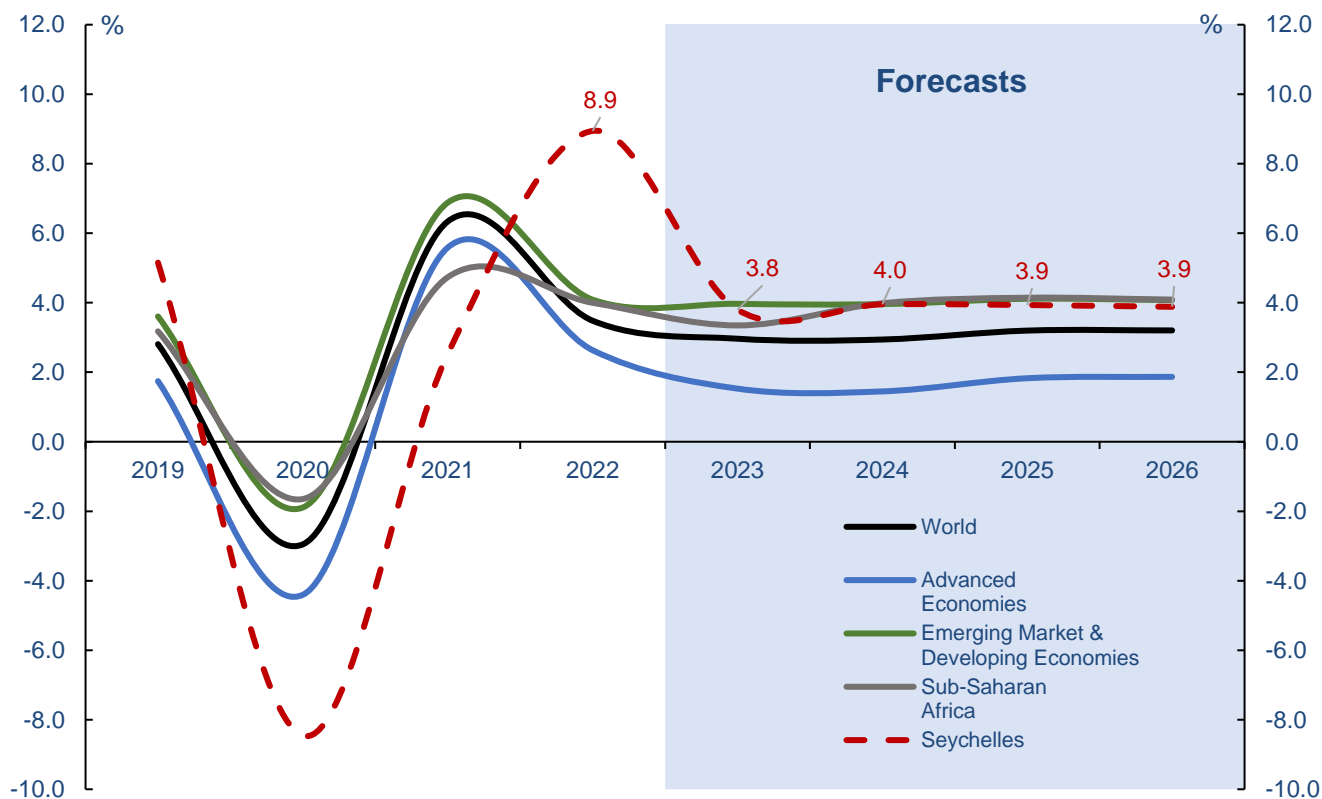
Global growth is expected to slow further in 2024 to an average of 2.5 per cent. Downside risk include a deterioration in China’s performance, increased volatility caused by geopolitical conflicts, and extreme

<sup>1</sup> For additional risk analysis and simulations on this, please see the Fiscal Risk Statement 2024.

<sup>2</sup> IMF World Economic Outlook October 2023; OECD Economic Outlook September 2023; World Bank Global Economic Prospects June 2023; Fitch Ratings Global Economic Outlook September 2023; and MoFNPT Macroeconomic Forecasting and Analysis Division.

weather events linked to climate change. Additionally, while inflation is expected to remain on a downward trajectory, barring escalation of conflict in the Middle East, near term inflation expectation remains above target. Indeed, the IMF does not expect inflation to return to target until 2025. Moreover, many countries are still at risk of debt distress on the back of persistently tight financing conditions.

**Figure 1: Real GDP Growth Estimates (2019-2026)**



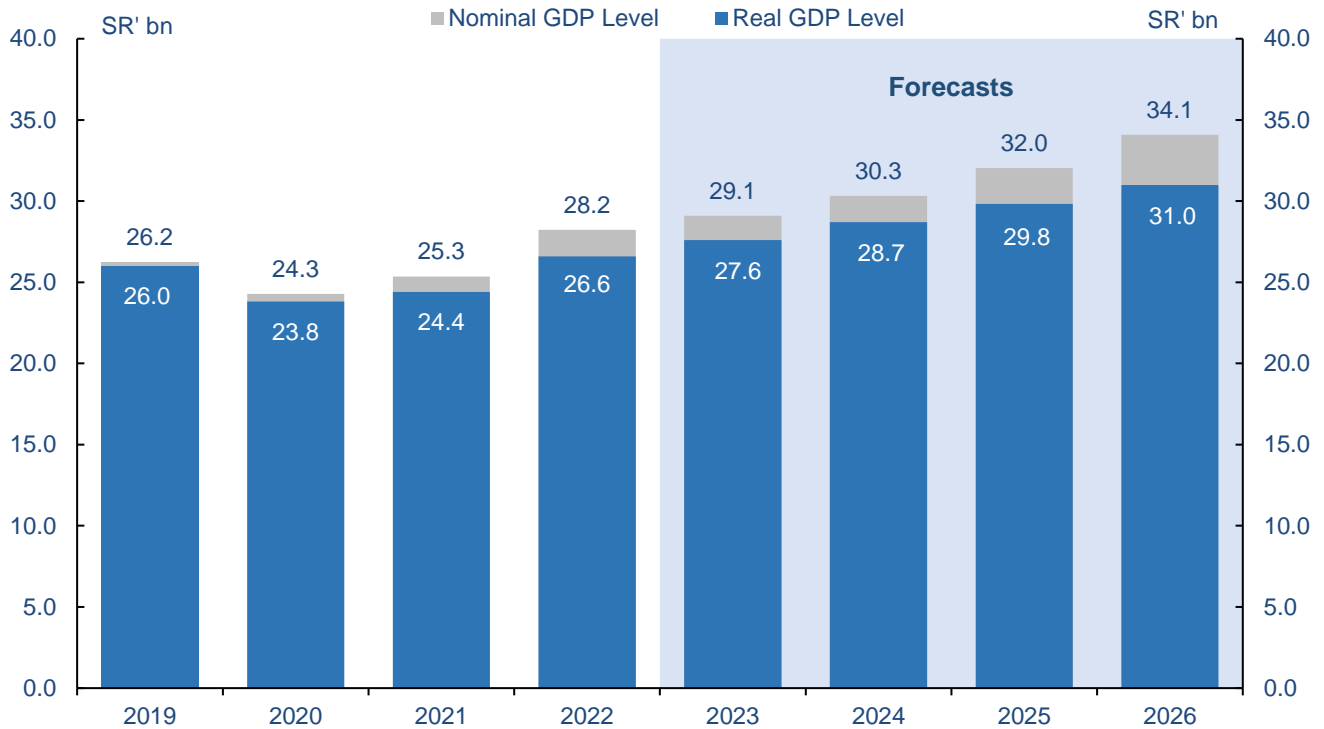
Source: IMF World Economic Outlook October 2023, NBS and MoFNPT MFAD.

### 2023 context

Following 2022’s strong recovery, Seychelles’ 2023 economic performance is expected to moderate to 3.8 per cent on the back of the lower global growth outlook. The slowdown will transmit through lower tourism arrivals growth of 5 per cent, as compared to the 82 per cent growth recorded in 2022. Additionally, as at September 2023, tourism earnings were 7 per cent lower compared to the same period last year. Furthermore, Government related sectors are also expected to decelerate in real terms. This is especially significant for the ‘Human health and social work activities’ sector as growth normalises from pandemic highs.

On a more positive note, the ‘Information and Communication Technology’ sector is expected to remain buoyant with an estimated growth of 16 per cent in 2023 spurred by data traffic growth of 39 per cent for the first half of the year. Likewise, ‘Transportation and Storage’ sector is expected to grow at a strong 11.8 per cent, while domestic fishing is projected to further support the economy with a growth of 5 per cent, given large increases in semi-industrial fish catch for the first half of 2023 relative to the same period in 2022.

**Figure 2: Seychelles Nominal GDP Level and Real GDP Level (2019-2026)**



Source: MFAD estimates, MoFNPT

*2024 projection and the medium term*

For 2024, GDP growth is projected at 4.0 per cent attributable to steady growth in tourism arrivals in line with the opening of three large hotels in the first quarter of the year. Real growth for the main activities under tourism such as ‘Accommodation and food service’, and ‘Administrative and support service’ are estimated at 4.0 per cent and 2.0 per cent respectively. However, caution must be taken given the recent conflict in the Middle East<sup>3</sup> which can affect the Israeli segment of the tourism market (currently 5 per cent of total visitor arrivals), while also potentially affecting fuel prices and inflation in the main European markets. These would have a detrimental impact for tourism as a whole, with knock-on effects on related sectors. The ICT sector growth is expected to remain strong at 10 per cent, while Construction is expected to grow steadily by 4 per cent as major infrastructure projects progresses.

<sup>3</sup> It must be noted that Budget 2024 macroeconomic assumptions have not accounted for this very recent development. The Ministry will analyse the situation and adjust accordingly for the new review. Additionally, see the Fiscal Risk Statement 2024 for insights.



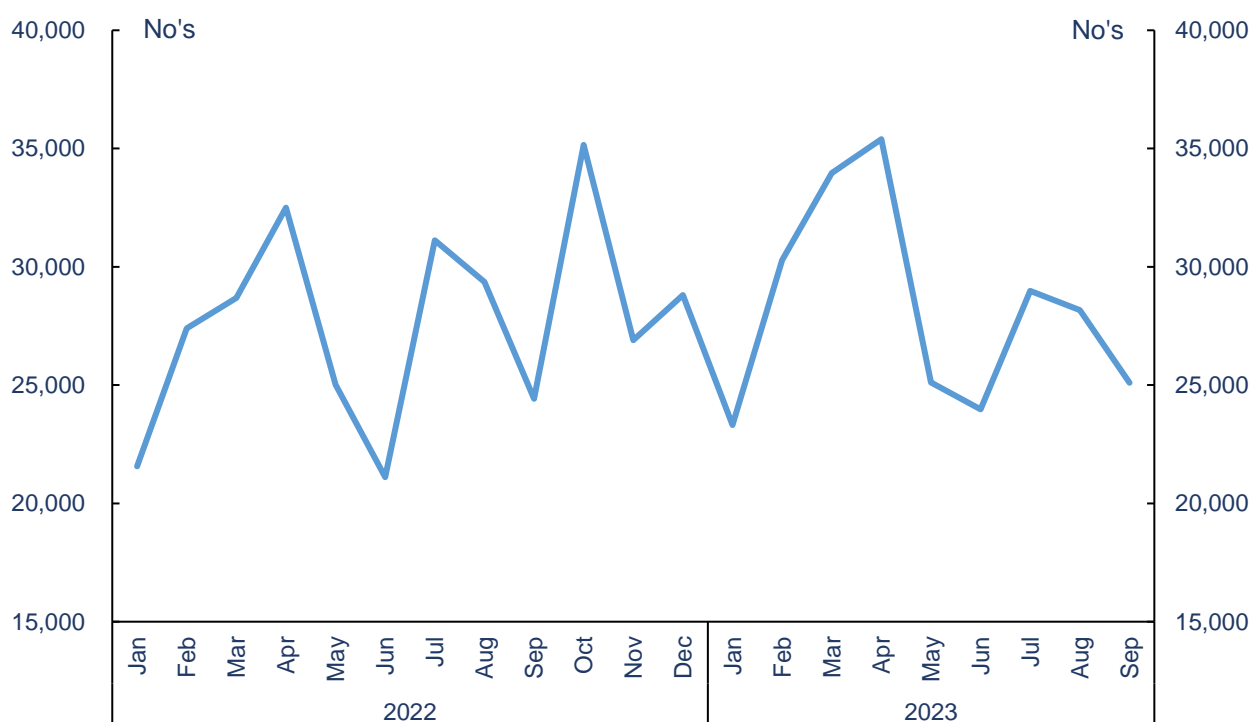
## Real Sector

### Tourism

When looking at global performance, 235 million tourists travelled internationally for the first quarter of 2023, which is more than double what was recorded for the same period in 2022<sup>4</sup>. The tourism outlook for Seychelles remains rather positive. Arrivals grew by about 82 per cent in 2022 compared to 2021, mainly due to continued recovery from the shock of COVID-19 – considering that there were restrictions for the first three months of 2021. As at September 2023, visitor arrivals stood at 254,302, which is 5 per cent higher than what was recorded for the same period in 2022, and which also represents around 66 per cent of pre-pandemic, 2019 levels. However, the 2023 growth rate is around 10 percentage points lower than the initial Budget, and about 9 per cent below 2019 pre-pandemic levels, which indicates a cool down in the recovery of tourism demand.

Europe remains the largest market in 2023 representing 71 per cent of arrivals, with strong performance recorded for Germany, France and Russia. As a result of the forecasted performance in tourism arrivals, positive growth is expected in the main tourism-related activities in the National Accounts, namely ‘Accommodation and food’ by 2 per cent, ‘Administrative and support’ by 3 per cent, and ‘Transportation and storage’ by 12 per cent.

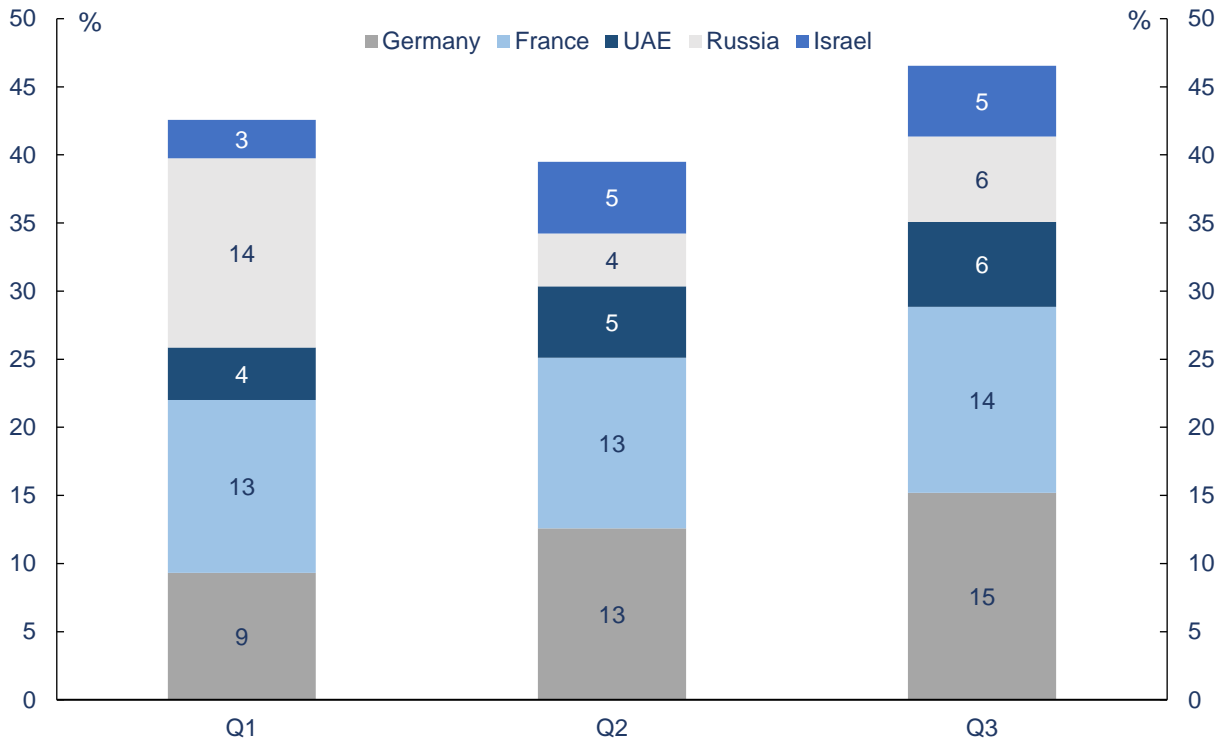
**Figure 3: Monthly arrivals (2022-Sep 2023)**



Source: MFAD, MoFNPT and NBS

<sup>4</sup> United Nations World Tourism Outlook

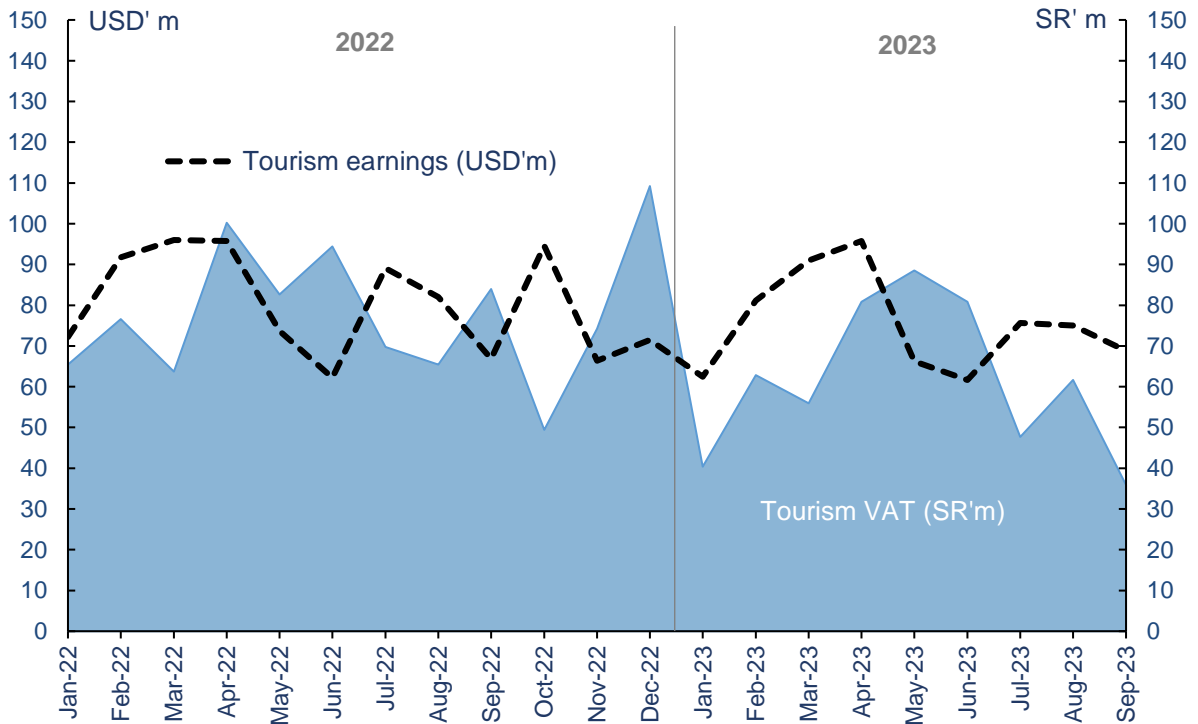
Figure 4: Comparison of main market arrival in 2023



Source: NBS

As at September 2023, Tourism earnings stood at USD 678m, which is 7 per cent lower than what was recorded in the same period last year.

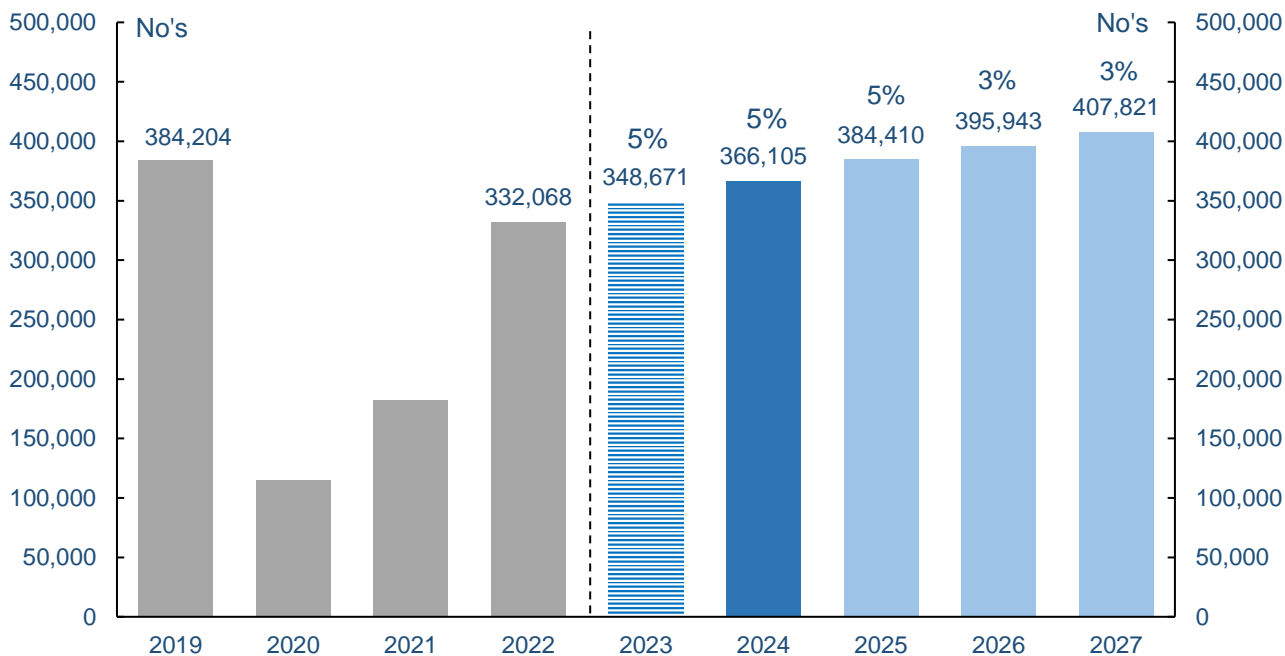
Figure 5: Tourism Earnings and Tourism VAT (2022-Sep 2023)



Source: Central Bank of Seychelles and Seychelles Revenue Commission.

In 2024, tourism arrivals growth is expected to remain at 5 per cent. Over the medium term however, tourism is expected to moderate to an average of 4 per cent, with arrivals reaching pre-pandemic levels in 2025. There are global factors to consider, such as inflation, interest rates, and the on-going conflicts worl-wide as all of these factors affect affordability and willingness to travel.

**Figure 6: Medium-term tourist arrivals estimates**



Source: MFAD estimates, MoFNPT  
 Note - Percentages indicate growth rates

## Agriculture and Fisheries

The **Agriculture** sector is expected to remain flat in 2023 given Quarterly National Account data indicating a contraction in the first half of the year compared to the same period last year. Additionally, production statistics show year-on-year decreases in cattle, poultry and egg production of 62 per cent, 38 per cent, and 2 per cent, respectively. This trend is expected to continue for the rest of the year in line with cost of production difficulties being encountered by farmers. However, growth is expected to pick up to 3 per cent in 2024, as the effect of supportive policies, such as STC’s provision of animal feed, kicks in.

The **Fisheries** sector’s growth has been revised upwards to 5 per cent for 2023 in line with strong year-on-year Quarterly National Account growth of 45 per cent for the first half of the year. However, it should be noted that this growth follows fish catch statistics for semi-industrial fisheries only, as there is a substantial lag in obtaining artisanal data. 2024 growth is expected to moderate to a steady 3 per cent, in line with medium-term policies to develop this sector by increasing value addition.

## Manufacturing

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

Canned tuna production accounts for over 90 per cent of the ‘**Manufacturing of fishery products**’ sub sector. Over the past 12 months, following significant price adjustments, Indian Ocean Tuna Ltd. (IOT) faced various challenges such as reduced demand from European and US markets and the loss of market share to competing canneries. While NBS production statistics show a 4 per cent year-on-year growth in canned tuna production over the first half (H1) 2023, IOT projects 2023 output growth of no more than 2 per cent. Considering ongoing IOTC discussions and conservation efforts, the 2024 growth projections for this sector remain moderate at 3 per cent.

The ‘**Manufacturing of beverage and tobacco**’ sector growth is projected at 4 per cent for 2023. Production statistics over H1 2023 show cigarette production grew by about 8 per cent, while production of beer, stout and soft drinks grew at an average of 4.3 per cent in comparison to the same period in 2022. This is in line with demand brought on by tourism arrivals growth in addition to efforts by manufacturers to diversify and extend the product range on offer. This positive trend is expected to continue into 2024 with a modest growth of 3 per cent supported by growing tourism arrivals and robust domestic demand.

The ‘**Manufacturing- other**’ sector, which mainly consists of the production of concrete, rock products, and paints, is projected to grow by about 2 per cent during 2023. This is in line with recent quarterly national accounts data which indicate 5 per cent growth over the first 6 months of the year. Statistics indicate a 4 per cent increase in production of blocks while rock aggregate and crusher dust production growth averaged 11 per cent over this period. The sector’s 2024 growth forecast remains steady at 3 per cent as major construction projects progress sustaining demand for concrete and rock products.

## Construction

The construction sector remains steady with 3 per cent growth expected for 2023. Construction activities persist as the progression of various major construction projects, particularly tourism establishments, remain on track. This is also reflected in the strong year-to-date VAT collections from this industry (outperforming VAT projections by 32 per cent). The industry is expected to carry forward this momentum over to next year with projections at 4 per cent for 2024 and 5 per cent over the medium term as major construction developments progress.

## Financial and Insurance

By the end of 2023, the Financial and Insurance sector is expected to experience a positive growth of about 2 per cent. Despite contractions in recent years, this activity is expected to make a turnaround in 2023 with most businesses in the sector recording positive performance in year-to-date output. This can also be observed in the latest VAT receipts over-performing by over 38 per cent. Moreover, growth in credit to the private sector is expected at about 8 per cent by the end of 2023, suggestive that banks are relatively healthy and contributing positively to the economy.

The 2 per cent growth is maintained for the year 2024 in line with projected performance of key players in this sector. Over the medium term, the sector is expected to continuously grow at a constant 2 per cent annually.

## Wholesale and retail

The Wholesale and Retail sector remains resilient in 2023 with an estimated growth rate of 1.8 per cent. Although VAT receipts from this sector has been under-performing on a year-to-date basis, this is offset by the positive performance under Excise tax for petroleum, which is supported by SEYPEC's positive forecast for domestic sales and fuel re-export (key components under this activity). For 2024, this sector is expected to grow by 2 per cent, in line with tourism-related activities. Thereafter, a growth rate of 3 per cent is maintained in line with the long-term average.

## Information and Communication Technology

Over recent years, Seychelles' ICT sector has successively achieved double-digit growth. Data traffic statistics over the first half of 2023 show a strong increase of 39 per cent over the same period in 2022. This is supported by continued domestic demand as products and services provide 'more for less', and is further supported by growth in tourism arrivals. Given these trends, solid growth of 16 per cent has been projected for 2023. The demand for ICT services is expected to remain strong, with 2024 and medium-term sector growth projected at an average of 6 per cent, as new technology and ICT solutions are applied throughout various industries.

## Public Sector

Public sector consists of three components: Public Administration and Defence; Education, and Human Health and Social Work Activities. As of the last published GDP calculation of 2021, the Public Sector accounted for just over 25 per cent of total Real GDP.

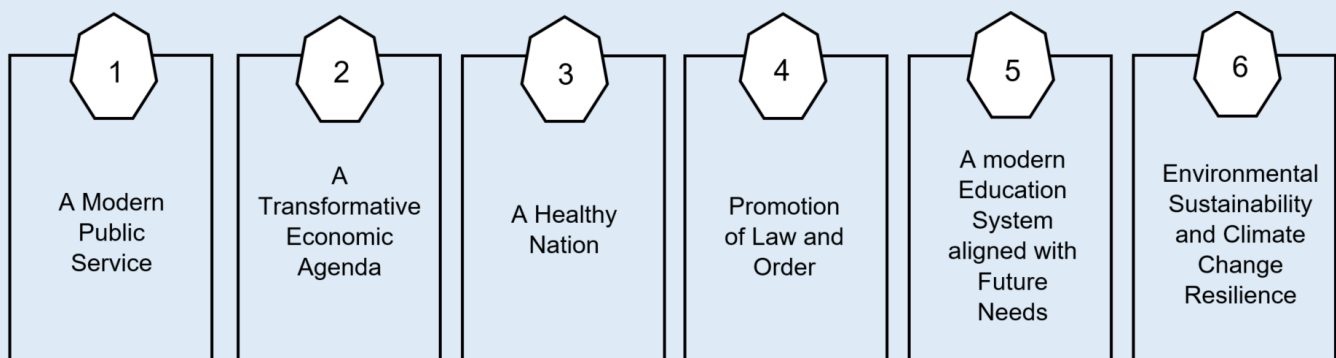
In real terms, '**Public Administration**' is expected to remain flat in 2023, as compared to 2022's low yet positive real growth. '**Education**' and '**Human Health**' activities are however forecasted to grow by 1 per cent. While the 10 per cent wage increase across the entire public sector as from April 2023, has increased growth in the Public sector value added in nominal terms (current prices), this has had the reverse effect on real growth given a higher Wage Cost Index (WCI). The WCI is a price index that measures changes over time in wage costs for Government employees and used as a deflator when calculating real growth. A higher WCI would therefore result in lower real growth in 2023 as compared to previous years. Additionally, recent changes in NBS methodology for calculating the WCI has further constricted real growth.

## Box 1: Overview of NDS 2024-2028

As the **National Development Strategy 2019-2023** draws to an end, a new NDS, which will run from 2024 to 2028 is currently being developed. Led by the National Planning Department, the formulation process for the new NDS involves a series of extensive consultations with government entities, private sector, and civil society organizations. Following the effects of the COVID-19 pandemic, coupled with ongoing challenges, such as the threats of climate change, rising geopolitical risks, and rapid technological change, the NDS aims at prioritizing areas that help the country attain its long run objectives. The current review, will not only reinforce the work which had already started in NDS 2019-2023, but also present new strategic opportunities aimed at building increased resilience and tackling emerging issues.

Whilst uncertainties remain, the planning process aims to provide some level of assurances, as well as a clear direction to guide budgetary and other national processes, leaving room for adjustments where required to reflect new realities. As such, the new NDS continues to call for high political and individual commitment in support of its successful implementation. NDS 2024-2028 is built on six strategic priorities as seen below.

Figure 7: Six Strategic Priorities of NDS 2024-2028



Source: National Planning Department, MoFNPT

The interconnectedness of these six strategic priorities reflect the important contributions they add to the positive transformation of Seychelles, and the need to address the challenges imposed by the post-pandemic world and longstanding structural challenges domestically.

For a **Modern Public Service**, there is a need for increased adoption of technology, as well as efforts to improve and modernize public sector service delivery and provide the appropriate accountability framework for all public servants.

The **Transformative Economic Agenda** aims at not only diversifying the economy but also attaining a higher and more sustainable growth path in the long run. This path however, is unlikely to materialize without **A Healthy Nation** – an important consideration given the challenges that the country faces such as the high prevalence of lifestyle-linked diseases, lower than desired levels of preventive care, and an ageing population, amongst others.

The **Promotion of Law and Order** comes at a critical period after years of worrying social trends. The NDS recognises a need for trend reversal, given that we are now seeing the transitional effects of drugs and social ills on the next generation. This challenge can be partially offset from a foundational level, whereby having **A Modern Education System Aligned With Future Needs** can assist by reducing youth unemployment over time while ensuring that the education, not only improves employability of all, but also provides a greater sense of civic responsibility. Lastly, **Climate Change** represents an existential threat, therefore there is a need to increase resilience in the era of increased climate uncertainty.

Similar to other Small Island Developing States (SIDS), Seychelles is highly vulnerable to slight fluctuations in global markets and as such, policies must be readjusted mindful of long run challenges. Nonetheless, Seychelles continues to pursue national objectives in line with international commitments, such as the 2030 Agenda for sustainable development and the Agenda 2063. In effect, the NDS captures the essence of these broad agendas by narrowing the goals down in line with the Seychelles context whilst attempting to further mainstream global and regional development goals.

However, key challenges such as data issues, labor gaps, culture, silo mentality and financing gaps, amongst others need to be addressed in order to bolster the monitoring and evaluation of performance over time, therefore increasing the likelihood of the successful implementation of the NDS. Without the successful implementation of the NDS, the challenge in realizing Vision 2033 will be even greater.

## Monetary Sector

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### Overview

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

External developments continued to pose downside risks to the domestic economic recovery in 2023. Cognisant of such and given the country's susceptibility to external shocks, CBS considered it important to continue supporting the economy. As such, an accommodative monetary policy stance was maintained throughout 2023; with the MPR kept unchanged at 2.0 per cent, and the interest rate on the SDF and SCF at 0.5 per cent and 3.5 per cent, correspondingly.

In line with the Bank's strategy to re-align monetary policy implementation with the monetary policy framework, there was a gradual increase in the intervention volume using the 7-day Deposit Auction Arrangement (DAA). This resulted in a rise in interest rates on the 7-day DAA from 0.50 per cent as at the end of January 2023 to 1.23 per cent as at the end of September 2023.

In regards to short-term market interest rates, mixed movements were observed. In August 2023, the average interest rate on saving deposits was 1.50 per cent, while the average return on fixed-term deposits stood at 2.48 per cent. The average lending rate was 9.62 per cent. The average yield on government securities maintained a relatively stable path. As at September 2023, the 91-day, 182-day and 365-day T-bills stood at 1.33 per cent, 1.42 per cent and 1.95 per cent, respectively.

Going forward, continued support to the economy remains crucial to encourage economic activity. However, global uncertainties and ongoing geopolitical tensions pose a significant threat to the domestic economic recovery. Therefore, mindful of its objectives, CBS may adjust its policies if necessary.

### Inflation

Domestic prices, as measured through the Consumer Price Index (CPI), have declined as of May 2023. In September 2023, the year-on-year inflation rate was negative 2.5 per cent, whilst the 12-month average inflation rate was 0.3 per cent. The reduction observed in the CPI basket reflected the strengthening of the domestic currency, the moderation in international food and fuel prices, and lower freight fees due to improvements in supply chains. As a result, declines have been observed in the cost of essential consumer components such as food items, housing, utilities, transportation, and goods and services.

Moving forward, domestic price dynamics will predominantly be influenced by developments in international commodity prices. The Brent crude oil spot price rose to USD 94 per barrel in September 2023, which was an increase of USD 8 from August 2023 and USD 19 from June 2023. The uptick in oil prices was primarily due

to the production cuts by the Organisation of the Petroleum Exporting Countries plus selected non-member countries (OPEC+), which consequently lowered global oil inventories. In the short run, these production constraints are expected to persist. Hence, the spot price of Brent crude oil is anticipated to average USD 91 per barrel in the fourth quarter of 2023 and increase to USD 96 per barrel by the second quarter of 2024. Nonetheless, geopolitical tensions, uncertainties about OPEC+ production targets, supply from non-OPEC countries and a possible reduction in demand from China due to a slowdown in economic activity, represent critical risks to oil price dynamics.

Regarding food, the moderation in the price of essential items that form part of the Food and Agriculture Organisation (FAO) food price index, is expected to persist in the fourth quarter of 2023 and going into 2024, due to increased production and stock. Nonetheless, global food production remains vulnerable to shocks from extreme weather events, geopolitical tensions, policy changes, and developments in other markets - thus impacting prices.

In addition to the factors above, the domestic economy is projected to expand by 4.0 per cent in 2024. This growth is primarily anticipated to be driven by the tourism industry, which serves as the country's primary source of foreign currency. The projected economic growth is expected to lead to an increase in the import of goods and services. When combined with the anticipation of higher oil prices in international markets, it is likely to result in higher demand for foreign exchange, potentially leading to a depreciation of the rupee in 2024 compared to its value in 2023. Therefore, excluding unanticipated shocks to oil prices, the declining trend in inflation observed in 2023 is expected to reverse during 2024.

## Credit

In line with the strong rebound in economic activity in 2022, there was a sharper-than-expected increase in credit disbursed to the private sector, which reflected improved market sentiments.

Thus far in 2023, growth in credit disbursed to the private sector continued to provide the necessary momentum for the ongoing economic recovery. However, a more sluggish recovery was observed in loans denominated in foreign currency, as demand for such facilities was subdued, given that interest rates were higher as a result of the tighter global financial conditions. In addition, financial institutions remained cautious about increasing exposure to exchange rate and external risks.

The total stock of outstanding domestic credit as at August 2023, grew by 4.0 per cent (SR 612m) compared to the same month in 2022. This outcome was the result of increases in 'Claims on private sector' and 'Claims on public entities', by SR 712m (8.2 per cent) and SR 102m (13 per cent), respectively. The rise in the stock of outstanding credit to the private sector was primarily attributed to a 13 per cent (SR 885m) increase in loans denominated in local currency. Over the same period, there was a notable fall of 9.1 per cent (SR 173m) in the stock of foreign currency loans, in rupee terms. In USD terms, the balance of foreign currency loans declined by 8.1 per cent (USD 14m). This development was consistent with the upward trend in the average lending rate on foreign currency loans throughout 2023 thus far. Notably, the average lending rate on foreign currency loans rose from 6.9 per cent in January 2023 to stand at 7.9 per cent as at August 2023. As for the



claims on government, this fell by 3.6 per cent (SR 202m) reflective of lower domestic financing needs by the government.

Analysis of the distribution of private sector credit compared to 2022 indicated a growth in the categories of, 'Mortgages' by 18 per cent (SR 284m), 'Individuals & Households' by 20 per cent (SR 262m), 'Wholesale and Retail Trade' by 11 per cent (SR 99m) and 'Telecommunications, Computer & Information' by 22 per cent (SR 93m). In contrast, loans disbursed to the categories of 'Tourism', 'Manufacturing' and 'Building and construction' fell by 4.8 per cent (SR 67m), 21 per cent (SR 39m) and 2.2 per cent (SR 25m), respectively.

The two Private Sector Relief Schemes - the Micro, Small and Medium Enterprises (MSMEs) and Large Enterprises - closed in March 2022. As at August 2023 and in year-on-year terms, there was a reduction of SR 36m and SR 56m in the stock of outstanding credit under the MSMEs and Large Enterprises schemes, correspondingly. This was due to ongoing repayments towards the facilities. Therefore, the outstanding balance at the end of August 2023 was SR 46m and SR 65m, respectively.

## External Sector

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### Balance of Payments

Preliminary estimates suggest an improvement in the country's external position in 2023 relative to the previous year. The current account deficit is projected at 5.6 per cent, compared to a deficit of 8.0 per cent in 2022. The underlying factors for this improved balance of payments projection are the reduction in international commodity prices in 2023, particularly the price of oil, coupled with an increase in the total value of goods and services exports for the year.

### Current Account

The trade deficit is projected to narrow from USD 731m in 2022 to USD 711m in 2023. In regards to imported goods, its value is expected to remain relatively unchanged from last year's total of USD 1,294m. In line with higher domestic economic activity, an increase has been forecasted in the value of all categories of imports with the exception of oil. In the case of the latter, its value is anticipated to decline from USD 299m in 2022 to USD 271m, on account of lower international oil prices, on average in 2023, compared to the previous year. Exports of goods are estimated at USD 583m, above the outcome for 2022 by USD 21m. This is attributed to the higher value of canned tuna exports, which is forecasted to increase from USD 283m in the previous year to USD 295m. As for oil re-exports, its value is projected to decline by USD 16m in 2023, owing to a reduction in both the volume and price of oil re-exports.

An increase of USD 7.5m is forecasted for exports of services in relation to the previous year. Its main component, tourism earnings, is projected at USD 937m, an increase of USD 2.0m compared to 2022. Earnings from the sector have been impacted by the gradual shift in the composition of tourists, which led to a moderation in the average yield per visitor. Furthermore, the weakened EUR-USD cross rate has resulted in lower earnings in USD terms. Notwithstanding such, tourist arrivals remained positive, supported by growth in the traditional source markets of Germany and Italy. Additionally, Russia remains one of the top visitor source markets. As for the imports of services, it is forecasted to decrease following the completion of some major capital and Foreign Direct Investment (FDI) projects.

Gross international reserves are projected to end the year at USD 705m, equivalent to 3.5 months of imports. This is higher than the recorded level of USD 639m or 3.4 months of imports cover in 2022. The growth in external reserves primarily follows Budget support received from multilateral and bilateral partners during the year.

### Exchange Rates

Tight global monetary conditions prevailed in 2023, particularly in the advanced economies whereby, key central banks continued to battle against inflation by hiking interest rates. Despite signs of moderation, inflation remained higher than the respective targets of central banks. This led to further interest rate increases throughout the year, albeit by a lower magnitude when compared to the preceding year. Additionally, countries continued to be impacted by the adverse spill over effects of the war in Ukraine. As a result of the

aforementioned factors, global growth is anticipated to slowdown in 2023 as compared to 2022, with significant divergences expected across countries.

In the United States (US), the successive interest rate hikes implemented by the Federal Reserve Bank (The Fed) since March 2022 had the desired effect of taming down inflation from the high peaks in 2021 and 2022. Despite such, it remained above the 2.0 per cent target, which prompted further interest rate hikes, although at lower magnitudes as compared to the previous year. In its latest monetary policy decision in September 2023, the Fed left interest rates unchanged following signs of inflation cooling off, whilst simultaneously signalling fewer rate hikes in 2024. The aggressive stance of the Fed in countering inflation resulted in higher yields on US Treasury bonds as compared to other countries. Additionally, in comparison to its counterparts, the US economy is expected to observe the strongest economic recovery in 2023. The positive growth in the US, as compared to other countries, as well as the higher yields on offer resulted in increased appetite for American financial assets. In turn, this led to an appreciation of the USD relative to other currencies on the international market. Going forward, given the stronger investor confidence, and the faster pace of economic recovery, the USD is expected to strengthen further.

In the Eurozone, the Euro rebounded in the first half of 2023<sup>5</sup>, gaining ground over the USD and the British Pound (GBP). This followed reductions in energy prices and abating fears of a recession, in addition to the successive tightening of monetary policy by the European Central Bank (ECB). However, despite the interest rate hikes by the ECB, inflation – although lower than in 2022 - remained persistent and well above the ECB's 2.0 per cent target. Of note, the pass-through from higher energy prices played a key role in driving core inflation in the euro area, unlike its counterpart in the US where core inflation pressures reflected a tighter labour market. ECB's struggle to bring down inflation at a faster rate as well as the forecasted slower economic growth for 2023<sup>6</sup> weighed down on the single currency in the latter part of 2023. The latest interest rate hike by the ECB in September 2023 had limited impact in boosting the value of the currency, as the Euro lost more ground against its major counterparts. Additionally, the growing investor confidence in the US economy, following better economic outlook and higher interest rates, proved to be disadvantageous for the single currency and was another contributing factor towards the weaker Euro in the second half of 2023. Going forward, worries over the Eurozone economy and the persistent inflation are expected to weigh down on the Euro.

In the United Kingdom (UK), the interest rate hikes by the Bank of England since December 2021, to address the persistent inflation had a negative impact on the UK economy and a slower growth is anticipated in 2023 relative to the previous year. As is the case in the Eurozone, the pass-through of the energy price shocks played a more significant role in driving core inflation as compared to the US. Furthermore, successive protests throughout the year impacted economic activity which affected investor confidence and weighed down on the GBP. Additionally, and as was the case for the Euro, the British Pound lost ground against the USD as the better outlook and higher yields in the US attracted more investors towards the greenback. Going forward, given the worries over the UK economy, the British Pound is expected to remain weak against the USD. In

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<sup>5</sup> The Euro fell below parity with the USD in 2022 following an energy crisis that grappled the region as a result of the Russia-Ukraine war and which unleashed fears of a recession.

<sup>6</sup> The output for the Eurozone is forecasted to be below pre-pandemic levels.

relation to the Euro, the weaker outlook in the Eurozone played well for the GBP, as it strengthened against the single currency in the latter months of the year.

On the domestic front, the Seychelles rupee (SR) strengthened against the major traded currencies in the first quarter of 2023, underpinned by the positive performance of the tourism industry and other sectors of the economy, such as construction and fisheries. Nonetheless, the seasonal pick-up in demand as of the second quarter of 2023, coupled with the aforementioned developments in international currency markets, resulted in a weakening of the SR.

Nonetheless, in annual average terms, the rupee remains stronger in 2023 as compared to the same period in 2022. As at October 20, 2023, the annual average of the SR/USD stood at 13.9340 which was a year-to-date appreciation of 34 cents relative to the same period in 2022. Additionally, the local currency strengthened by 6 cents against the Euro and by 56 cents vis-à-vis the GBP, respectively.

The weakening of the rupee against the USD is anticipated to persist in the fourth quarter of 2023 as demand for foreign exchange continues to rise ahead of the end of year festivities. However, from an annual average perspective, the rupee is forecasted to be stronger in 2023 relative to the previous year, as a result of the appreciating trend observed in the first half of the year.

Going into 2024, the exchange rate outlook will be dependent on the dynamics in the foreign exchange market. In particular, the uncertainties in relation to the external environment, key of which is the rising geopolitical tensions, may impact the exchange rate outlook in the coming year.

## Structural Benchmark under EFF-RSF, 2023-2025

The table below summarises the structural benchmark for Seychelles under the new Extended Fund Facility (EFF) and Resilience & Sustainability Facility (RSF) program agreed with the IMF in 2023.

**Table 2: Seychelles Structural Benchmarks under the EFF-RSF, 2023-2025**

ACTIONS	TIMING	OBJECTIVE	STATUS
<b>Fiscal and Public Financial Management Policy</b>			
The upgrade of the ASYCUDA system with new modules is completed for the E Manifest, and Express Courier modules.	End-September 2023	Strengthen revenue mobilization.	Met
Cabinet approval of legislative amendments to streamline VAT exemptions, in consultation with IMF staff.	End-December 2023	Strengthen revenue mobilization.	
Publish annual reporting of budgeted tax expenditure as a part of the annual Budget exercise, in consultation with IMF staff	End-October 2023	Increase transparency on Tax expenditure	
The MoFNPT to compile an inventory of existing tax expenditures on VAT and business tax, together with an estimate of annual revenue cost, and to publish as part of the official Budget.	End-December 2024	Increase transparency on tax expenditures and fiscal cost.	New SB
Cabinet adoption of a roadmap and timeline of actions necessary to improve the efficiency of public investment, including for climate-related investment, based on the January 2023 PIMA.	End-September 2023	Improve the efficiency of public investment.	Met
The MoFNPT develops and adopts a Public-Private Partnership (PPP) framework and explicitly include climate-related risks, while integrating this in the Public Financial Management Act and the Public Procurement Act.	End-March 2025	Improve the efficiency of public investment.	
(i) MoFNPT to announce in the annual Budget circular that projects will not be included in the Medium-term Expenditure Strategy (MTES) if appraisal information is absent or materially incomplete; (ii) MoFNPT to establish and distribute to MDAs a set of minimum criteria to assess projects in the MTES 3-year Public Sector Investment Plan (PSIP), on the basis of which (met or not met) PIMU will recommend to the Inter-Ministerial Committee (IMC) for inclusion/deferral in the current year's Budget.	End-June 2024	Improve capital expenditure execution by strengthening the framework and capacity for appraising and selecting capital projects.	New SB
<b>Monetary Policy and Financial Stability</b>			
Submit amendments to the CBS Act, in consultation with IMF staff, to Cabinet.	End-June 2023	Finish implementing the 2021 safeguards assessment recommendations. The amendments aim to, inter alia, (i) strengthen governance and oversight; (ii) enhance institutional and personal autonomy; and (iii) safeguard financial autonomy.	Not met. Implemented with delay in July 2023.
Submit to the National Assembly amendments to the CBS Act in line with those approved by	End-March 2024	Address CBS recapitalization needs, in addition to safeguards assessment recommendations.	New SB

Cabinet in July 2023 and IMF staff recommendations.			
Implement the use of repo operations by CBS for liquidity management	End-December 2024	Operationalize recent IMF TA recommendations to strengthen the monetary policy operating framework.	
Adoption of a reform plan for monetary policy operational reforms and make it public.	End-July 2023	Establish a timeline for the implementation of IMF TA recommendations to strengthen the monetary policy operating framework and instruments, including the adoption of repos and the development of the interbank market.	Met
CBS to complete a study on NPLs by including a forward-looking analysis.	End-September 2023	Improve the study conducted by CBS on the impact of unwinding of forbearance measures extended during the pandemic on bank asset quality, through a forward-looking analysis, including stress testing.	Not met. Reset for end-October 2023.
Cabinet approval for draft Bank Resolution Bill aligned to provide an adequate institutional framework and effective powers for dealing with bank resolution and managing a crisis, thus contributing to financial stability, while limiting the use of public funds and addressing moral hazard concerns.	End-September 2023	Address shortcomings from previously approved cabinet policy paper for bank resolution and to align with ongoing revisions to the Financial Institutions Act, 2004 as amended and Insolvency Law, as well as cater recent developments stemming from the current crisis. Includes identification of consequential amendments in subsidiary legislations, with the objective of providing the regulators the necessary powers to effectively resolve troubled financial institutions.	Not met. Reset for end-March 2024.
<b>State-Owned Enterprises (SOEs)</b>			
Publication of SOE Annual Report.	End-June 2023	The annual report will present the overall financial performance of the Public Enterprises based on their audited financial statement and will publish eight months after the closing of the financial year.	Not met. Implemented with delay in July 2023.
Finalize ring-fencing of the ground-handling operation in Seychelles Airport by transferring the corresponding assets to Seychelles Aviation Handling Company and signing the lease agreement with Air Seychelles.	End-September 2023	Ensure that the ground-handling operations at the Seychelles International Airport, considered an important strategic asset, remain protected from creditors.	Not met. Reset for end-December 2023.

<b>Real Sector Reforms</b>			
Finalize the terms-of-reference for a study to better understand the dynamics of the tourism sector on the overall economy and its revenue potential.	End-June 2023	Conduct a tourism study, with the assistance of development partners, to better understand the dynamics of the tourism sector and its benefit to the economy. The study would cover all economic activities related to tourism, including accommodation, food and beverage services, recreation and entertainment, transportation, and travel services	Met
Complete the study on the dynamics of tourism on overall economy and on revenue potential.	End-June 2024		
<b>Governance</b>			
Amend the Beneficial Ownership (BO) Act to broaden access to the FIU's central BO database to financial institutions and reporting institutions with AML/CFT obligations.	End-December 2024	Advance accuracy and accessibility of beneficial ownership information of entities created in Seychelles (including international business companies, limited partnerships, trusts and foundations).	New SB

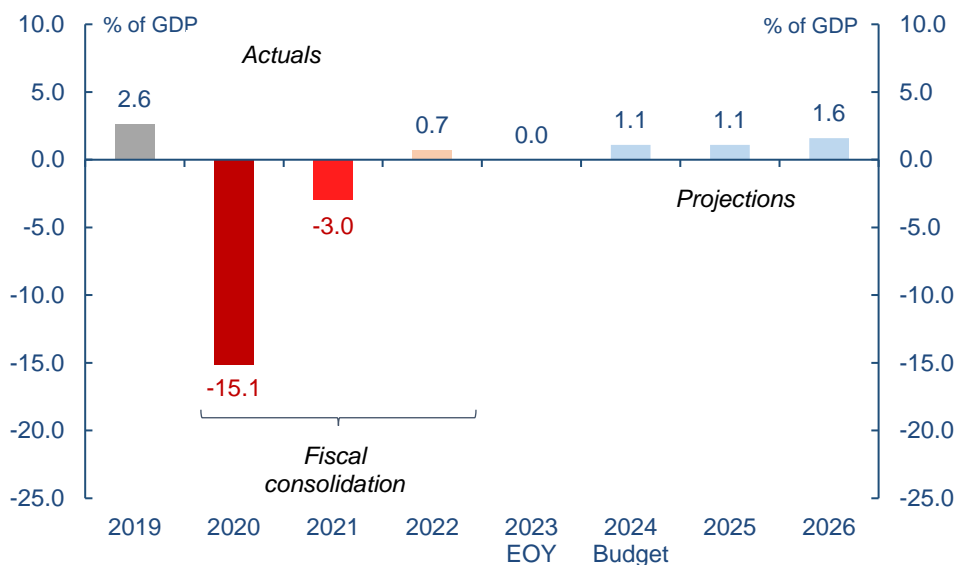
Source: IMF MEFP 2022

## Budget Outlook

The Seychelles economy remains resilient and continues to grow, with economic activity almost returning to pre-pandemic levels. For the year 2023, the Government's primary fiscal position is expected to be near balance with favourable revenue streams coupled with a slight decline in projected overall spending due to under-execution and delays of capital projects. This outturn, combined with the relatively stable exchange rate will translate in a debt stock of about 64.4 per cent to GDP as at the end of the year.

For the Budget year 2024, the primary balance is expected to be positive at about SR 332m or 1.1 per cent to GDP. This is mainly attributed to stronger tax collection expected in line with continued economic growth, coupled with the introduction of revenue gaining policies in Business tax, VAT and Other tax (see Tax Revenue section). Additionally, primary expenditures are set to increase marginally by about 4.0 per cent, driven by sizeable double digit increase in capital expenditure.

**Figure 8: Primary Balance 2019 to 2026 (% of GDP)**



Source: MoFNPT

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

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

Description	2022 Actual	2023 EOY	2024 Budget	2025	2026
Revenue & Grants	8,800,528	9,948,659	10,856,611	11,512,261	11,809,004
Primary Expenditure	7,880,512	8,541,291	8,881,220	9,038,031	8,952,046
<b>Primary Balance:</b>	<b>183,474</b>	<b>(2,479)</b>	<b>331,711</b>	<b>347,064</b>	<b>540,790</b>
<b>% of GDP:</b>	<b>0.7</b>	<b>0.0</b>	<b>1.1</b>	<b>1.1</b>	<b>1.6</b>

Source: MoFNPT

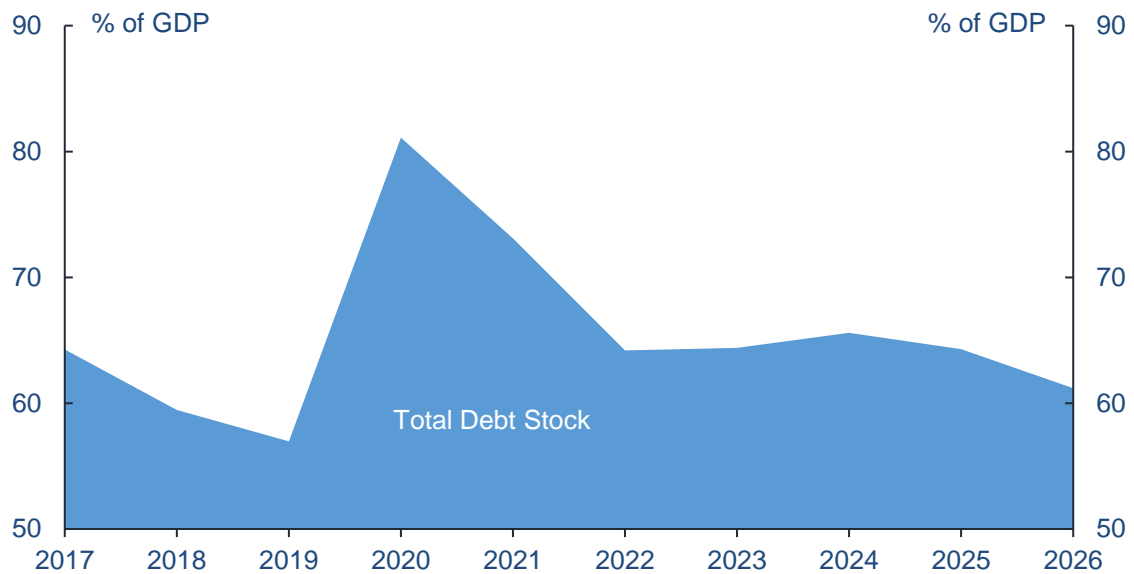


Key highlights of the 2024 Budget include:

- **Distribution of economic wealth and increased capital spending**
  - Introduce revenue measures to expand the tax base such as VAT exemptions reform, the inclusion of securities dealers under the Business tax regime, and an increase in Property tax rate.
  - Increased investment in both social and economic infrastructure projects.
- **Accelerated medium-term economic growth and stability**
  - Investment in key economic sectors such as fisheries, blue economy and agriculture to promote diversification and enhance business growth.
  - Maintain fiscal policies that ensures attainment of long term sustainable fiscal surpluses and reducing overall government debt
- **Undertake transformative reforms to the Public Sector to improve efficiency and service delivery**
  - Improve the integration of technology in public sector functions and processes
  - Setting up of Public Service College to build capacity of public sector employees

The Seychelles Government, under the agreed EFF and RSF program with the IMF, remains committed towards the attainment of sustainable fiscal surpluses over the medium term with the aim to strengthen public debt sustainability. In regards to climate change mitigation and adaptation, reform measures have been set and the Government is on track with the implementation of some policies.

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

**Figure 9: Total debt stock as a percentage to GDP, 2017-2026**


Source: Debt Management Office, MoFNPT

## Revenue & Grants

Total revenue and grants receipts for 2023 is estimated at SR 9.9bn which is equivalent to about 34 per cent of GDP. This represents a slight reduction of SR 5m or 0.05 per cent when compared with the mid-year Budget. Compared to the 2022 outturn, the end of year 2023 Budget represents an increase of about SR 1.1bn or 13 per cent attributable to a rise in expected tax receipts for the year.

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

REVENUE & GRANTS	2022 Actual	2023 EOY	2024 Budget	2025	2026
Tax Revenue	7,392,917	8,431,040	9,190,066	9,889,841	10,550,547
Non-Tax Revenue	1,295,578	1,150,566	1,293,683	1,170,519	1,173,492
Grants	112,033	367,053	372,862	451,901	84,965
<b>Total Revenue &amp; Grants:</b>	<b>8,800,528</b>	<b>9,948,659</b>	<b>10,856,611</b>	<b>11,512,261</b>	<b>11,809,004</b>
<b>% of GDP:</b>	<b>31.2</b>	<b>34.2</b>	<b>35.8</b>	<b>35.9</b>	<b>34.7</b>

Source: MoFNPT

For 2024, the total revenue envelope stands at about SR 10.9bn representing an increase of SR 908m or 9 per cent. Tax revenue collections are expected to contribute about 85 per cent to the total revenue, with main increases in Business tax, Other Tax and VAT. Non-tax revenue is expected to increase by about SR 143m mainly attributed to the increase in sale of assets. Grant receipts are expected to increase by about SR 5.8m. Over the medium term, total revenue and grants is projected to be around 35 per cent of GDP.

## Tax Revenue

The end of year projection for 2023 tax revenue stands at SR 8.4bn or 28.98 per cent of GDP, surpassing the 2019 record. This reflects an increase of SR 11.2m or 0.13 per cent from the mid-year Budget and about 14 per cent greater than 2022 collections. Business tax and Property tax are the main contributors to the upward revision, collectively increasing the projections by SR 71.5m. 2023 year-to-date Business tax collections have been strong, mostly due to large payments from the expanding 'securities dealers' financial services subsector. Despite the postponement of policy reforms applicable to these businesses, this over-performance has brought on a net positive revision resulting in an end of year business tax projection of SR 1.6bn. Considering that Property tax collections have also been robust throughout the year, this line's projection has been revised upwards to SR 35.6m. Projections for the remaining tax lines were reduced by a total of SR 60.4m in comparison to the mid-year Budget. Other tax stands at SR 543.7m, conceding the largest downward revision of SR 25.9m considering year-to-date underperformances, which is mainly due to implementation and profiling challenges to the newly introduced 'Tourism environmental and sustainability levy' and the 'Tourism turnover tax'. The EOY Value added tax (VAT) projection remains at SR 3.1bn after a slight reduction of about SR 15m mainly owing to a substantial increase of VAT refunds, particularly to the tourism and real estate sectors. Several large hotels are undergoing extensive renovations and are experiencing a surge in input costs, which consequently erodes their net value addition. Furthermore, lower recovery assumptions to the public sector decreases the Income tax projection to SR 1.21bn, a SR 9.3m downward revision. Lower GDP growth assumptions have reduced the Customs duties and Excise tax projections to SR 336m and SR 1.47bn respectively, inferring a total downward revision of SR 8.4m. The Tourism marketing tax forecast stands at SR 87.7m following a minor SR 1m reduction; while estimates of arrears from abolished tax lines, CSR and GST, total SR 5.9m.

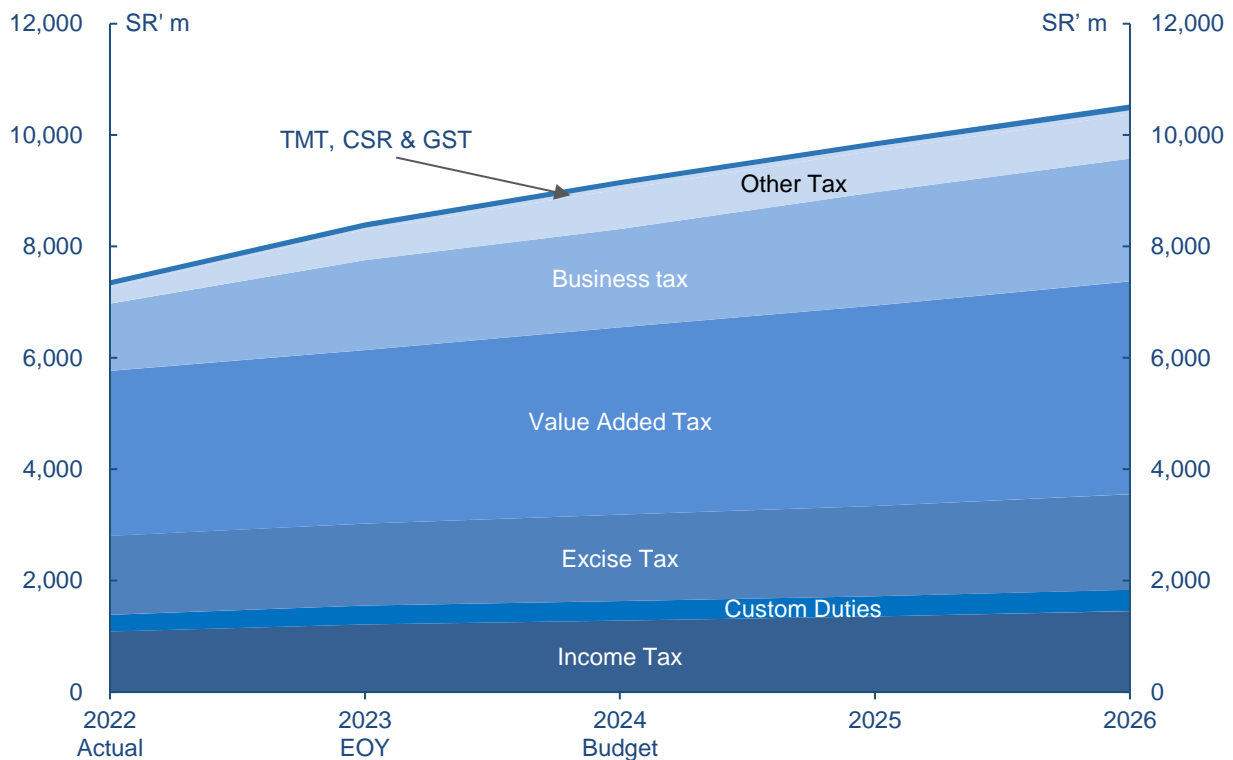
**Table 5: Medium-term Tax Revenue, SR' 000s**

DESCRIPTION	2022 Actual	2023 EOY	2024 Budget	2025	2026
Income Tax	1,085,994	1,214,826	1,284,729	1,357,477	1,453,124
Custom Duties	302,408	335,887	349,713	364,010	384,867
Excise Tax	1,415,817	1,476,663	1,550,066	1,617,714	1,713,383
GST (Goods and Services)	655	663	0	0	0
Value Added Tax	2,964,762	3,112,666	3,366,660	3,602,296	3,822,072
Business tax	1,207,476	1,618,050	1,764,486	2,034,314	2,205,031
Corporate Social Responsibility Tax	10,352	5,298	0	0	0
Tourism Marketing Tax	82,110	87,729	91,416	96,593	102,758
Other Tax	294,073	543,700	710,457	743,448	793,845
Property tax	29,270	35,558	72,538	73,989	75,469
<b>Total Tax Revenue:</b>	<b>7,392,917</b>	<b>8,431,040</b>	<b>9,190,066</b>	<b>9,889,841</b>	<b>10,550,547</b>
<b>% of GDP</b>	<b>26.20</b>	<b>28.98</b>	<b>30.31</b>	<b>30.87</b>	<b>30.96</b>

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

The 2024 total tax revenue is estimated at SR 9.19bn or about 30.3 per cent of GDP. This reflects continued economic recovery to pre-pandemic levels and further development. Vis-a-vis the 2023 end-of-year Budget, this is a SR 760m or 4.6 per cent increase resulting from a combination of positive GDP growth projections and year-to-date performance.

**Figure 10: Tax Revenue 2022-2026**



Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

## Income Tax

### Background

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

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

### 2023 Context

End of year Income tax collections for 2023 is expected to remain consistent with the mid-year revised Budget estimate, albeit with a slight downward revision to SR 1.21bn (equivalent to 0.8 per cent). This has been as a result of a now lower nominal GDP assumption for 2023, as well as a slightly lower recovery assumption in the 'Other Public sectors' segment after accounting for July and August 2023 actuals. This line remains a top performer in 2023 with a year-to-date increase of about SR 29m or 50 per cent over 2022.

**Table 6: Income Tax 2023-2026, SR' 000s**

INCOME TAX	2022 Actual	2023 EOY	2024 Budget	2025	2026
Central Government	245,302	274,579	292,510	309,074	330,933
Other Public Sectors	98,842	151,991	161,813	170,976	182,761
Private Sector	741,850	788,256	830,405	877,427	939,429
<b>TOTAL INCOME TAX:</b>	<b>1,085,994</b>	<b>1,214,826</b>	<b>1,284,729</b>	<b>1,357,477</b>	<b>1,453,124</b>
<b>% of GDP:</b>	<b>3.9</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>4.3</b>

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

### *Policy Changes*

No new policies are planned for this tax in 2024.

### *2024 Projection and the Medium Term*

For the 2024 Budget, Income tax collections are expected to remain on a positive trend, with an estimate of SR 1.28bn, equivalent to an increase of about 8 per cent. The main drivers for this will be the full year implementation of the 10 per cent wage increase, as well as a positive GDP growth assumption. The 'Private sector' is expected to remain as the main contributor to this tax line accounting for about  $\frac{2}{3}$  of the total. Over the medium term, Income tax is projected to remain steady as a ratio to GDP at about 4.2 per cent.

## **Custom Duties**

### *Background*

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

### *2023 Context*

By the end of 2023, Custom Duties collection is estimated at SR 336m or 1.2 per cent of GDP. This signals a strong recovery from the pandemic, with collection forecasted to surpass 2019 levels. However, when compared to the mid-year Budget 2023 revision, the estimates represents a decrease of SR 4.6m or 1.4 per cent. This is mainly attributed to year-to-date under-performances under 'Alcohol' and 'Tobacco' sub-lines of around SR 13.5m in aggregate. These shortfalls were, however, partly offset by stronger collections elsewhere, most notably the 'Others' sub-line which is currently at SR 10.2m above Budget. Overall, the lower macroeconomic growth assumptions for 2023 have also contributed to the downward adjustment in yearly revenue.

**Table 7: Custom Duties Projections 2023-2026, SR' 000s**

	2022 Actual	2023 EOY	2024 Budget	2025	2026
<b>Custom Duties Direct Imports</b>	<b>302,656</b>	<b>340,887</b>	<b>354,713</b>	<b>369,010</b>	<b>389,867</b>
Alcohol	107,300	103,144	107,222	111,439	117,845
Textiles and textile articles	7,141	7,362	7,671	8,106	8767
Tobacco	3,248	2,077	2,159	2,244	2,403
Prepared Food	12,462	11,828	12,325	13,023	14,121
Others	104,417	116,397	121,289	126,059	132,944
Levy	39,946	70,898	73,700	76,599	80,460
Documentary Charges	4,325	4,459	4,648	4,829	5,095
Livestock Trust Fund	23,818	24,723	25,701	26,712	28,866
<b>Custom Duties Exemptions</b>	<b>-248</b>	<b>-5,000</b>	<b>-5,000</b>	<b>-5,000</b>	<b>-5,000</b>
<b>TOTAL CUSTOM DUTIES:</b>	<b>302,408</b>	<b>335,887</b>	<b>349,713</b>	<b>364,010</b>	<b>384,867</b>
<b>% of GDP:</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

### *Policy Changes*

No direct policy change has been proposed for Customs duties for 2024.

### *2024 Projection and the Medium term*

Revised projections for 2024 Customs Duties is SR 349.7m, which represents a downward revision on the mid-year estimate of SR 355.4m or 1.6 per cent. The forecast for 2024 does, however, exhibit an upward trend of 4.1 per cent when compared with current 2023 revenue estimates. This increase is on the basis of continuous recovery in tourism which can subsequently lead to increases in the level and value of import directly and indirectly related to the tourism sector. The positive growth is also, in some part, due to improved supply and lower shipping costs post pandemic.

Over the medium term, Custom Duties collections is expected to increase gradually by about 5 per cent on average, closely correlated with the long run projected economic growth of 4 per cent.

## **Excise Tax**

### *Background*

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

Imported petroleum products account for the highest contribution to Excise tax, amounting to almost half of the total. Demand for excisable goods generally shows a minimal response to price fluctuations, given that

most of these goods, in particular tobacco, are relatively non-responsive to price change. Hence, this tax line proves to be a significant revenue earner for the Government.

### *2023 Context*

For the year 2023, Excise tax collections are estimated at SR 1.5bn, equivalent to 5.1 per cent of GDP. This represents a slight 0.3 per cent downward revision when compared to the mid-year estimate. The revision stems largely from revised macroeconomic growth assumptions (as discussed in the Economic outlook section) which lowered the estimate by about SR 6m. This was partially offset by strong performance year-to-date of about SR 2m. Excise tax receipts on 'Motor vehicles' and 'Petroleum' has been relatively strong throughout the year and this is attributed to the increased demands for these imported goods, also observed in the yearly import data. Excise tax on locally manufactured alcohol has been relatively low this year, recording the largest under-performance as at August.

### *Policy Changes*

No direct policy change has been proposed for Excise tax for 2024.

### *2024 Projection and the Medium Term*

Table 8 shows Excise tax projections for 2024 and the medium term. Total collections for 2024 is expected to amount to about SR 1.6bn, representing 5.1 per cent to GDP. In comparison to 2023, this denotes a SR 73.4m or 5 per cent increase attributed mainly to expected increase in import following trends. Excise collections on locally manufactured goods (LMG) is also expected to pick up following continuous efforts by the SRC to improve compliance for both LMG alcohol and tobacco. Excise on petroleum will remain a key earner with collections expected to amount to SR 686m, accounting for about 44 per cent of total excise.

Over the medium term, total Excise is expected to grow by about 6 per cent on average, representing about 5 per cent of GDP.

**Table 8: Excise Tax Projections 2023-2026, SR' 000s**

EXCISE TAX	2022 Actual	2023 EOY	2024 Budget	2025	2026
<b>Excise Tax - Imports</b>	<b>980,989</b>	<b>1,028,074</b>	<b>1,083,742</b>	<b>1,118,438</b>	<b>1,191,720</b>
Alcohol (Beverages Spirits and Vinegar)	230,666	233,060	242,274	252,626	264,351
Petroleum (Mineral Products)	639,888	647,217	686,277	699,313	731,771
Motor Vehicles (Vehicles, Aircrafts, vessels)	106,623	144,920	152,201	162,995	191,938
Tobacco Imported	3,813	2,876	2,990	3,505	3,660
<b>Excise Tax - Locally Manufactured Goods</b>	<b>380,482</b>	<b>391,775</b>	<b>407,264</b>	<b>437,211</b>	<b>456,717</b>
Alcohol	198,055	201,062	209,011	228,869	239,492
Tobacco	182,428	190,713	198,253	208,342	217,225
<b>Sugar Tax</b>	<b>54,346</b>	<b>56,814</b>	<b>59,060</b>	<b>62,065</b>	<b>64,946</b>
Imported Beverages	28,689	29,992	31,178	32,764	34,285
LMG - Beverages	25,657	26,822	27,882	29,301	30,661
<b>TOTAL EXCISE TAX:</b>	<b>1,415,817</b>	<b>1,476,663</b>	<b>1,550,066</b>	<b>1,617,714</b>	<b>1,713,383</b>
<b>% of GDP:</b>	<b>5.0</b>	<b>5.1</b>	<b>5.1</b>	<b>5.1</b>	<b>5.0</b>

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

## Goods and Services Tax arrears

### Background

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

### 2023 Context

As at August 2023, a total of SR 560k has been collected in GST arrears. Compared to last year this shows an increase of 12 per cent. This goes against expectation of a winding up in arrear payments for GST at now 10 years past its abolishment.

**Table 9: GST Arrears, SR' 000s**

GOODS & SERVICES TAX	2022 Actual	2023 EOY
Arrears	655	544
<b>TOTAL GST:</b>	<b>655</b>	<b>544</b>
<b>% of GDP:</b>	<b>0.00</b>	<b>0.00</b>

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates



## Value Added Tax

### *Background*

VAT is imposed on the value added of all taxable products that are produced and consumed domestically through VAT registered companies, with the current rate being a flat 15 per cent of taxable goods and services. VAT is charged on all taxable imports but not on exports, also known as the ‘destination principle’. Businesses with an annual turnover exceeding SR 2m are required to be VAT registered (compulsory registrations). VAT collections tends to grow in tandem with nominal GDP and it accounts for approximately 37 per cent of the total tax revenue, making it the single largest tax line.

### *2023 Context*

The revised end of year estimate for VAT stands at SR 3.1bn, representing a reduction of SR 15.3m or 0.5 per cent in comparison to the mid-year estimate.

The most significant revisions were the lowering of ‘Real Estate’ collections by SR 30.6m or 96 per cent, and ‘Tourism’ by SR 20.1m or 3 per cent. Both lines have under-performed expectations this year, due to a substantial increase in refunds issued (given higher VAT credits claimed). As at Q3 2023, the year-to-date level of refunds recorded under ‘Tourism’ was about SR 130m or a 202 per cent increase from last year’s SR 43m for the same period. Additionally, the amount of refunds given out under ‘Real Estate’ amounted to about SR 93m or 161 per cent above the SR 35m recorded in 2022. The refunds under ‘Tourism’ is due to extensive renovations being under-taken at existing hotels, while the refunds under ‘Real Estate’ is driven by construction of new hotels. During such under-takings, businesses experience a surge in input cost as they purchase materials and equipment, while their revenues remain the same or decline due to the full or partial closure of their premises. These therefore reduces net VAT collections.

However, the decreases were partially offset by an upward revision of SR19.5m or 2 per cent under ‘Imports’, mainly attributable to surplus collection recorded year-to-date, which is reflective of strong import growth of 12.8 per cent for the first half of the year, as reported by NBS’ Merchandise Trade Bulletin. Additionally, the ‘Others’ line was revised upwards by SR 17.1m or 6 per cent mainly due to new entrants in the Administration and Support Services sector.

Table 10: VAT 2023-2026, SR' 000s

VALUE ADDED TAX	2022 Actual	2023 EOY	2024 Budget	2025	2026
<b>VAT- Domestic</b>	1,855,012	1,834,573	2,030,638	2,173,062	2,314,670
LMG- Alcohol	94,992	97,932	102,048	107,827	114,709
LMG- Tobacco	32,987	34,008	35,437	37,444	39,834
Construction	84,997	112,507	127,793	111,136	118,230
Services - Tourism	934,829	855,522	964,182	1,030,457	1,096,231
Services - Financial and Insurance	72,530	90,144	93,932	99,251	110,386
Services - ICT and Telecommunication	153,670	175,256	203,426	214,945	228,665
Real Estate	77,797	1,162	16,105	53,947	57,391
Wholesale Retail - Others	180,964	202,900	211,428	226,124	238,660
Others	222,246	265,141	276,285	291,930	310,564
<b>VAT- Imported Goods</b>	<b>1,111,868</b>	<b>1,283,093</b>	<b>1,341,023</b>	<b>1,434,235</b>	<b>1,512,402</b>
<b>VAT- Exemptions</b>	<b>-2,118</b>	<b>-5,000</b>	<b>-5,000</b>	<b>-5,000</b>	<b>-5,000</b>
<b>TOTAL VAT:</b>	<b>2,964,762</b>	<b>3,112,666</b>	<b>3,366,660</b>	<b>3,602,296</b>	<b>3,822,072</b>
<b>% of GDP:</b>	<b>10.5</b>	<b>10.7</b>	<b>11.1</b>	<b>11.3</b>	<b>11.2</b>

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

### Policy Changes

Following a considerable in-depth VAT policy review exercise, which started in the latter half of 2022 (with external assistance), it was recommended that certain VAT exemptions be removed. For the 2024 Budget, the following exemption has been removed:

- Exemption for imports of goods for the personal use of diplomats.

The removal of other exemption, as well as other reform measures will be implemented gradually over the medium term.

### 2024 Projection and the Medium Term

For 2024, an estimate of about SR 3.4bn is forecasted which accounts for about 11.1 per cent of GDP and about 37 per cent of total forecasted revenue. In comparison to the 2023 end-of-year estimate, this represents a growth of 8.2 per cent, which is higher than the forecasted nominal GDP growth of 4.2 per cent. The high growth rate accounts for recovery of the 'Tourism' and 'Real Estate' sub-lines as refunds are expected to decrease significantly in line with the re-opening of renovated hotels, as well as the launching of three new large hotels in the first quarter of 2024. Despite the completion of tourism projects, the 'Construction' sub-line is still expected to grow robustly, due to a doubling of collections in relation to the government funded South and West Coast Road Widening and Improvement Project. This project, which began in 2022 will enter its second phase in 2024. Furthermore, 'ICT and Telecommunication' VAT is likewise expected to grow strongly in view of high forecasted ICT sector growth.

Over the medium term, VAT revenue is expected to remain at a constant 11 per cent ratio to GDP.

## Business Tax

### Background

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

### 2023 Context

Business tax collections are projected to reach SR 1.62bn by the end of the year, about SR 410m or 34 per cent more than 2022, and about 4 per cent higher than the mid-year revised Budget forecast. As at end of September 2023, Business tax collections had surpassed the revised projections by about SR 65m or 6 per cent. This over-performance stems almost entirely from the ‘Companies’ category, particularly due to large payments from a few businesses in the rapidly growing ‘Securities dealers’ industry. While this financial services subsector remains relatively small, these companies generate large amounts of revenue, and experienced substantial growth in numbers registered over the 2022, hence significantly contributing to this year’s business tax collections. Plans to increase Business tax rates applicable to this sector, as announced in the Budget 2023 BSO, have been postponed, and with it the estimated increase in collections by about SR 218m. However, this was more than compensated for by a surge in tax collections from newly registered dealers. Business tax is expected to increase to 5.6 per cent of GDP in 2023.

**Table 11: Business Tax 2023-2026, SR' 000s**

BUSINESS TAX	2022 Actual	2023 EOY	2024 Budget	2025	2026
Companies	1,012,765	1,381,596	1,522,092	1,784,004	1,943,046
Sole traders	51,062	73,016	74,710	77,065	80,565
Partnerships	22,381	28,422	29,082	29,999	31,358
Trusts	22	23	24	24	26
Withholding Tax	99,645	110,943	113,518	117,097	122,515
Others	0	0	0	0	0
Residential Dwelling	21,600	24,049	25,060	26,124	27,521
<b>TOTAL BUSINESS TAX:</b>	<b>1,207,476</b>	<b>1,618,050</b>	<b>1,764,486</b>	<b>2,034,314</b>	<b>2,205,031</b>
<b>% of GDP:</b>	<b>4.3</b>	<b>5.6</b>	<b>5.8</b>	<b>6.4</b>	<b>6.5</b>

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates.

### Policy Changes

For 2024, policy reforms include the capturing and increase of Business tax rates applicable to businesses registered under the Securities Act. This is expected to generate about SR 100m in additional business tax

revenue per year from this rapidly growing sector. Further into the medium term, reforms in the presumptive tax regime, as well as the implementation of transfer pricing tax reforms are under consideration.

### *2024 Projection and the Medium Term*

In 2024, Business tax is projected at SR1.76bn, which is about SR 146m or about 9 per cent greater than in 2023. Steady nominal GDP growth of 3.9 per cent in 2023 pushes Business tax collections by about SR 45.6m (given that Business tax is applied on previous year's profits which in turn tend to reflect economic growth) while the aforementioned reform in Business tax on 'securities dealers' is forecasted to bring in an additional SR 100.7m. This combination of growth and tax reform measures will take Business tax to 5.8 per cent of GDP. Over the medium term, Business tax projections follow an average year-on-year growth of 9 per cent, slightly higher than nominal GDP growth, passing the SR 2bn level by 2025.

## Corporate Social Responsibility Tax

### *Background*

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

### *2023 Context*

Given its abolition, all CSR tax arrears were expected to be collected in 2022 and no further revenue was budgeted for 2023 and onwards. However, this has turned out to not be the case, with arrears still being paid in 2023. To date SR 3.4m in arrears have been collected. The end of year estimate for 2023 has been projected at around SR 5.3m, slightly lower than the mid-year Budget revision by SR 0.25m or 4.5 per cent.

**Table 12: Corporate Social Responsibility Tax 2023-2026, SR' 000s**

CORPORATE SOCIAL RESPONSIBILITY TAX	2022 Actual	2023 EOY	2024 Budget	2025	2026
Corporate Social Responsibility Tax (CSR)	10,352	5,298	2,634	1,310	651
<b>TOTAL CSR:</b>	<b>10,352</b>	<b>5,298</b>	<b>2,634</b>	<b>1,310</b>	<b>651</b>
<b>% of GDP:</b>	<b>0.04</b>	<b>0.02</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

### *Policy Changes*

CSR tax was abolished after the first quarter of 2021.

*2024 Projection and the Medium Term*

Contrary to prior expectations, collection of CSR tax arrears have been consistent in 2023. This has therefore necessitated a modest medium-term projection to be made (on a declining scale). For the 2024 Budget, about SR 2.6m in arrears has been forecasted. This represents 0.1 per cent of GDP.

**Tourism Marketing Tax**

*Background*

Tourism Marketing tax (TMT) was introduced in January 2013 and is applicable to all tourism operators, banks, insurance, and telecom companies with turnovers of SR 1m and above. Casino operators and contractors Class I were also included from 2017. It is a 0.5 per cent tax levied on company turnover with the aim of having greater private sector contribution to the Tourism Marketing Fund.

*2023 Context*

The 2023 end-of-year estimate for TMT stands at around SR 87.7m, which is slightly below the mid-year Budget revision by SR 1m or by about 1 per cent. TMT revenue actuals continue to exceed profiled monthly and year to date estimates exhibiting a positive difference of SR 4m or 8.5 per cent. This over performance is indicative of continued recovery in the tourism industry, as well as reflecting healthy financial, construction, ICT and real estate markets of which collections from these sectors contribute a sizable proportion of year to date TMT revenue.

2023 TMT revenue is expected to exceed 2022 collections by around SR 6m or 7 per cent showing positive year on year revenue growth.

**Table 13: Tourism Marketing Tax 2023-2026, SR' 000s**

<b>TOURISM MARKETING TAX</b>	<b>2022 Actual</b>	<b>2023 EOY</b>	<b>2024 Budget</b>	<b>2025</b>	<b>2026</b>
Tourism Marketing Tax	82,110	88,805	91,416	96,593	102,758
<b>TOTAL TMT:</b>	<b>82,110</b>	<b>88,805</b>	<b>91,416</b>	<b>96,593</b>	<b>102,758</b>
<b>% of GDP:</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

*Policy Changes*

No direct policy change has been proposed for Tourism Marketing Tax for 2024.

*2024 Projection and the Medium Term*

For 2024, the end-of-year estimate for TMT is SR 91.4m which accounts for about 0.3 per cent of GDP. This represents an upward revision of 4 per cent over 2023 end-of-year and is consistent with tourism sector growth, and the gradual return to pre-pandemic levels. From 2024 onwards, TMT is expected to remain at a constant 0.30 per cent of GDP.

## Other Tax

### Background

Other Tax comprises of a set of licence fees and smaller tax lines that covers a variety of sectors in the economy. The main constituents are ‘Road Tax’, ‘Telecommunications Licences’, ‘Tourism environmental levy’, ‘Tourism turnover tax’ and ‘Stamp Duty’. These five components account for approximately 94 per cent of the Other Tax Revenue.

### 2023 Context

By the end of 2023, collections for Other Tax is expected to reach SR 543m (or 1.9 per cent of GDP). This represents a reduction of about 4.5 per cent compared to the mid-year revised Budget 2023. This adjustment has been made on account of year-to-date performances as at August 2023. Under-performances recorded under ‘Tourism turnover tax’ of about SR 18m has resulted in a downward revision in this tax line of SR 4m or 3 per cent, this is mainly attributed to policy changes and implementation delays. The downward revision was slightly offset by an upward revision in Stamp duty of SR 1.9m or 2 per cent to cater for the stronger collections up to August 2023. Other lines namely ‘Telecommunication licenses’ were revised downwards, followed by the ‘Tourism environmental levy’ due to slow uptake in collections caused by low compliance with the implementation of the Tourism environmental levy in August 2023. Other tax is maintained at 1.9 per cent of GDP for 2023.

**Table 14: Other Tax 2023-2026, SR' 000s**

OTHER TAX	2022 Actual	2023 EOY	2024 Budget	2025	2026
<b>OT- Ministry of Finance</b>					
Trade/Ind Licences	11,406	10,012	10,408	10,817	11,461
Licences and Other Licence Registration	4,557	4,731	4,918	5,111	5,397
Road Tax and Other Licences	124,996	138,735	144,219	149,892	158,302
Telecommunications Licences	62,902	66,339	77,002	86,123	94,111
Hotel Licences	689	715	743	772	815
Liquor and Toddy Licences	274	284	295	307	324
Radio Broadcasting Licences	1,705	1,705	1,705	1,705	1,735
Tourism Environmental & Sustainability Levy		64,703	195,790	205,580	215,859
Tourism Turnover tax		125,793	132,082	139,561	150,961
<b>Sub-total</b>	<b>206,529</b>	<b>413,015</b>	<b>567,163</b>	<b>599,868</b>	<b>638,963</b>
<b>OT- MACCE</b>					
Environment Trust Fund	5,443	5,650	5,873	6,104	6,453
<b>Sub-total</b>	<b>5,443</b>	<b>5,650</b>	<b>5,873</b>	<b>6,104</b>	<b>6,453</b>
<b>DEPARTMENT OF LEGAL AFFAIRS</b>					
Stamp Duty	<b>73,127</b>	<b>115,718</b>	<b>127,737</b>	<b>127,410</b>	<b>137,795</b>
Sanction Duty					
<b>DEPARTMENT OF TRANSPORT</b>					
Vehicle Testing	<b>8,975</b>	<b>9,316</b>	<b>9,685</b>	<b>10,065</b>	<b>10,633</b>
<b>TOTAL OTHER TAX:</b>	<b>294,073</b>	<b>543,700</b>	<b>710,457</b>	<b>743,448</b>	<b>793,845</b>
<b>% of GDP:</b>	<b>1.0</b>	<b>1.9</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

### Policy Changes

No direct policy change has been proposed for Other tax for 2024.

### 2024 projections and Medium Term

The projections for Other tax amounts to SR 710m which is 31 per cent above the 2023 Budget, and which accounts for about 2.3 per cent of GDP. This is mainly attributed to the full year implementation of both new taxes – Tourism turnover tax and Tourism Environmental Sustainability levy – which, collectively, is expected to result in a revenue gain of SR 327m, assuming no compliance lags. The remaining ‘Other tax’ lines are expected to grow at an average of 5 per cent.

Over the medium term, Other tax is expected to grow by an average of 7 per cent and remain around 2 per cent of GDP.

## Property Tax

### Background

Property tax came into effect in January 2020, and is applicable to non-Seychellois owners of immovable property for residential purpose. The tax rate is 0.25 per cent of the market value of the property (due to be increased in 0.50 per cent as of 1st January 2024).

### 2023 Context

In 2023, Property tax collections are currently projected at around SR 35.6m, about SR 6.3m more than 2022. This upward revision on last year’s revenue is due to the tax line over-performing in the first 2 quarters of 2023. As at August 2023, collections have over-performed by SR 7.6m or 74 per cent against end of year monthly profile estimates, and exceeded year to date 2022 actuals by around SR 8m or 77 per cent.

**Table 15: Property Tax 2023-2026, SR' 000s**

PROPERTY TAX	2022 Actual	2023 EOY	2024 Budget	2025	2026
Property Tax	29,271	35,558	72,538	73,989	75,469
<b>TOTAL PROPERTY TAX:</b>	<b>29,271</b>	<b>35,558</b>	<b>72,538</b>	<b>73,989</b>	<b>75,469</b>
<b>% of GDP:</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

### Policy Changes

Rate change from 0.25 per cent to 0.50 per cent of total property value at the beginning of 2024, effectively doubling projected revenue.

2024 projections and Medium Term

Due to the announced policy to increase the tax rate for Property tax from 0.25 per cent to 0.50 per cent on total property value, the projections for the medium term have effectively doubled, with 2024 currently at SR 72.5m or 0.23 per cent of GDP.

### Tax Expenditures

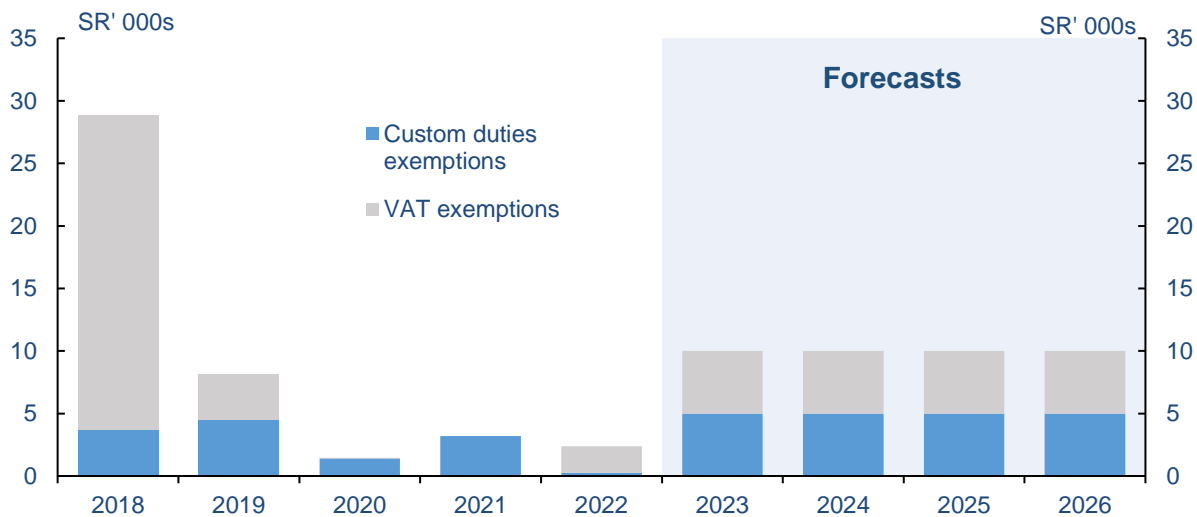
Within the tax legislation, regulations and practices, there are certain exemptions, deductions and credits that are given to promote socioeconomic objectives as per Government policy. These are called ‘tax expenditures’, and they represent revenue foregone as a result of these special treatments. The table below presents the latest estimates of currently budgeted tax expenditures, namely specific exemptions provided under Custom Duties and VAT.

**Table 16: Budgeted Tax Expenditures 2018-2026, SR' 000s**

	2018	2019	2020	2021	2022	2023 EOY	2024 Budget	2025	2026
	Actual								
Custom Duties Exemptions	3,702	4,481	1,412	3,207	248	5,000	5,000	5,000	5,000
VAT Exemptions	25,133	3,603	50	0	2,118	5,000	5,000	5,000	5,000
<b>TOTAL EXEMPTIONS:</b>	<b>28,835</b>	<b>8,084</b>	<b>1,462</b>	<b>3,207</b>	<b>2,366</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>% of GDP:</b>	<b>0.1</b>	<b>0.03</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>

Source: MoFNPT, Macroeconomic Forecasting & Analysis Division estimates

**Figure 11: Tax Expenditure 2018-2026**



Source: MoFNPT

It must be noted that these fiscal costs are not exhaustive and do not account for *all* current tax expenditures, but include only those ad-hoc exemptions currently reported in the Budget. As this is a growing field of analysis for the Ministry of Finance, a more thorough investigation of broader tax expenditures issued under VAT and Business tax will be provided for the 2025 Budget.



## Non-Tax Revenue & Grants

Non-tax revenues are other revenues generated other than by taxation, through the different services being offered by Government either through a cost recovery basis or depending on the Government policy on the services being offered. The table below shows the breakdown of non-tax revenues and grants forecasted for 2023 and the medium term.

For Non-tax revenues, the 2024 Budget reflects a 12.4 per cent increase from the 2023 end of year estimates or an increase of SR 143.12m in nominal terms, mainly due to higher expected proceeds from sale of assets. Dividend income remains the main contributor towards this category of revenue.

**Table 17: Non-Tax revenue and grants, SR' 000s**

NON-TAX & GRANTS	2022 Actual	2023 EOY	2024 Budget	2025	2026
<b>Non-Tax</b>	1,295,578	1,150,566	1,293,683	1,170,519	1,173,492
Fees and Charges	388,976	423,854	422,051	439,267	444,300
Dividends Income	790,472	579,759	587,381	603,445	603,955
Sale of Assets	80,517	103,588	239,096	85,096	85,096
Other Non-Tax	35,614	43,365	45,155	42,711	40,142
<b>Grants</b>	<b>112,033</b>	<b>367,053</b>	<b>372,862</b>	<b>451,901</b>	<b>84,965</b>
<b>TOTAL NON-TAX &amp; GRANTS:</b>	<b>1,407,612</b>	<b>1,517,619</b>	<b>1,666,545</b>	<b>1,622,420</b>	<b>1,258,457</b>
<b>% of GDP:</b>	<b>5.0</b>	<b>5.2</b>	<b>5.5</b>	<b>5.1</b>	<b>3.7</b>

Source: MoFNPT, Financial Planning and Control Division estimates

## Fees and Charges

Government expects to collect SR 422.1m under Fees and Charges in 2024. The figure remains more or less at par with the collection expected by the end of 2023, whereby a total of SR 423.9m is projected. The forecast for disembarkation fee shows a decrease as compared to the end of year 2022 estimates due to review in the timing of collections where the 2024 estimates has improved with a three months' time lag. In 2023, collection was more than the 12 forecasted instalment. There is a decrease under IEA transaction fees in 2024, as no projection can be made under this line.

## Dividend Income

Dividend income for 2024 is budgeted at SR 587.4m representing 45.4 per cent of the total estimated revenue under Non-Tax income. This represents a slight increase of only SR 7.6m or 1.3 per cent from the 2023 end of year estimates. The main contributor to dividends remain the Seychelles Petroleum Company, whereby a total of SR 250m has been forecasted, which is similar to the amount expected at the end of 2023. However, collection from Indian Ocean Tuna Limited has been revised downwards for 2024 compared to 2023 EOY, as the 2023 expected dividend relates to two financial period.

**Table 18: Dividend income, SR' 000s**

DESCRIPTION	2022 Actual	2023 EOY	2024 Budget	2025	2026
SIMBC Nouvobanq	269,100	132,600	150,000	150,000	150,000
Seychelles Petroleum Company	250,000	250,000	250,000	250,000	250,000
Land Marine Ltd	8,540	6,300	6,300	6,300	6,300
Indian Ocean Tuna Limited	34,471	44,525	23,302	23,302	23,302
Seychelles Civil Aviation Authority	15,000	17,000	34,000	50,000	50,000
Island Development Company	11,000	20,000	20,000	20,000	20,000
Seychelles Commercial Bank	5,091	2,880	1,000	1,000	1,000
Financial Services Authority	65,779	54,264	50,000	50,000	50,000
Seychelles Fishing Authority	75,000	35,000	35,000	35,000	35,000
Ile Du Port Handling Services	15,870	17,190	17,779	17,844	18,353
Seychelles Cable System Company	40,621	-	-	-	-
<b>TOTAL DIVIDEND:</b>	<b>790,472</b>	<b>579,759</b>	<b>587,381</b>	<b>603,445</b>	<b>603,955</b>
<b>% of GDP:</b>	<b>2.8</b>	<b>2.0</b>	<b>1.9</b>	<b>1.9</b>	<b>1.8</b>

Source: MoFNPT, Financial Planning and Control Division estimates.

## Other Non-Tax

### *Background*

Other Non-tax relates to revenue from rent and royalties, interest income, and other miscellaneous income. Other Non-tax is expected to increase slightly by 4 per cent. Interest income is the main source of revenue under Other Non-tax, most of which comes from PUC and DBS.

### *Proceeds from sale of asset*

The 2024 proceeds from sale of asset projection is at approximately SR 239.1m, representing an increase of more than double the end of year estimates for 2023. The increase is largely attributed to collection from long term lease of land and building from the Ministry of Land and Housing.

### *Grants*

For the medium term, 2024-2026, a total of SR 909.7m worth of projects and programmes is expected to be funded through grants from various external bilateral and multilateral donors. Out of this, SR 372.9m is forecasted to be funded in 2024. This represents a slight increase of 1.58 per cent over the end of year 2023 figure.

A total amount of SR 372.9m is expected to be received as external grants in the year 2024, which is projected to consist of SR 230.3m in benefits in kind, with the remaining SR 142.6m being cash grants. Grants supports both investment and recurrent expenses under the Budget. In 2024, grants allocated to investment amounts to SR 304.9m, whilst SR 67.9m is allocated to recurrent expenses.

**Table 19: Grants Receipts for 2022-2026, SR' 000s**

GRANTS	2022 Actual	2023 EOY	2024 Budget	2025	2026
Cash Grants	<b>89,112</b>	<b>121,789</b>	<b>142,581</b>	<b>94,634</b>	<b>72,008</b>
o/w recurrent	65,703	63,695	56,189	27,452	57,088
o/w capital	23,409	58,094	86,392	67,183	14,920
Benefits in Kind	<b>22,921</b>	<b>245,264</b>	<b>230,281</b>	<b>357,267</b>	<b>12,956</b>
o/w recurrent	22,921	116,064	11,735	54,097	5,968
o/w capital	-	129,199	218,545	303,170	6,988
<b>TOTAL GRANTS:</b>	<b>112,033</b>	<b>367,053</b>	<b>372,862</b>	<b>451,901</b>	<b>84,965</b>
<b>% of GDP:</b>	<b>0.4</b>	<b>1.3</b>	<b>1.2</b>	<b>1.4</b>	<b>0.3</b>

Source: MoFNPT, Financial Planning and Control Division estimates.

Various projects are expected to be funded through grant financing in 2024 as per below:

- **President Office Portfolio**

The Government of India will continue to finance the Coastal Surveillance Radar System project, and a total of SR 11.8m has been forecasted in 2024 under the Department of Defence.

- **Fisheries and the Blue Economy Portfolio**

Third South West Indian Ocean Fisheries Governance and shared growth project for ongoing implementation of various programmes towards improving management of marine areas and fisheries, and to strengthen the fisheries value chain. The project has been extended up to end of June 2024. The grant component of the project is from the Global Environment Facility Trust Fund (GEF) and amounts to SR 16.7m.

- **Finance, National Planning and Trade Portfolio**

The African Development Bank will be assisting government through grant financing for the 'Aid Management Information System' which would deliver a database software that would capture all relevant information for all financing to government that does not come from the local Budget. This would essentially allow for more comprehensive data capturing and reporting on all forms of government assistance. A total of SR 578k is forecasted to be funded for the project in 2024.

The African Development Bank will also be financing a new study covering 'the dynamics of the tourism sector' through grant financing in 2024, for which a total of SR 1.99m has been forecasted.

- **Family, Youth & Sport Portfolio**

The Government of India, under the small development project, will be financing the extension of Anse Royale's Old People Homes through a SR 0.7m grant. A total of SR 13.6m has also been forecasted to cater for the construction of the Anse Royale Indoor Sports Complex to be financed through grant financing by the UAE Government.

- **Internal Affairs Portfolio**

The Government of Japan will be financing the construction of the new Marine Police and Anti-Narcotic Facilities. The total project cost is estimated at JPY 800m or SR 72.7m, with SR 42.1m of this expected in 2024.

- **Education Portfolio**

The AfDB is expected to assist government's TVET programme in 2024, through budgetary support for the project 'Capacity building for TVET & Entrepreneurship' at a sum of SR 1.7m.

The Government of India, under the small development project, will continue financing the renovation of English River Secondary School for SR 1.5m and Mont Fleuri Secondary School for SR 0.7m, as well as the construction of fencing at Plaisance Primary School for SR 0.7m.

- **Land and Housing Portfolio**

The UAE government will be assisting the housing projects of government through grant financing for 40 units of 'Vilaz Orkid' Phase II in 2024, at a sum of SR 25m.

Additionally, the sum of SR 7.98m has been forecasted for 2024 for the construction of 12 housing units as part of the 'Ex-Ferrari Housing' project. This will be funded by the Government of Qatar.

- **Local Government and Community Affairs Portfolio**

The Government of India, under the small development projects programme, will continue the financing of the project for the construction of a motorable access road at Bodamier for SR 0.26m.

- **Health Portfolio**

The sum of SR 3.3m has been forecasted in 2024 as retention payment for the project 'construction of the La Digue hospital'. This is being financed by the Government of UAE. In addition to this project, the government of UAE is expected to also finance the project 'Construction of MAT Clinic' starting in 2024 for the sum of SR 13.5m.

- **Transport Portfolio**

The Department of Transport in 2024 is expected to spend up to SR 179.9m for the ‘West Coast Road Improvement’ project Phase 1, 2, 3 and 4. The project is being financed by the government of UAE.

The Department of Transport in 2024 is expected to spend SR 1.69m for the ‘Support the Shift to Electricity Mobility’ project which is being financed by UNEP and GEF.

A total of SR 0.9m is forecasted to be spent for the project ‘Coastal Management Anse La Blague’ from the Government of India in 2024 by the Seychelles Land Transport Agency.

- **Agriculture, Climate Change and Environment Portfolio**

The various on-going environmental protection and climate change projects include:

- Ridge to Reef- Integrated Management of Marine, Coastal & Terrestrial Ecosystems- SR 5.9m (UNDP/ GEF)
- Restoring Marine Ecosystem- SR 17.1m (UNDP/ GEF)
- Montreal Protocol- SR 0.5m (UNEP)
- GIZ Proklima- SR 1.4m (GIZ)
- Chemical and Waste (Island Project)- SR 9.96m (GEF)
- Kigali hydrofluorocarbons (HFC) Implementation Plan Project- SR 0.9m (UNEP/ GIZ)

Under the Energy sector:

- Integrated Resource Plan (Power Sector)- SR 0.9m (African Development Bank)

## **Expenditure**

For the fiscal year 2024, Government has budgeted an overall expenditure and net lending totalling to SR 11.3bn. Overall expenditure and net lending has increased by 5 per cent in comparison to the 2023 end of year estimates while Primary Current expenditure has increased by 4 per cent. This allows for a primary balance surplus of 1.1 per cent of GDP. This is an improvement compared to the 2023 end of year projected deficit of 0.01 per cent.

Table 20: Summary of Expenditure, SR' 000s

DESCRIPTION	2022 Actual	2023 EOY	2024 Budget	2025	2026
<b>Expenditure and net lending</b>	<b>9,217,387</b>	<b>10,771,712</b>	<b>11,263,569</b>	<b>11,790,146</b>	<b>11,794,054</b>
<b>Current expenditure</b>	<b>8,480,846</b>	<b>9,361,865</b>	<b>9,619,889</b>	<b>9,662,981</b>	<b>9,477,886</b>
<b>Primary Current Expenditure</b>	<b>7,880,512</b>	<b>8,541,291</b>	<b>8,881,220</b>	<b>9,038,031</b>	<b>8,952,046</b>
Wages and salaries	2,793,225	3,263,926	3,559,049	3,646,881	3,636,017
Goods and services	3,129,037	3,725,358	3,732,736	3,772,579	3,650,826
Capital expenditure	593,939	1,217,861	1,429,218	1,836,500	1,953,009
Social program of Government	268,198	294,200	285,235	285,214	324,945
Transfers to Public Enterprises	276,885	44,930	48,958	52,127	52,127
Benefits and approved progs.	1,369,720	1,202,876	1,252,000	1,277,988	1,288,131
<b>Others</b>	<b>43,448</b>	<b>10,000</b>	<b>3,242</b>	<b>3,242</b>	<b>-</b>
<b>Interest due</b>	<b>600,333</b>	<b>820,574</b>	<b>738,669</b>	<b>624,950</b>	<b>525,840</b>
External	208,905	257,280	289,791	261,017	238,806
Domestic	391,428	563,295	448,878	363,933	287,034
<b>Development Grant</b>	<b>121,932</b>	<b>165,864</b>	<b>103,423</b>	<b>125,346</b>	<b>155,334</b>
<b>Net lending</b>	<b>-15,127</b>	<b>-23,878</b>	<b>22,840</b>	<b>115,319</b>	<b>132,826</b>
<b>Contingency</b>	<b>35,798</b>	<b>50,000</b>	<b>88,200</b>	<b>50,000</b>	<b>75,000</b>
<b>PRIMARY BALANCE:</b>	<b>183,474</b>	<b>-2,479</b>	<b>331,711</b>	<b>347,064</b>	<b>540,790</b>
<b>% of GDP:</b>	<b>0.7</b>	<b>-0.01</b>	<b>1.1</b>	<b>1.1</b>	<b>1.6</b>

Source: MoFNPT, Financial Planning and Control Division estimates

Below are the variances for each of the main categories of expenditure in 2024 when compared to the 2023 end of year estimates:

- Wages and Salaries increases by SR 295.1m or 9 per cent.
- Goods and Services increases by SR 7.4m or 0.2 per cent.
- Capital expenditure increases by SR 211.4m or 17 per cent.
- The Social Programme of Government decreases by SR 8.97m or 3 per cent.
- Transfers to Public Enterprises increases by SR 4.0 m or 9 per cent.
- Benefits and Approved Programmes of the Agency for Social Protection increases by SR 49.1m or 4 per cent.
- Others allocation decreases by SR 6.8m or 68 per cent.
- Development Grants decreases by SR 62.4 m or 38 per cent.
- A forecasted net outflow of SR 22.8m in 2024 against a net inflow of SR 23.9m at year end 2023.
- Contingency increases by SR 38.2m or 76 per cent.

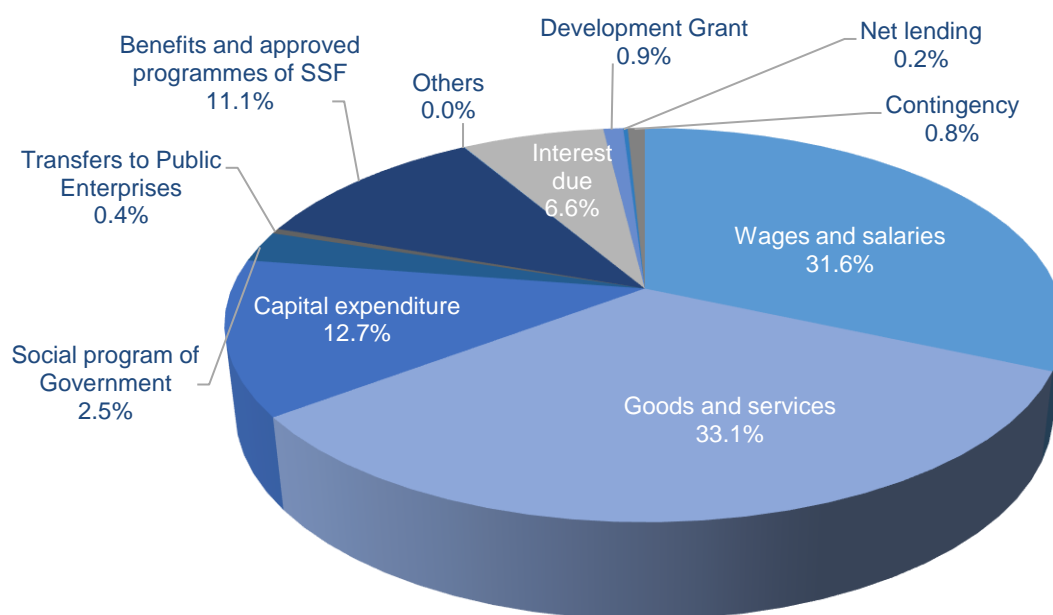
*Interest payment*

In line with government’s current debt strategy, interest payments due show a declining trend over the medium term. The 2024 Budget provisions for interest payments of SR 738.7m, which implies a decrease of SR 81.9m or 10 per cent in comparison to 2023. As part of the Debt Management Strategy for 2024, Government made a provision of SR 200m guarantee to Development Bank of Seychelles (DBS) in order for the Bank to continue with its lending activities given the increase in loan applications. Government will be subsidizing part of the interest rate on the bond. A provisional sum of SR 3.4m has been allocated in the 2024 Budget.

*Expenditure distribution by main Budget allocation (excluding interest payments)*

As illustrated in the diagram below, ‘Wages and Salaries’ and ‘Goods and Services’ remain the two main drivers of Budget expenditure. ‘Goods and services’ make up 33.1 per cent of the total expenditure, followed by wages and salaries with a share of 31.6 per cent. In nominal terms ‘Goods and Services’ is SR 173.7m higher than ‘Wages and Salaries’. From 2024, all grants relating to recurrent expenses will be allocated under ‘Goods and Services’ as opposed to being allocated to ‘Capital expenditure’, as it was in previous years.

**Figure 12: 2024 Budget Allocation**



Source: MoFNPT, Financial Planning and Control Division estimates

**Wages and Salaries**

A total sum of SR 3.6bn is being proposed for wages and salaries for the year 2024. This represents an increase of SR 295.1m or 9 per cent compared to the 2023 end of year estimates. Wages and Salaries in 2024 represents 11.7 per cent of GDP. Compensation of employees remains a significant part of

Government's Budget. In line with the reform programme with the IMF, in 2024 Government will be undertaking an exercise to review the whole of Government structure in line with the digitalization agenda in order to ensure maximization of employees and an improvement in service delivery.

In 2024, the increase in wages and salaries is primarily linked with the payment of the 13<sup>th</sup> month salary which will take into account the revised salary grid and basic salary amendments which took effect following the salary review exercise in 2023. The 13<sup>th</sup> month salary under wages and salaries has costed Government SR 93.9m in 2023 and is forecasted to cost SR 113.7m in 2024.

In addition to the revision for 13<sup>th</sup> month salary, the 2024 Budget also makes provision for absorption of the staff of the cleaner's corporative. The function for cleaning of offices was previously outsourced as a function and paid for under good and services. Following a review of government policy towards this service however, the staff of the corporative will be absorbed by respective MDAs.

#### *Recruitment*

Recruitment in 2024 has still been limited to filling positions in key MDAs as the Government is still maintaining the freeze in recruitment. A sum of SR 25.6m for 118 position is being allocated in 2024 for the creation and unfreezing of posts. This is to continuously improve the service provided to the public. Despite Budget provisions being made for recruitment of new staff yearly however, government still face continuous challenge to find the required number and quality of such personnel on the labour market. The forecast for the year 2024 and the medium term has taken into consideration this constraint and has been adjusted downwards slightly to reflect the expected savings that are likely to occur in the wages and salaries Budget for recruitment of new staff. Indeed, when comparing the provision for 348 new position made in the 2023 Budget, the forecast for 2024 makes provision for only 118.

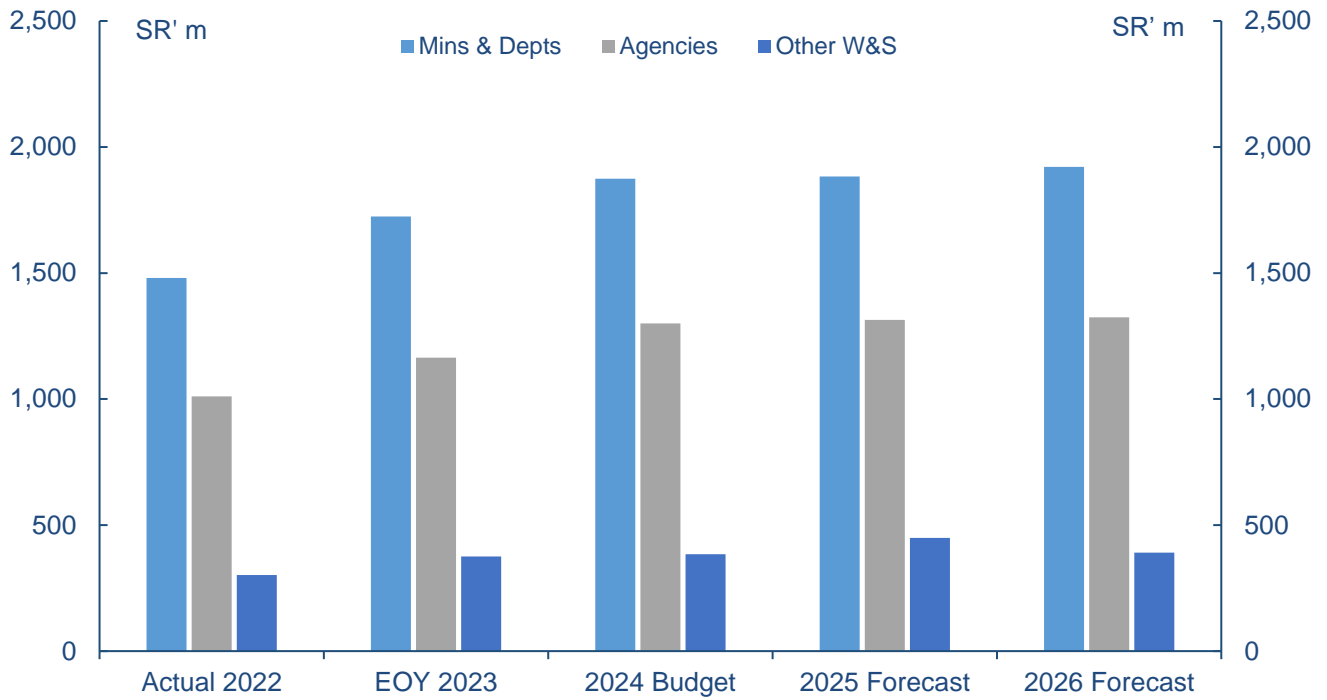
Below is a brief summary of other allocations in regards to wages and salaries:

- SR 53.4m is being allocated for promotions, upgrading and salary enhancements, relating mainly to the year 2024
- In 2024, SR 259m is being catered for gratuity and compensation dues under the respective MDA's Budget and under the central gratuity and compensation vote for all Government employees.
- SR 182m is being catered for under Constitutional Appointees Emoluments in 2025 which is partly to cater for the end of term payments for the Members of the Cabinet and the National Assembly Members.

The graph overleaf shows the allocation of wages and salaries in Ministries and Departments against the Agencies.

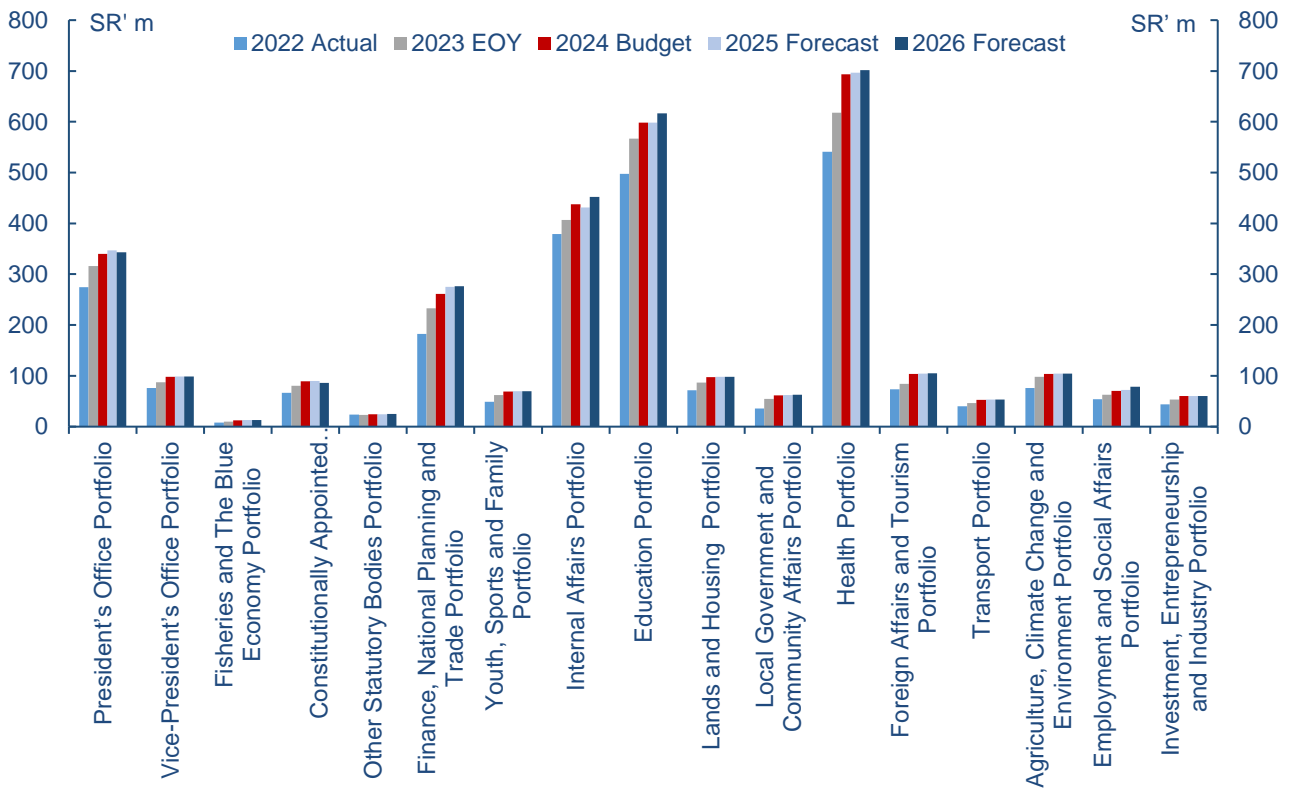


**Figure 13: 2021-2025 Wage Budget Allocation**



Source: MoFNPT, Financial Planning and Control Division

**Figure 14: Evolution of Portfolio shares actual and budgeted wages & salaries (2022-2026), SR' m**



Source: MoFNPT, Financial Planning and Control Division

The Health portfolio retains the largest share under wages and salaries with 21.8 per cent of allocation going to the portfolio. This is followed by the education portfolio with a share of 18.9 per cent of the total allocation. The Education portfolio holds a total of 2,637 posts forecasted into 2024 whilst the Health portfolio has a total of 2,050 posts forecasted into 2024. Higher salary packages for the Health portfolio however contributes to the disproportionately higher cost for wages and salaries across the two largest portfolios.

### **Goods and Services**

A sum of SR 3.7bn has been allocated towards Goods and Services in 2024. This represents 33.1 per cent of the total expenditure and net lending, and 12.3 per cent of GDP. The Goods and Services expenditure has increased by SR 7.4m in comparison to the 2023 end of year estimates. In 2024, goods and services allocation is partly financed through grants for a total sum of SR 67.9m. The goods and services Budget caters for the 13<sup>th</sup> month for a total of SR 22.4m in 2024.

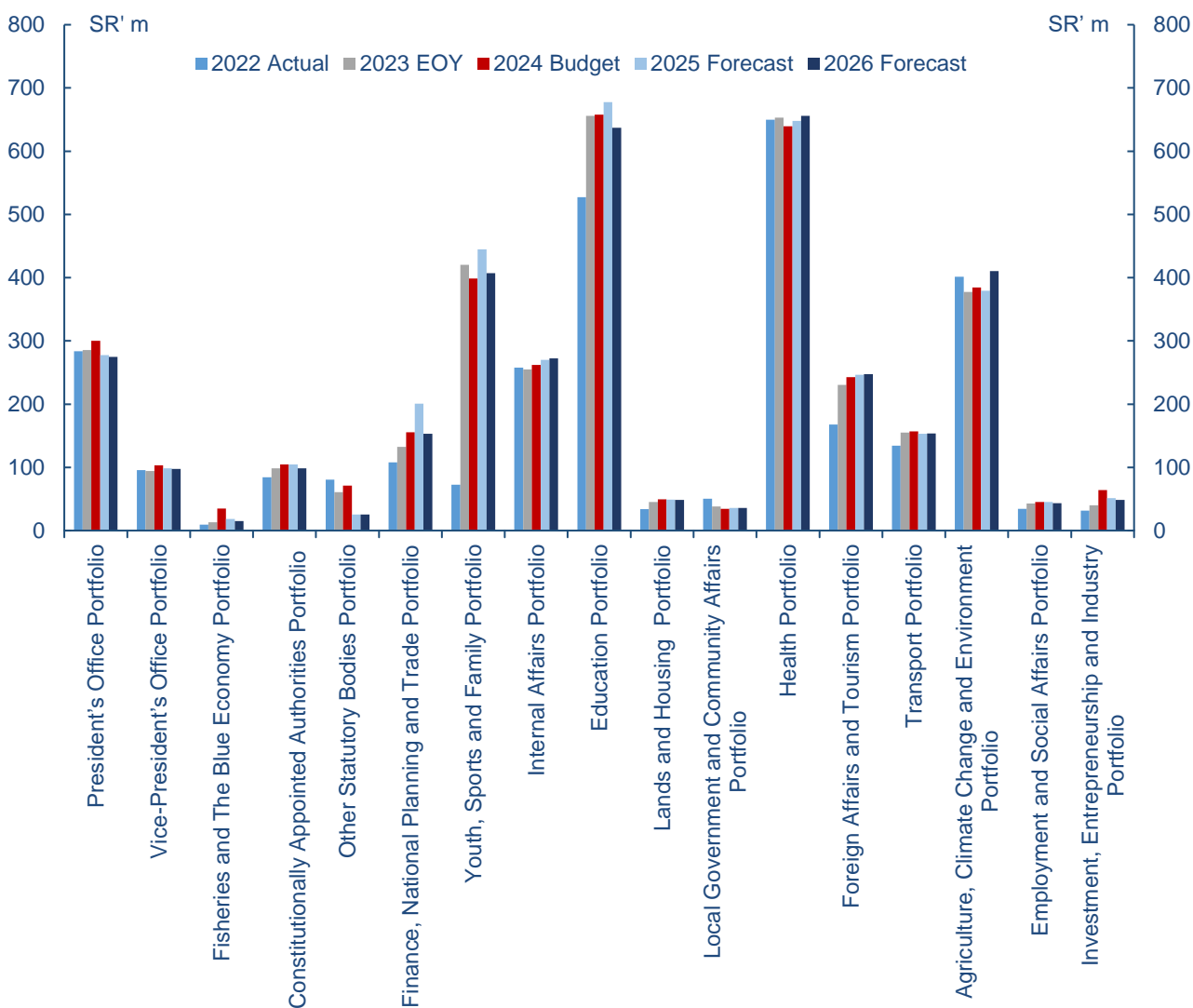
#### *Ministries Department and Agencies with Significant increase;*

Additional support has been provided to critical MDA's to ensure the implementation of strategic priorities in the medium term;

- Goods and Services allocation for the Ministry of Fisheries increases by SR 21.7m in the 2024 forecast (168 per cent) as compared to end of year estimate for 2023. The increased allocation is for the completion of the SWIOFISH project under the Ministry, which is expected to complete in June 2024.
- The allocation for the Public Service Bureau remains relatively high in 2024 in keeping with the end of year 2023 estimates for the financing of the Human Resource Information System. The project for the new system is expected to complete in 2025.
- The Department of Defence is forecasting an increase of SR 14.5m for the 2024 goods and services Budget as compared to the year end 2023 estimates. The increase is to cater for the interim dry docking of ships as part of the Department's maintenance schedule for the medium term.
- The Ministry of Investment, Entrepreneurship and Industry's forecast for the year 2024 is SR 20.5m higher (322 per cent) as compared to the year end 2023 estimates. This is explained by the Ministry's plan to finance the new Investment Portal project during the year 2024. In addition to this, the medium term Budget makes provision for the recurrent operational cost towards the project.
- SR 29.7m is provided in the medium term under the Seychelles Fire & Rescue Services to cater for the replacement plan for fire tenders. The plan is to replace two fire tenders every year.

- In 2025, Seychelles will be hosting the CJSOI competition, therefore a sum of SR 35.7m has been allocated for Seychelles’ organisation and participation in the game.
- To support the digitalization and improved learning environment in state schools, the Government has allocate SR 63.8m in the medium term to cater for the acquisition of IT equipment and furniture in all state schools.
- A provision of SR 18.4m has been allocated in 2025 under ‘Other Uses’ of goods and services to cater for the cost of the election in 2025.

**Figure 15: Evolution of Portfolio shares Actual and Budgeted Goods and Services (2021-2025), SR' m**



Source: MoFNPT, Financial Planning and Control Division

### Transfers

Total Transfers for 2024 is expected to amount to about SR 1.59bn, representing 5 per cent of GDP. In comparison to 2023, this amounts to a slight increase of SR 44.2m, which is mainly due to the Benefits

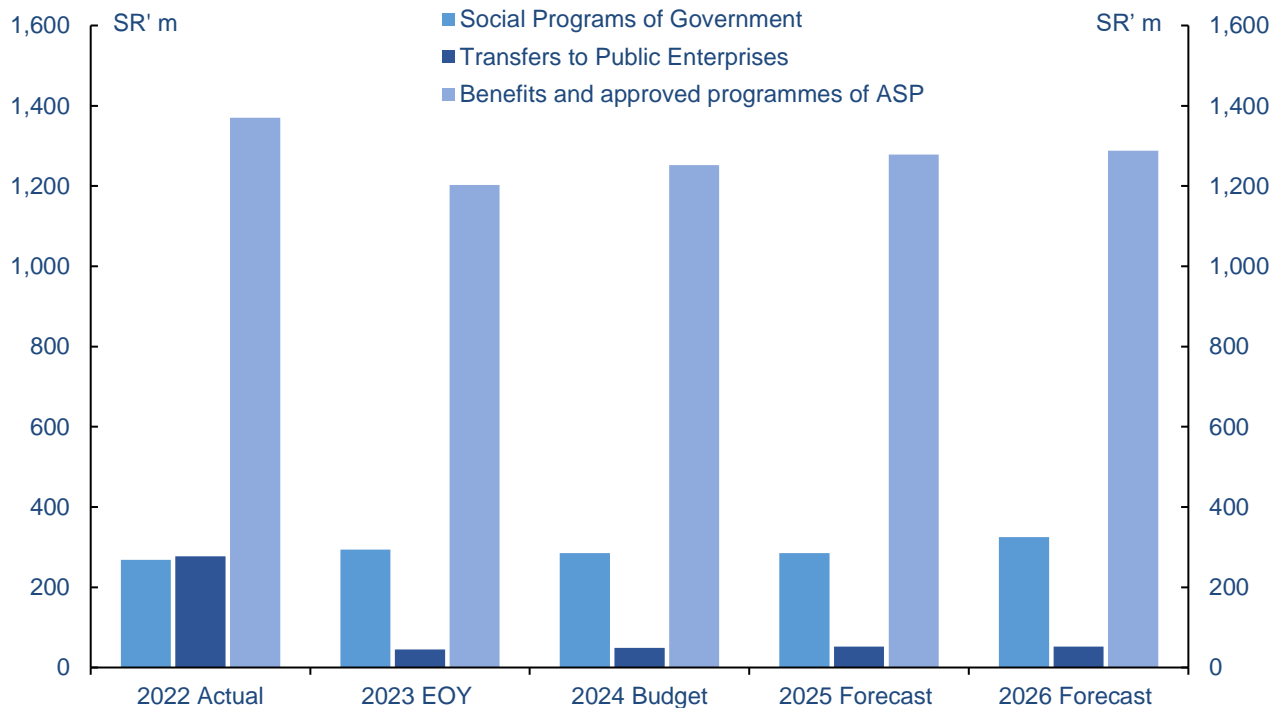
and approved programmes of ASP. Benefits and approved programmes of ASP represent 79 per cent of the total transfers' category.

**Table 21: Summary of Total Transfers by Different Categories, SR' m**

TRANSFER TYPE	2022 Actual	2023 EOY	2024 Budget	2025	2026
Social Programs of Government	268,198	294,200	285,235	285,214	324,945
Transfers to Public Enterprises	276,885	44,930	48,958	52,127	52,127
Benefits and approved programmes of ASP	1,369,720	1,202,876	1,252,000	1,277,988	1,288,131
<b>TOTAL TRANSFERS:</b>	<b>1,914,802</b>	<b>1,542,006</b>	<b>1,586,193</b>	<b>1,615,329</b>	<b>1,665,202</b>
<b>% of GDP:</b>	<b>6.8</b>	<b>5.3</b>	<b>5.2</b>	<b>5.0</b>	<b>4.9</b>

Source: MoFNPT, Financial Planning and Control Division

**Figure 16: Transfers of Social Government**



Source: MoFNPT, Financial Planning and Control Division

*Transfers to Social Programs of Government*

This consists of Government's contribution towards a number of Non-Governmental Organisations, Councils and Funds created by Government, as well as schemes introduced by Government to incentivise targeted sectors, or programmes aimed at providing assistance to small entrepreneurs, or to promote education and social values. The figure forecasted for 2024 remains at par with the end of year 2023 estimates, with only a slight increase of 2.9 per cent or SR 44.2m.

- [Housing Finance Scheme](#)

The Housing Finance Scheme was first introduced in 2014 with the intention of assisting first time home owners with a cash grant that would help bridge the gap between the loan they can afford and the cost of the house. The level of subsidy depends on the applicant's income and loan amount received. A provision of SR 18m has been made in the 2024 Budget.

- [Home improvement/re-roofing scheme for pensioners](#)

A provision of SR 5m has been catered for the Home Improvement and re-roofing scheme for Pensioners. Under the scheme pensioner's benefit from an interest free loan for renovations up to SR 50,000 while re-roofing projects are supported up to SR 100,000.

- [Youth Employment Scheme](#)

The sum of SR 5m has been maintained under the Youth Employment Scheme for 2024. Under the scheme Government will refund 40 per cent of the salary of youths aged between 15 and 25 years old to an employer for their first year of employment.

- [Youth Entrepreneurship Scheme](#)

The amount of SR 1m catered for under the Youth Entrepreneurship Scheme is used to support the young entrepreneurs.

- [Contribution to Agricultural Development Fund](#)

The purpose of the Fund is to provide financing for the development of small-and medium-sized agricultural and horticultural projects. In 2024 Government forecasted SR 3m under the fund and in the medium term the assistance will be increased to SR 30m by 2025. In 2024, another SR 60m will be transferred to the fund from the Small Business Finance Agency Fund with DBS. The increase is linked primarily due to additional support for infrastructure development to support High Tech Farming. The fund is being administered by the Development Bank of Seychelles.

- [Small and Medium Enterprise Scheme](#)

Government's contribution to the Small and Medium Enterprise Scheme is maintained at SR 50m for 2024. Government will be reviewing the scheme to allow for the development of other sector such as fisheries, agriculture and the digital economy.

- [Small and Medium Enterprise seed capital](#)

The Seed Capital Grant Scheme was first introduced in 2016 to provide seed capital of up to SR 50,000 to fund small start-up businesses to assist them in their early stages of development. In 2020 the scheme was put on hold to allow for a comprehensive assessment on the effectiveness of the scheme, during

2022 Government approved the new modalities for the scheme and the assistance has been increased to a maximum of SR 200,000. The sum of SR 5m has been forecasted for in 2024.

- [Empowerment and Social Protection Programme](#)

A National Grants Committee has been set up in 2018 to evaluate the projects that used to be funded from the Empowerment and Social Protection Programme. The amount of SR 0.5m in 2022 is allocated for small programmes not registered under NGOs such as the Renaissance Programme. The sum of SR 9m has been allocated for the financial support to other NGO's through the National Grants Committee.

- [Laptop Scheme](#)

The sum of SR 5m has been forecasted for the Laptop Scheme for 2024. In order to facilitate the integration of IT in teaching from a much early stage in education, from January 2024, the scheme will be extended to Primary 5 and Six Students in both public and private educational institution. This scheme provides a three thousand rupees contribution towards the purchase price of a laptop of the students' choice. The scheme excludes the purchase smart phones and desktop computers.

- [Education Loans Scheme](#)

Government in 2023 introduced the new Education Loan Scheme. The education loan scheme is accessible through the signatory Credit Granting Institutions for a maximum loan of SR 800,000 at an interest subsidy of 4 per cent. The loan is repaid over a ten year period and Government provides a full guarantee of the loan amount. A sum of SR 8m has been forecasted for 2024.

- [Contribution to Unisey](#)

The sum of SR 5m has been forecasted for Unisey in 2024. This support will go towards the improvement of the facilities and the campus and for the development of new programmes.

- [DBS Subsidized Interest](#)

As part of the Debt Management Strategy for 2023, Government made a provision of SR 200m guarantee to Development Bank of Seychelles (DBS) in order for the Bank to continue with its lending activities given the increase in loan applications. Government will be subsidizing part of the interest rate on the bond. A sum of SR 3.4m has been allocated in the 2024 Budget.

#### *Subvention to Public Enterprises*

The Government is assisting the following State-Owned Enterprises (SOEs) with a total sum of SR 48.96m in 2024, this represent an increase of SR 4.0m or 8.97 per cent compared to the 2023 EOY estimates.

- **SPTC:** Total assistance to the Seychelles Public Transport Corporation (SPTC) amounts to SR 38.8m in 2024. The sum includes SR 28.8m which relates to the subsidisation of the cost of public transportation for the elderly and the people with disability. SR 10m represents Government subvention to SPTC to assist the company given negative cash flow projection in 2024.
- **Seychelles Postal Services Company:** The Government has catered for a sum of SR 4m to support the Seychelles Postal Services for 2024, in consideration of its operational shortfall.
- **The Guy Morel Institute:** The Government has catered for a sum of SR 2m to support The Guy Morel Institute to cater for its operational shortfall.
- **Seychelles Conservation and Climate Adaptation Trust:** SR 1.2m has been allocated for SEYCAAT to cater partly for its operational cost.
- **Paradis Des Enfants:** A total sum of SR 3m has been provided for Paradis Des Enfants under the Mayor's Office Budget. In view that Paradis Des Enfants is an SOE, the amount from 2024 is being allocated under the Subvention to Public Enterprises allocation.

#### *Benefits and Approved Programmes*

The Agency for Social Protection (ASP) is mandated to provide social security coverage and protection against poverty through financial assistance as laid out under the Agency for Social Protection and the Social Security Benefit Act. The Agency is principally an agency that effects payment on behalf of Government for all the benefits and approved programmes of ASP. In the 2024 Budget, Government will maintain its commitment to finance the social programmes targeting the most vulnerable people in our society. Benefits and Approved Programmes of ASP represent 4.1 per cent of GDP for 2024.

A sum of SR 1.25bn is being catered to finance the payment under the Approved Programmes of ASP. This represents an increase of SR 49.1m compared to the 2023 EOY estimates. This growth is mostly explained by increases in several benefit lines.

- **The revision in some Statutory Benefits**

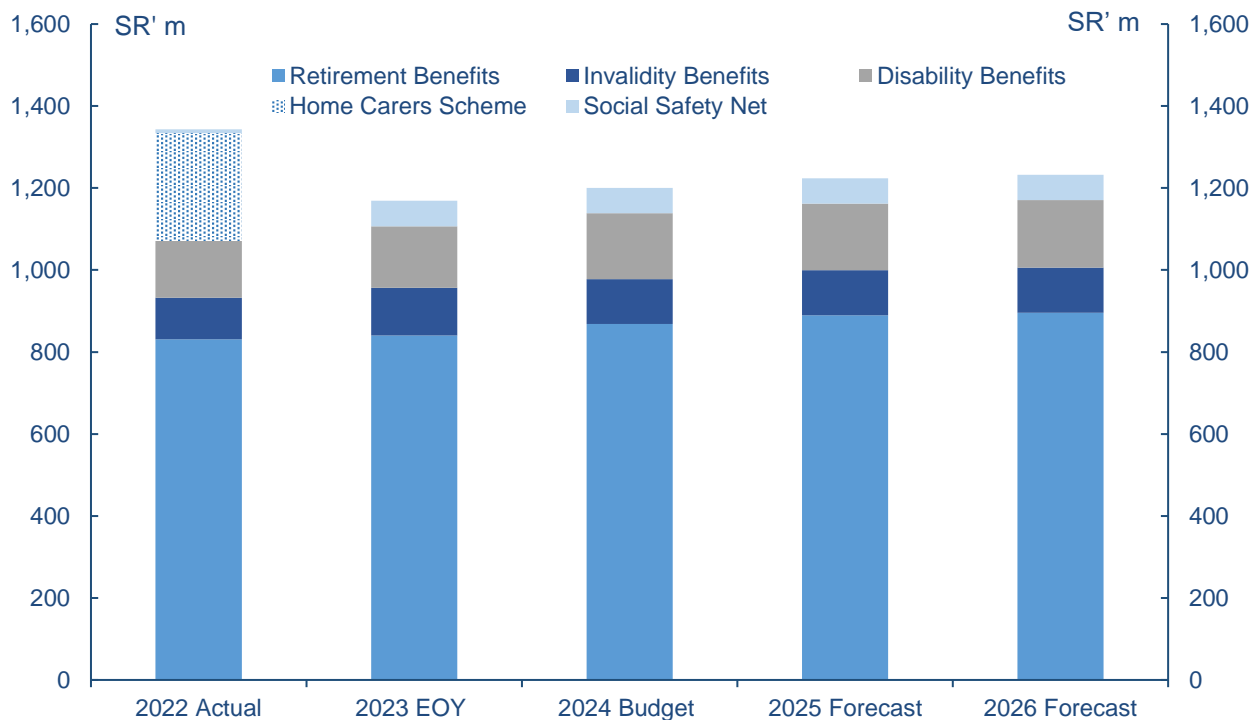
Government undertook an exercise in 2023 to review certain benefits to reflect increases in cost of living over the years. Most of the revision under these benefits was last completed in 2016. Emphasis was made on conducting a review that is mindful of the social context while ensuring Budget sustainability. From January 2024 there will be an increase under the following statutory benefits under the ASP.

- i) **Maternity/Paternity** - An increase of SR 4,153.50 – from SR 2,480 to SR 6,633.50 per month. The benefit will be applicable to only casual and self-employed workers. The allowance will be pro-rated for the paternity benefit;

- ii) Semi-Orphan - An increase of SR 1,050 – from SR 1,300 to SR 2,350 per month;
- iii) Abandoned Child/Orphan – An increase of SR 1,5943 – from SR 1,540 to SR 3,134 per month;
- iv) Foster parent - A one off assistance at a maximum of SR 25,000 to cater for settlement cost, such as acquisition of beds, room refurbishment, clothes etc.;
- v) Foster Child - An increase of SR 1,834 – from SR 1,300 to SR 3,134;
- vi) Survivor - An increase of SR 2,744.00 from SR 2,480 to SR 5,224;
- vii) Allowance for Expected Mother from inner islands – This benefit is provided to cater for accommodation for expected mother when coming on Mahe for delivery- the sum has been increased by SR 3,500, from SR 1,500 to SR 5,000.

Government has considered a new benefit which will be paid to all parents with multiple children at birth. The amount will be paid for the first five years for any additional child. The benefit will be at SR 3,134 per each additional child up to a ceiling of SR 6,633.50.

**Figure 17: Main Benefits and Scheme under ASP**



Source: MoFNPT, Financial Planning and Control Division estimates

- **Retirement Benefits**

Given an ageing population, retirement benefit remains a concern, particularly in terms of its sustainability. World Bank is assisting the Agency for Social Protection to review these benefits in order to ensure sustainability. The exercise is still ongoing and it is expected that the reform will bring



some cost saving measures. In line with the increase in the retirement age to 65 years from January 2023, the benefit will only see a significant increase in 2025.

Retirement Benefits for the year 2024 is forecasted to be about SR 868.4m representing a 3 per cent increase over the 2023 end of year estimates. The increase is to cater for the full year integration of the SR 500 under the retirement benefit in the same form it was paid under the temporary financial support programme.

Retirement Benefit accounts for 69 per cent of the total benefits under the Benefits and Approved Programmes of Agency for Social Protection.

- **Social Safety Net**

Social Safety Net is the only discretionary assistance programme. The 2024 Budget forecasted is maintained at SR 61.8m. This compares to an expenditure of only SR 9.5m in 2022 however is at par with the end of year estimate for the year end 2023. In 2023, the benefit line has supported more individual compared to 2022, as at August a total record of 2,835 beneficiaries compared to only 1,203 for the same period in 2022. Female single mothers remain the largest group of beneficiaries under Social Safety Net.

## Public Sector Investment Programme

The Central Government Investment Program for the period of 2024 to 2026 is budgeted to amount to SR 5.2bn. The 2024 Budget will fund projects totalling SR 1.43bn, accounting for 28 per cent of this medium-term investment plan.

In addition to the PSIP allocations, the government provides funding through net lending and development grants to some public enterprises for their development projects. The public enterprises receiving development funding from the Central Government in the year 2023 are; PUC, for which a total of SR 40m has been budgeted; SPTC, for which a total of SR 10m has been budgeted; and PMC, for which a total of SR 53.4m has been budgeted. The table below shows the total PSIP allocations made across the medium term.

**Table 22: Public Sector Investment 2022-2026, SR' 000s**

DESCRIPTION	2022 Actual	2023 EOY	2024 Budget	2025	2026
Central Government Projects	593,939	1,217,861	1,429,218	1,836,500	1,953,009
Net Lending	(15,127)	-23,878	22,840	115,319	132,826
Development Grants	121,932	165,864	103,423	125,346	155,334
<b>TOTAL ALLOCATION:</b>	<b>700,744</b>	<b>1,359,847</b>	<b>1,555,480</b>	<b>2,077,165</b>	<b>2,241,169</b>
<b>% of GDP:</b>	<b>2.5</b>	<b>4.7</b>	<b>5.1</b>	<b>6.5</b>	<b>6.6</b>

Source: MoFNPT, Financial Planning and Control Division estimates

### *2023 Overview*

A total Budget of SR 1.5bn was allocated towards the Central Government capital projects in the approved Budget for the year 2023. A number of projects that had been earmarked for foreign financing are not expected to be completed this year.

These projects include the construction of a new social housing project being financed from the Government of Saudi Arabia and several projects that were earmarked to be financed from the government of India including the La Gogue Land Bank extension project, renovation to the Baie St Anne Community center, extension of old peoples' home project Anse Royale and the new indoor court Anse Royale. For some of these projects, given the delays being encountered to receive the funds from the Government of India, alternative financing means have been earmarked in the medium term Budget. The project for the new marine police facilities being financed from the government of Japan has also experienced delays in 2023 and the project has been pushed to start in 2024 as opposed to 2023 as was originally budgeted.

### *2024 Outlook*

The total Budget allocated towards Central Government investment projects for the year 2024 amounts to SR 1.4bn. This represents an increase of 17 per cent compared to the end of year Budget of 2023 estimate, which stands at SR 1.2bn. The sector increase that has contributed to the overall increase in allocation is budgeted to be from the Transport Sector with an increase allocation of SR 117.8m followed by the Land and Housing sector with an increase of 97.44m.

The majority of large ongoing projects from the year 2023 that is expected to carry into 2024 are from the housing sector including Construction of 24 units Ex Zelia Anse Boileau with a Budget of SR 12.6m, and construction of 24 units La Gogue with a Budget of SR 13.3m and construction of 16 units Waterloo St Louis with a Budget of SR 9.2m. A total of SR 143.5m is allocated to finance ongoing housing projects in the year 2024.

Below lists some of the main projects from other sectors that forms part of the Budget for the year 2024:

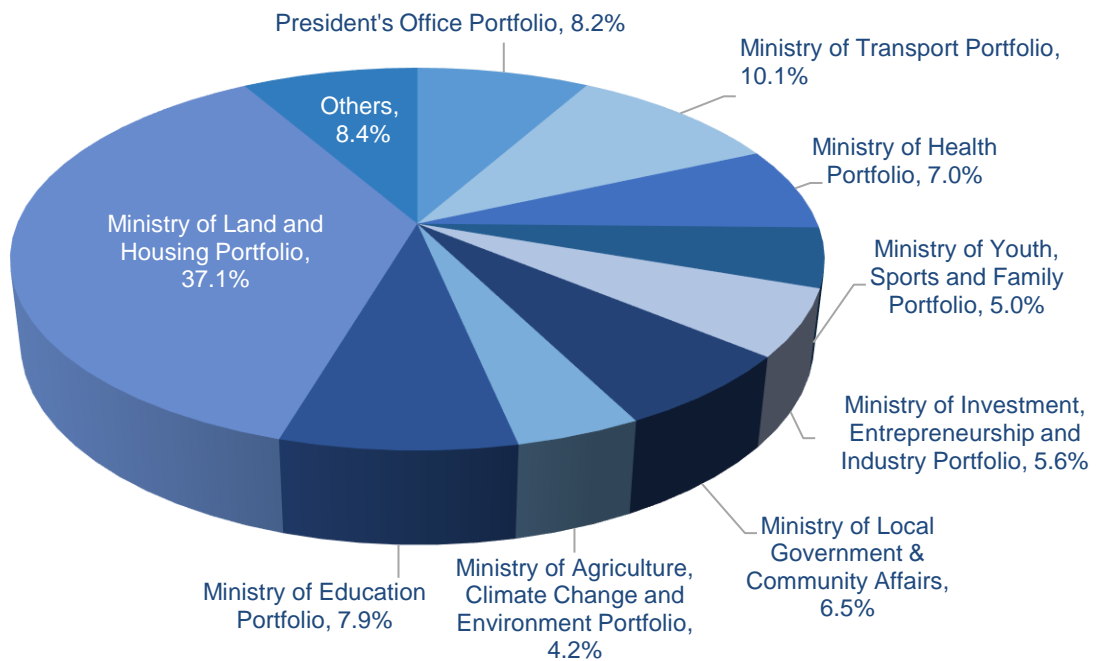
- Construction of Indoor Court Anse Royale with an allocation of SR 15.6m.
- Other Sports infrastructure with an allocation of SR 10m
- Road infrastructure projects within communities with an allocation of SR 10m
- Youth hope residential Centre with a total allocation of SR15m.
- West Coast Project Phase 2, 3 &4 with a total allocation of SR 206.9m.
- Renovation works-Seychelles Hospital with a total allocation of SR 54.5m.
- New Central Medical Store- Providence with a total allocation of SR 5.0m.
- Construction of MAT Clinic with a total allocation of SR 14.5m.
- Community Roads Projects with a total allocation of SR 10m.
- New La Retraite Land Bank with a total allocation of SR 9.7m.

- New La Digue School New Re- Construction with a total allocation of SR 83.1m.
- Perseverance Police Station with a total allocation of SR 5m.
- Renovation of National House Building with a total allocation of SR 8.3m.

*Domestic Financing*

The Total allocation in the 2024 Budget under local financing amounts to SR 846.6m. The Land and Housing Portfolio makes up the largest portion (37 per cent) of the total local financing of SR 846.6m. This is followed by, the Ministry of Transport Portfolio with 10 per cent and President's Office Portfolio with 8 per cent. Figure 18 shows the domestic financing allocation across the portfolios:

**Figure 18: Domestic Financing allocations**



Source: MoFNPT, Financial Planning and Control Division estimates

Projects being financed from local financing in 2024 are spread across various sectors and cater for both new and ongoing projects comprising of the completion of various housing projects from the Land and housing sector, several road infrastructure projects being implemented by the Seychelles Land Transport Agency, the construction of the National Archive budgeted under the Seychelles National Institute of Culture Heritage and Arts and several new sports infrastructure projects. The financing also makes provision for projects within the health and social sector such as the Youth Hope residential centre as well as the Anse Boudin rehabilitation centre.

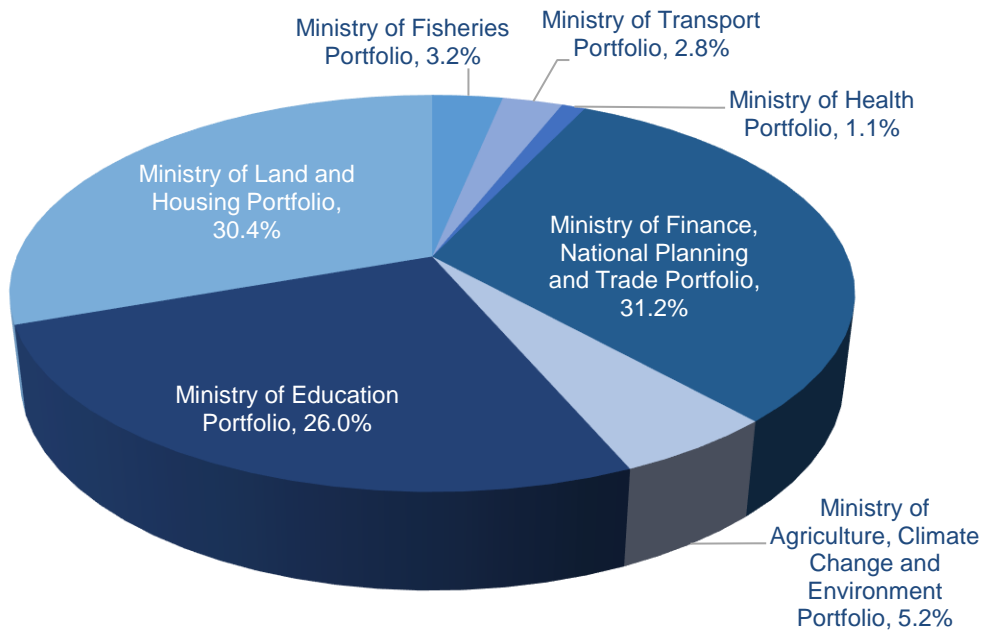
*Loan Financing*

A total of SR 277.7m worth of capital projects are expected to be financed through foreign loans for 2024, with a notably different allocation profile in comparison to domestic financing. The Ministry of Finance, National Planning and Trade portfolio holds the largest share, accounting for up to 31 per cent of the total allocation. This is followed by the Land and Housing Portfolio with a share of 30.4 per cent, while the Education portfolio was allocated 26 per cent.

Some of the key projects being financed from the loan financing include the construction of the New La Digue School from the education portfolio; the Social Housing project from the Land and Housing portfolio and the Integrated Finance Management information system project from the Finance Department.

One project not budgeted to start in 2024 but however is expected to start implementation over the medium term is the new project for the Construction of the new Seychelles Hospital. The project will be the single biggest Government project ever undertaken under its Budget and is expected to cost government a total of SR 1bn.

**Figure 19: Foreign Loan by Portfolio**



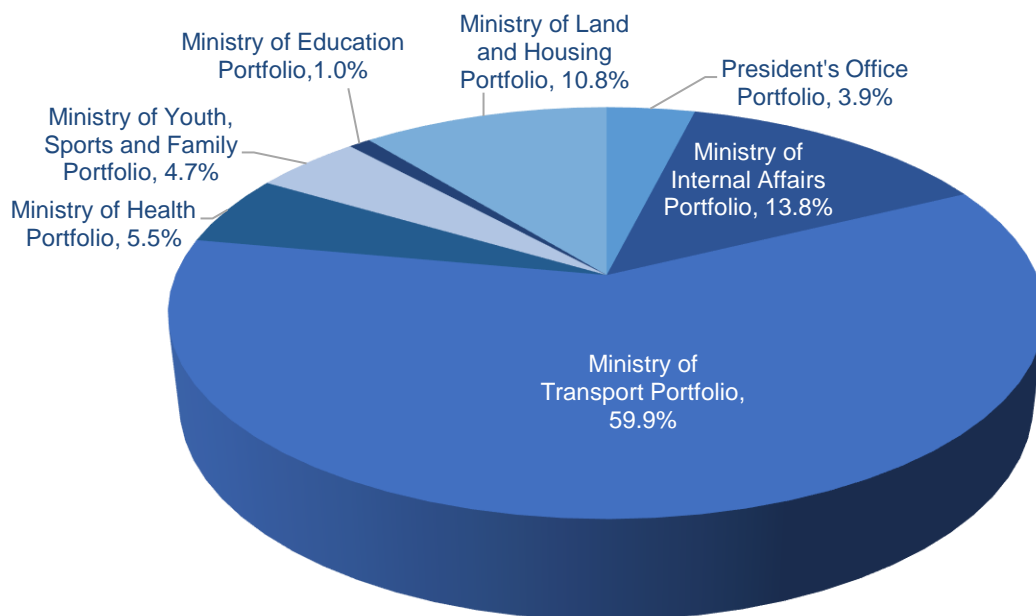
Source: MoFNPT, Financial Planning and Control Division estimates

*Grants financing*

A total of SR 304.37m is forecasted for grant expenditure in 2024 accounting for up to 21 per cent of total financing for the year. The Transport sector holds the largest share of grant financing accounting for more about 60 per cent of the total grant allocation for 2024. The main project being financed through grant financing is the ongoing West Coast road infrastructure project followed by several

projects from various sectors. These include the new Anse Royale indoor sports complex project and the new housing ‘Vilaz Orkid’ project, both being financed by the government of UAE.

**Figure 20: Grant Financing by Portfolio**



Source: MoFNPT, Financial Planning and Control Division estimates

#### *Cash Grant financing*

Cash grants account for up to 28.4 per cent of total government grants in 2024. Projects from the Department of Police and the Department of Defence take up the largest shares of cash grant financing. Notably, the Department of Police’s construction of marine police facilities project is allocated SR 42.07m, while the Department of Defence is allocated SR 11.8m for the coastal surveillance radar system.

#### *Benefits in Kind*

The balance of grant financing is in the form of benefits in kind and makes up the larger portion of total grant fund allocations. The main project is for the department of transport for the West Coast road infrastructure project.

#### *Planned Investment by Sector*

The table overleaf shows the allocation of the capital expenditure Budget across the different sectors. The Land and Housing Portfolio holds largest allocation for the 2024 Budget, largely due to the ongoing housing projects; followed by the transport sector, due to the West Coast infrastructure project.

**Table 23: Financing allocation for 2023-2026, SR' m**

SECTORS	2023 EOY	2024 Budget	2025	2026
President's Office Portfolio	156,342	81,226	89,431	58,873
Vice-President's Office Portfolio	24,441	-	-	-
Ministry of Fisheries Portfolio	79,566	8,962	-	-
Constitutionally Appointed Authorities Portfolio	5,644	7,728	-	15,000
Ministry of Finance, National Planning and Trade P.	43,823	107,225	79,671	34,309
Ministry of Youth, Sports and Family Portfolio	24,061	56,796	70,734	67,834
Ministry of Internal Affairs Portfolio	40,402	62,032	94,663	102,600
Ministry of Education Portfolio	64,558	142,076	147,497	65,477
Ministry of Land and Housing Portfolio	333,851	431,286	775,645	862,895
Ministry of Local Government & Community Affairs P.	39,579	55,224	49,525	52,175
Ministry of Health Portfolio	82,463	79,264	279,138	430,951
Ministry of Foreign Affairs and Tourism Portfolio	8,063	7,863	9,815	15,000
Ministry of Transport Portfolio	157,853	275,695	111,389	84,000
Ministry of Agriculture, Climate Change & Environment P.	107,866	51,115	73,189	128,435
Ministry of Employment and Social Affairs Portfolio	-	15,000	21,762	3,084
Ministry of Investment, Entrepreneurship and Industry P.	49,350	47,725	34,041	32,377
<b>TOTAL:</b>	<b>1,217,861</b>	<b>1,429,218</b>	<b>1,836,500</b>	<b>1,953,009</b>

Source: MoFNPT, Financial Planning and Control Division estimates

## Development Grants to Public Enterprises

A total of SR 103.4m is being allocated towards development grants to state owned enterprises. The public enterprises receiving development funding from the Central Government in the year 2024 are as follows;

- SPTC is being allocated a total of SR 10m as Government's contribution towards the implementation of its capital projects.
- Property Management Corporation (PMC) is to be allocated a Budget of SR 53.4m in 2024 for interest payments on its CBS Bond and the repayment of its loans with Nouvobanq and the Seychelles Pension Fund.
- SR 40m to the Public Utilities Corporation (PUC) as Government support towards infrastructure projects.

## Net Lending

A total of SR 22.8m is being budgeted for Net Lending in 2024. This amount relates to loans from financial institutions and which are then on-lent to PUC. These include three loans:

1. SR 178m from the loan with EIB/AfDB for the financing of its infrastructure master plan;
2. SR 50.7m for the financing of its 33KV project, financed by BADEA
3. SR 35.6m to fund the La Gogue dam raising project, also financed by BADEA.

In 2024, total receipts under this expenditure head is forecasted at SR 105.73m of which SR 86.3m is from PUC and SR 19.5m from DBS. The receipts are in line with the on-lending agreements Government has with these two institutions.

## Contingency

A provision of SR 88.2m is being allocated under the contingency fund for 2024. The sum partly caters for the final payment for the La Misere water pollution case.

## Debt Outlook

As illustrated in Table 24 below, as at the end of September 2023, the total Government and Government guaranteed debt aggregates to SR 17.5bn, representing about 60.2 per cent of GDP. The total stock of Domestic debt stood at SR 9.3bn whilst the External debt stock amounts to approximately SR 8.2bn, equivalent to 32.1 per cent and 28.1 per cent of GDP respectively.

**Table 24: Provisional Total Debt Stock as at end September 2023**

DESCRIPTION	Domestic SR' m	External SR' m	External USD' m	Total SR' m
<b>Total Debt Stock</b>	<b>9,341</b>	<b>8,185</b>	<b>578</b>	<b>17,526</b>
<b>DEBT TO GDP RATIO (%)</b>	<b>32.1</b>	<b>28.1</b>		<b>60.2</b>

Source: MOFNPT, Debt Management Division

Table 25 below shows the total stock of debt broken down by residency of creditors. The total domestic debt accounts for the majority of the debt stock, representing 53.3 per cent whilst the external debt accounts for the remaining 46.7 per cent of the total debt stock. As compared to same period last year, the debt stock decreased by SR 29.7m, or 0.2 per cent. This is mainly attributed to repayment on existing debt which has outweighed the new borrowings so far in 2023. These are explained further in the next sections.

**Table 25: Total debt by residency of creditors.**

DESCRIPTION	Sept 2023 (SR' m)	%
<b>Domestic</b>	<b>9,341</b>	<b>53.3</b>
<i>o.w. Government</i>	8,718	49.7
<i>o.w. Guarantees</i>	624	3.6
<b>External</b>	<b>8,185</b>	<b>46.7</b>
<i>o.w. Government</i>	8,063	46.0
<i>o.w. Guarantees</i>	122	0.7
<b>TOTAL DEBT:</b>	<b>17,526</b>	<b>100.0</b>

Source: MoFNPT, Debt Management Division

Table 26 overleaf outlines the debt stock by guarantee status. As can be seen, the total debt stock is dominated by 95.7 per cent of Government debt, whilst the Government guaranteed debt represents only 4.3 per cent of the total stock.



**Table 26: Total debt by Guarantee Status**

DESCRIPTION	2023 (SR' m)	%
Government	16,780	95.7
Guarantees	746	4.3
<b>TOTAL DEBT:</b>	<b>17,526</b>	<b>100.0</b>

Source: MoFNPT, Debt Management Division

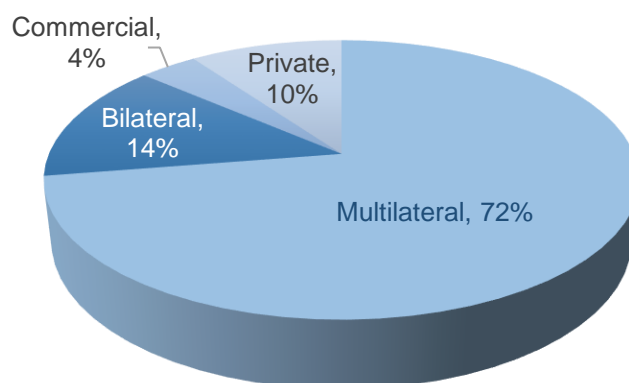
## 2023 External Debt Stock

This section looks at the external debt stock in more details. At the end of September 2023, the total stock of external debt amounted to SR 8.2bn or 28.1 per cent of GDP. As illustrated in Figure 21, the largest component is associated to the debt owed to multilateral creditors which consists of 72 per cent of the total external debt stock. Private and Bilateral debt each accounts for 10 per cent and 14 per cent respectively, whilst debt owed to Commercial banks accounts for the smallest share at 4 per cent only.

**Table 27: External Debt Stock Composition**

Creditor Category	External Debt Stock (SR' m)
<b>Multilateral</b>	<b>5,932</b>
<b>Bilateral, (of which);</b>	<b>1,135</b>
- Paris Club	548
- Others	587
<b>Commercial</b>	<b>307</b>
<b>Private</b>	<b>811</b>
<b>TOTAL:</b>	<b>8,185</b>

**Figure 21: Percentage distribution by Creditor Category**



Source: MoFNPT, Debt Management Division

Table 28 illustrates the breakdown of external debt by instrument type. The external debt portfolio comprises of only loans and securities. Loans make up for 89 per cent of the external debt stock, while the remaining 11 per cent is accounted for by securities, which is principally the Euro and Blue Bonds.

**Table 28: External debt by instrument type (SR' m)**

DESCRIPTION	2023	%
Loans	7,308	89.3
Securities	877	10.7
<b>TOTAL DEBT:</b>	<b>8,185</b>	<b>100.0</b>

Source: MoFNPT, Debt Management Division

The table below shows a comparison in the external debt stock. The stock level as at September 2023 increased compared to the same period last year from SR 7.8bn to SR 8.2bn, an increase of about SR 424m or 5.5 per cent. This stems mainly from the multilateral creditors which can be explained by the disbursements of Budget support loans from AfDB, IBRD and from the IMF under the EFF program. Both AfDB and IBRD disbursed USD 25m each whilst the IMF disbursed USD 16.7m over the aforementioned period. Additionally, there has been continuous disbursements under the ongoing project loans.

**Table 29: Comparison in External Debt stock-Sept 2022 vs Sept 2023 (SR' m)**

DESCRIPTION	Sep-22	Sep-23	Diff (%)
<b>Multilateral</b>	<b>5,035</b>	<b>5,932</b>	<b>17.8</b>
<b>Bilateral of which;</b>	<b>1,229</b>	<b>1,135</b>	<b>-7.7</b>
- Paris Club	590	548	-7.1
- Non Paris Club	639	587	-8.2
<b>Commercial Banks</b>	<b>429</b>	<b>307</b>	<b>27.0</b>
<b>Private</b>	<b>1,068</b>	<b>811</b>	<b>-35.3</b>
<b>TOTAL EXTERNAL DEBT:</b>	<b>7,761</b>	<b>8,185</b>	<b>5.5</b>

Source: MoFNPT, Debt Management Division

It is worth noting that in May this year a new Extended Fund Facility (EFF) program with the IMF was approved which allowed the Government to access an amount of SDR 42.365m, equivalent to about USD 56m over the next three years. Additionally, the Fund approved an SDR 34.35m, equivalent to USD 46m, loan facility under the Resilience and Sustainability Facility (RSF). The proceed will be used to help support the Government's agenda to build resilience to climate change by lifting bottlenecks to climate-related investments and by facilitating the integration of climate-related considerations into macroeconomic policies and frameworks. Proceeds under the RSF is not reflective in the figures above since the first disbursement is scheduled for December.

## External debt repayments

Table 30 below shows the forecasted external debt repayments for 2023-2027. Total repayment over the period averages to around SR 1.1bn yearly.

**Table 30: External Debt Service Forecast (SR' m)**

DEBT SERVICING	2023	2024	2025	2026	2027
Principal	766	974	798	958	775
Interest	257	290	261	239	216
<b>TOTAL EXTERNAL DEBT:</b>	<b>1,023</b>	<b>1,264</b>	<b>1,059</b>	<b>1,197</b>	<b>991</b>

Source: MoFNPT, Debt Management Division

## 2023 Domestic Debt Stock

The table below highlights the composition of total domestic debt stock as at the end of September 2023, which amounts to SR 9.3bn, or 30.2 per cent of GDP. Similarly to the previous years, securities remains the main component at 85.6 per cent of the stock. This is dominated by T-bonds and T-bills, which makes up 63.8 per cent and 22.0 per cent of the stock respectively. On the other hand, Notes and Deposits represents the smallest share at 0.6 per cent and 0.5 per cent respectively.

**Table 31: Composition of Domestic Debt (SR' m)**

DESCRIPTION	2023 (SR' m)	%
<b>Loans</b>	<b>908</b>	<b>9.7</b>
<b>Securities of which;</b>	<b>7,997</b>	<b>85.6</b>
Treasury Bills	2,050	22.0
Treasury Bonds	5,946	63.8
<b>DBS Bonds</b>	<b>242</b>	<b>2.6</b>
<b>Deposits</b>	<b>45</b>	<b>0.5</b>
<b>Notes</b>	<b>58</b>	<b>0.6</b>
<b>Other Debt Liabilities</b>	<b>92</b>	<b>1.0</b>
<b>TOTAL DOMESTIC DEBT:</b>	<b>9,341</b>	<b>100.0</b>

Source: MoFNPT, Debt Management Division

**Table 32: Comparison in Domestic Debt Stock- Sept 2022 vs Sept 2023 (SR' m)**

DOMESTIC DEBT	Sept-22	Sept-23	% Diff
Government Securities	8,310	8,042	-3.2
Other Securities	300	300	0.0
Loans	1,014	908	-10.5
Other Debt Liabilities	171	92	-46.2
<b>TOTAL DOMESTIC DEBT:</b>	<b>9,795</b>	<b>9,341</b>	<b>-4.6</b>

Source: MoFNPT, Debt Management Division

The total domestic stock decreased from SR 9.8bn to SR 9.3bn at the end of September 2023, in comparison to September 2022 as illustrated in Table 32 above. The fall of SR 454m, or 4.6 per cent is attributed to ongoing debt repayments across all categories, with a significant decrease of SR 268m on Government securities following the maturity of the 3 year Solidarity Bond.

### Interest Rates

As compared to 2022, the interest rate for the 91 days T-bills increased by about 45 basis point, or 51 per cent in 2023. On the other hand, the interest rate for 182 and 365 days T-bills have slightly decrease by 3 and 19 basis point over the same period respectively. The interest rate remains relatively low and stable with less than 1 percentage point between the different tenors. The volatility in interest rates is reflective of the market demand and investors' appetite in bidding for T-bills.

**Table 33: Interest Rates on T-bills**

T-bills	Interest Rates (%)		% Change
	Sept-22	Sept-21	
91 Days	0.88	1.33	51.1
182 Days	1.48	1.45	-2.0
365 Days	2.18	1.99	-8.7

Source: MoFNPT, Debt Management Division

The Government continues to issue T-bonds on a quarterly basis as part of its strategy to lengthen the maturity of the domestic debt profile. The table below summarises the T-bonds issuance over 2023 so far.

**Table 34: Summary of T-bonds Issuance as at the end of September 2023**

DESCRIPTION		Targeted Amount	Allotted Amount	% of GDP
		(SR' m)		
<b>Treasury Bond Q1</b>	3-yr 3.2% Bond	25	7.6	0.0
	5-yr 4.6% Bond	25	11.8	0.0
	7-yr 6.0% Bond	25	94	0.3
	<b>Sub-total</b>	<b>75</b>	<b>113.4</b>	<b>0.4</b>
<b>Treasury Bond Q2</b>	10-yr 8.3% Bond	100	134.9	0.5
<b>Treasury Bond Q3</b>	10-yr 7.8% Bond	75	104.8	0.4
<b>TOTAL:</b>		<b>250.0</b>	<b>353.1</b>	<b>1.2</b>

Source: MoFNPT, Debt Management Division

A total of SR 353.1m, or 1.2 per cent of GDP, has been issued in T-Bonds as at the end of September. In June, a 10-year bond was also issued following market demand for longer tenor bond. This was well received and the bond was over-subscribed. A similar bond was also issued in Q3 in line with the investor's appetite.

## Selected Economic Indicators

	2022	2023	2024	2025	2026
<b>National income and prices</b>					
Nominal GDP (millions of Seychelles rupees)	28,221	29,094	30,317	32,034	34,078
Real GDP growth	8.9	3.8	4.0	3.9	3.9
GDP deflator growth	2.20	-0.68	0.24	1.66	2.41
CPI (annual average)	2.6	-0.8	0.3	2.0	3.0
<b>Government Budget (% of GDP)</b>					
Total revenue, including grants	31.2	34.2	35.8	35.9	34.7
Total revenue, excluding grants	30.8	32.9	34.6	34.5	34.4
Grants	0.4	1.3	1.2	1.4	0.2
Expenditure and net lending	32.7	37.0	37.2	36.8	34.6
Current expenditure	30.1	32.2	31.7	30.2	27.8
<i>Of which: interest payments</i>	2.1	2.8	2.4	2.0	1.5
Capital expenditure	2.1	4.2	4.7	5.7	5.7
Net Lending	-0.1	-0.1	0.1	0.4	0.4
Primary balance, including grants	0.65	-0.01	1.09	1.08	1.59
Primary balance, excluding grants	0.26	-1.27	-0.14	-0.33	1.34
Overall balance (cash basis), including grants	-1.46	-2.83	-1.34	-0.87	0.04
Overall balance (accrual basis), including grants	-1.47	-2.83	-1.34	-0.87	0.04
Domestic bank financing (net)	1.35	0.10	-0.55	-1.07	-0.64
<b>External sector</b>					
Current account balance including official transfers (% of GDP)	-8.0	-5.6	-8.3	-7.4	-7.9
Current account balance including official transfers (in USD' m, unless otherwise indicated)	-137	-118	-175	-162	-185
<i>Imports of goods</i>	1,294	1,294	1,363	1,447	1,494
<i>Imports of services</i>	995	987	1,032	1,088	1,141
<i>Exports of goods</i>	563	583	602	684	711
<i>Exports of services</i>	1,681	1,688	1,727	1,794	1,864
Primary Income, net	-76	-92	-94	-94	-112
Secondary Income, net	-16	-17	-17	-11	-14
Foreign Direct Investment	189	199	207	279	293
Gross official reserves (USD' m)	639	705	761	843	904
In months of imports, c.i.f.	3.4	3.5	3.6	3.8	3.9
<b>Total debt outstanding (% of GDP)</b>					
Total government and government-guaranteed debt	63.6	64.4	65.6	64.3	61.2
Domestic	31.6	28.5	27.0	25.7	24.5
<i>Of which: Monetary debt</i>	1.2	1.2	1.2	1.1	1.0
External	34.0	35.8	34.2	30.4	26.8

Source. Macroeconomic Forecasting Working Group

## **SECTION 3**

# **Debt Management Strategy 2024-2026 & Annual Borrowing Plan**

# **Debt Management Strategy 2024-2026**



# GOVERNMENT OF SEYCHELLES

## Debt Management Strategy

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**2024 – 2026**



Ministry of Finance, National Planning and Trade  
Republic of Seychelles  
November 2023



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## Introduction

This document provides details of the Government's plans for managing Government and Government guaranteed debt over the medium term. It is prepared in compliance with international best practices in debt management and the requirements of the Public Debt Management Act of 2008 (amended in 2009 and 2012).

The aim of the Debt Management Strategy (DMS) is to determine the most effective debt management strategy for achieving the desired future debt structure based on cost and risk implications. It is formulated using an excel-based analytical tool developed by the IMF/World Bank that takes into account linkages between debt and the key macroeconomic fundamentals like domestic revenues, expenditures and Gross Domestic Product (GDP) amongst others. With Technical Assistance and guidance from the IMF, the authority has made significant analytical improvements in developing its debt management strategy. This strategy document is broken down into the three parts.

**Part I** covers the objectives, scope and the legal framework for the DMS. It also describes the role of debt management in the macro-economic framework and provides a historical overview of the debt structure. This section also outlines the evolution of the debt and the goals for the 2024-2026 period.

**Part II** gives an overview on the performance of debt management in 2023 and the resultant debt profile at the end of the mentioned year. It provides an analysis of possible risks to the portfolio, the volatility of the risk factors and the exposure to these risks. This will provide clues as to whether the existing cost and risk structures are satisfactory or what needs to be changed. It will also help to identify which of the risks are more pertinent.

**Part III** looks at the macroeconomic environment for debt management, followed by the debt management framework and strategy. Part III will conclude with the Debt projection over the medium term.

# Part I

## 1.1. Debt Management Objective

The Government's primary debt management objective is founded on international best practice for debt management. As recommended by the International Monetary Fund (IMF), World Bank and other international institutions, the Government's primary debt management objective is,

***“to ensure that the Government’s financing needs and payment obligations are met on a timely basis, and at the lowest possible cost, consistent with a prudent degree of risk.”***

## 1.2. The Goals for Debt Management

To help achieve the primary debt management objective, the Government will pursue the following goals over the medium term;

- i. Ensure that the fiscal and monetary authorities are aware of the impact of Government's financing requirements and monetary policies on the levels and the rate of growth of public debt.
- ii. Work towards an optimum structure for public debt that minimizes costs and risks, including currency mismatch, adverse movement in interest rates, refinancing and operational risks.
- iii. Assist the Government in achieving its objective of limiting public borrowing to an amount that is consistent with the country's medium-term payment capacity assessed from both a fiscal and balance-of-payments perspective.
- iv. Assist towards the development of the domestic financial market and the lengthening of the debt maturity profile.

## 1.3. Scope of the Debt Management Strategy

The Debt Management Strategy will examine the total public debt for years 2024 to 2026, where the total public debt is defined as the total Government and Government guaranteed liabilities that require payment of principal and/or interest to external and domestic creditors. External and domestic debt classifications are based on the residency of the creditors. The debt stock figures for the years 2008-2022 are as at calendar year end.

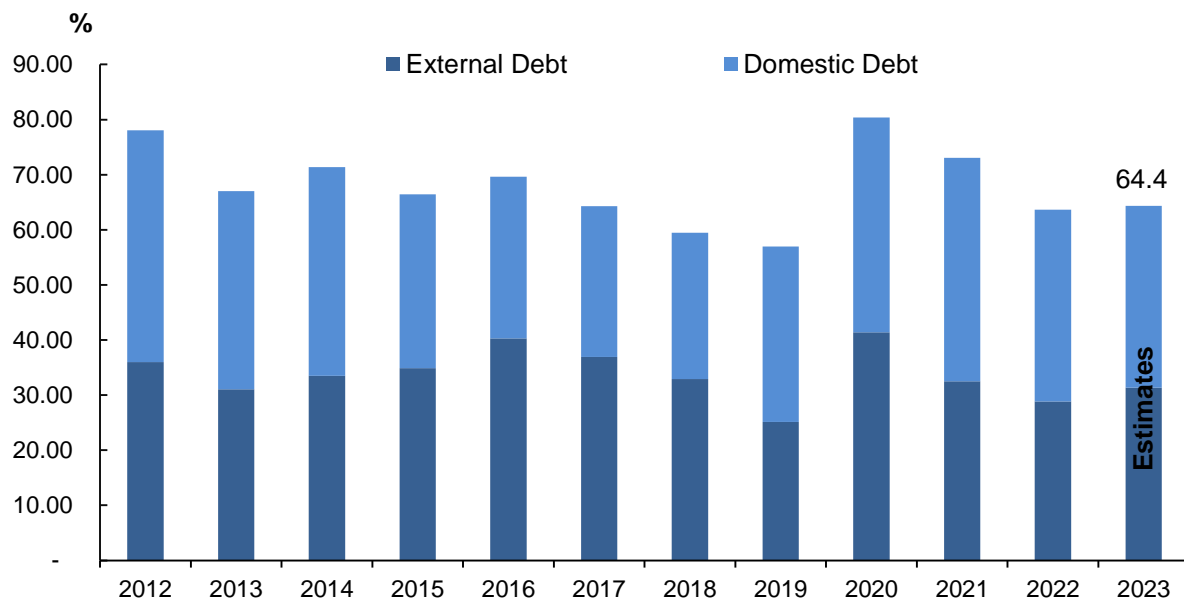
## 1.4. Legal and Institutional Framework

The primary responsibility of debt management lies with the Debt Management Division of the Ministry of Finance, National Planning & Trade. The Division is responsible for managing Government and Government guaranteed debt as well as monitoring all non-guaranteed public enterprise debt. Public debt management in Seychelles is regulated by the Public Debt Management Act of 2008 (amended in 2009 and 2012).

## 1.5. Evolution of debt

In the 1990s and early 2000s, Seychelles accumulated debt that was unsustainable. As the country's exchange reserves depleted and faced with the global economic crisis of 2008, the country undertook a comprehensive macroeconomic reform, which included a massive debt-restructuring program. Since then, the Government has made significant progress in reducing the level and improving the structure of its public debt.

**Figure 1: Debt to GDP ratio for selected years**



Source: MoFNPT, Debt Management Division

As can be seen in Figure 1 above, the total debt stock fell from about 78% of GDP in 2012 to around 67% in 2013. The introduction of treasury bills (T-bills) for monetary purposes in 2014 and loosening of the fiscal policy in 2016 slowed down the rate at which the debt level was falling. Debt continued on a downward trajectory until 2019. The COVID-19 pandemic caused significant disruptions in economic activities, which affected the Government's fiscal position. Faced with a drop in revenue and a significant depreciation in the exchange rate, the Government had to resort into Budget support loans to finance the budget deficit. This resulted in a sharp rise in the debt-to-GDP ratio, reaching above 80% Ministry of Finance, National Planning and Trade

by the end of 2020 and putting the debt on an unsustainable path. The sharp recovery in the exchange rate in April 2021, together with the GDP growth following re-opening of the country's border and fiscal consolidation, contributed to the strong reduction in the ratio of public debt to GDP in 2021. The debt stock decreased further in 2022 as Government maintained a strong fiscal consolidation. For 2023, as Government continues to rely on budget supports to alleviate the impact from COVID-19, debt to GDP is forecasted to increase slightly to 64.4%. However, debt remains sustainable and the Government is committed to achieve its pre-COVID objective of reducing debt to around 50% of GDP by 2030. Despite the fact that much of the risks to keep debt sustainable have been moderated, risks continues to exist especially with the uncertainty around the geopolitical issues in Russia/Ukraine and more recently the Palestine/Israel conflict.

## Part II

### 2023 Developments

The recovery of the Seychelles economy continues as tourist flows normalize and economic activity reaches pre-pandemic levels. 2023 economic performance projections remains positive at 3.8% supported by activities in the Tourism sector. In addition to the positive economic outlook, through a consolidated fiscal discipline, Government's primary fiscal position is expected to be near balance in 2023. The overall fiscal balance has slightly improved to a forecasted deficit of 2.8% of GDP, or SCR 823m, compared to a 3.3% deficit in the previous year. The gross financing needs is expected to decline from 12.6% of GDP in 2022 to around 9.6% of GDP in 2023.

Gross International Reserves (GIR) is expected to increase to USD 705m, equivalent to 3.5 months of imports, from USD 639m, or 3.4 months of imports in 2022. However, the Seychelles rupee has weakened against the US dollar since May 2023, due to seasonal demand increases. Nonetheless, in annual average terms, the rupee remains stronger in 2023 as compared to the same period in 2022. Year-on-year inflation was negative 2.5% in September 2023. This is reflective of the impact of moderation in international commodity prices on food inflation, as well as the impact of moderate housing and utility prices. The Central Bank of Seychelles (CBS) has maintained an accommodative monetary policy in the context of disinflation and ample liquidity.

The Government has made significant progress in implementing the EFF-supported program and strengthening macroeconomic balances. All quantitative performance and indicative targets under the program have been achieved at the end of June 2023 and structural reforms are progressing at a good pace. As a result, two new programs with the Fund were approved in May 2023, the New 'Extended Fund Facility' (EEF) and 'Resilience and Sustainability Trust' (RST), amounting to USD 56 million and USD 46 million respectively.

Looking at debt in details, by the end of September 2023 the total stock of Debt amount to about SCR 17.5bn. Several debt has been contracted in 2023 to meet the country's Gross Financing Need, which is estimated at SCR 3.5bn for this year. On the **external side**, in February 2023, the Government contracted the Second Governance and Economic Reforms Support Program (GERSP-II) from the African Development Fund, amounting to USD 25m, or 0.09% of GDP. At the end of May 2023, the IMF Board approved a new three-year EFF program for Seychelles, under which the government can access USD 56m in concessional financing. The first disbursement took place in June 2023 with an amount of USD 8.1m. Additionally, the Fund approved an SDR 34.35m, equivalent to USD 46m, loan facility under the Resilience and Sustainability Facility (RSF). The proceed will be used to help support the Government's agenda to build resilience to climate change by lifting bottlenecks to climate-related Ministry of Finance, National Planning and Trade

investments and by facilitating the integration of climate-related considerations into macroeconomic policies and frameworks. The first disbursement of USD 4.18m under the RSF is scheduled for December. Furthermore, at the end of the third quarter, the Saudi Fund for Development issued two loans for the development of social housing and the reconstruction of La Digue School in the amount of USD 15m and USD 10m respectively. The disbursement for these two loans is projected for 2024. Table 1 below shows a breakdown of disbursements from new external loans during Jan-Sep 2023.

**Table 1: New External Borrowings during January – September 2023**

Description	Loan	2023	% of GDP
	Amount	Disbursement	
	(USD' M)		
ADF- Governance and Economic Reforms Support Program (GERSP-III)	25	25	1.2
IMF- EA- EFF <sup>1</sup>	56	8.1	0.4
RSF-IMF	46	-	0
SFD-Social Housing Project	15	-	0
SFD-Reconstruction of La Digue School project	10	-	0
<b>Total:</b>	<b>152</b>	<b>33.1</b>	<b>1.6</b>

Source: MoFNPT, Debt Management Division

Furthermore, during the year funds were disbursed under previously contracted projects loans as the Government continued with those projects. This is highlighted in Table 2 below. The total disbursement as at September 2023 stands at SCR 7.29m equivalent to 0.025% of the GDP. Most disbursements came from the International Bank for Reconstruction and Development (IBRD).

**Table 2: Disbursement under existing project loans during January – September 2023**

Description	Loan	2023	% of GDP
	Amount	Disbursement	
	(USD' M)		
Exim Bank India- Line of Credit- Tranche 1	10.0	0.28	0.001
IBRD- SWIOFish 3	5.0	0.68	0.002
SFD- Electricity Project for South Mahe	20.	0.16	0.001
ADB- Mahe Sustainable	20.6	0.3	0.001
IBRD- Strengthening Quality of the Social Protection System	30.0	4.9	0.017
Abu Dhabi Fund- Ile de Romainville	31.20	0.97	0.003
<b>Total:</b>	<b>116.8</b>	<b>7.29</b>	<b>0.025</b>

Source: MoFNPT, Debt Management Division

<sup>1</sup> Extended Fund Facility



Table 3 captures the major development that happened on the **domestic debt side** so far in 2023. With the aim of lengthening the maturity of its domestic debt portfolio and reducing the refinancing risks associated with short-term borrowings, the Government continued issuing T-Bonds on a quarterly basis in 2023. Three sets of T-bonds had been issued up to September on an auction basis worth a total of SCR 353.1m, or 1.2% of GDP. At the end of June, the Government issued its first 10-year T-bond worth SCR100m. The issuance was successful and the Bond was oversubscribed with SCR 134.9m being allotted. Taking into account investor demand for longer-term bonds, another 10- year T-bond was issued in September worth SR 75m. Similarly, the bond was oversubscribed and SR 104.8m was allotted.

**Table 3: New Domestic Borrowings during January - September 2023**

Description		Targeted Amount	Allotted Amount	% of GDP
		(SCR' M)		
<b>Treasury Bond Q1</b>	3-yr 3.2 % Bond	25	7.6	0.0
	5-yr 4.6% Bond	25	11.8	0.0
	7-yr 6.0% Bond	25	94	0.3
	<b>Sub-total</b>	<b>75</b>	<b>113.4</b>	<b>0.4</b>
<b>Treasury Bond Q2</b>	10-yr 8.3% Bond	100	134.9	0.5
<b>Treasury Bond Q3</b>	10-yr 7.8% Bond	75	104.8	0.4
<b>Total:</b>		<b>250.0</b>	<b>353.1</b>	<b>1.2</b>

Source: MoFNPT, Debt Management Division

As per the Annual Borrowing Plan for 2023, the total amount of bond issuance was projected at SCR 724m for the year, of which SR 500m was retired with a remaining net issuance of SCR 234m. With most of the anticipated external disbursement being materialized and a sound fiscal environment that prevailed during the year, the overall gross domestic financing decreased by about 7.6% from SR 1,609 to SR 1,486 during the mid-year revision. This reduction resulted in a decrease in the actual issuance of T-bonds as compared to the initial issuance plan. Despite the decrease in the volume for T-bonds issuance, a larger volume of T-bills were issued in small amount on a weekly basis, shifting the ratio to 70:30 for T-bills and T-bonds respectively. The initial plan was an issuance ratio of 45:55 between bills and bonds respectively. This deviation was necessary in order to avoid too much volatility in the T-bills market which could adversely affect investors' confidence. However, the shift did not jeopardize the debt management strategy of lengthening the debt profile as the stock of domestic debt securities- as at the end of September- comprises of 70% T-bonds and 30% T-bills.

## Overview of Existing Debt

At the end of September 2023, the total Government and Government guaranteed debt amounted to SCR 17.5bn, equivalent to about 60.2% of GDP. The domestic debt represents 53.3% of the stock whilst external debt accounts for the remaining 46.7%. As illustrated in Table 4 below, the total stock of domestic debt amounted to SCR 9.3bn whilst the external debt stock amounted to SCR 8.2bn, equivalent to about 32.1% and 28.1% of the total debt to GDP respectively. Comparing to September 2022, external debt increased by about SCR 424m, or 5.5%, associated with disbursements of budget supports including the new IMF Extended Fund Facility program as well as ongoing disbursements under project loans. On the other hand, the domestic debt stock decreased by SCR 455m, or 4.6% following the maturity of Government securities.

**Table 4: Total debt by residency of creditors as at the end of September 2023**

Description	Sep-2023 (SCR' M)	% of GDP	% Share
<b>Domestic</b>	<b>9,341</b>	<b>32.1</b>	<b>53.3</b>
o.w. Government	8,718	30.0	49.7
o.w. Guarantees	624	2.1	3.6
<b>External</b>	<b>8,185</b>	<b>28.1</b>	<b>46.7</b>
o.w. Government	8,063	27.7	46.0
o.w. Guarantees	122	0.4	0.7
<b>Total:</b>	<b>17,526</b>	<b>60.2</b>	<b>100.0</b>

Source: MoFNPT, Debt Management Division

The nature of public and publicly guaranteed debt is provided in Table 5 below. The Central Government debt aggregates to about 95.7% of the total debt whilst the Government guaranteed debt accounts for 4.3% of the total debt. In comparison to the previous year, the Government Guaranteed debt observed a decrease of about SCR 152m, or 16.9%. No new guarantee was issued and the continuous servicing of the guaranteed debt by the parastatals is the main reason of the decrease.

**Table 5: Total debt by Guarantee Status as at the end of September 2023**

Description	Sep-2023 (SCR' M)	% Share
Government	16,780 <sup>2</sup>	95.7
Guarantees	746	4.3
<b>Total:</b>	<b>17,526</b>	<b>100</b>

Source: MoFNPT, Debt Management Division

<sup>2</sup> The figure reflects the actuals as at September 2022. For the MTDS analysis, the forecasted disbursements for Q4 was taken into consideration.

## 2.1. External Debt Profile

Table 6 and Figure 2 below gives a more detailed summary in regards to the country's external debt stock as at September 2023. 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.

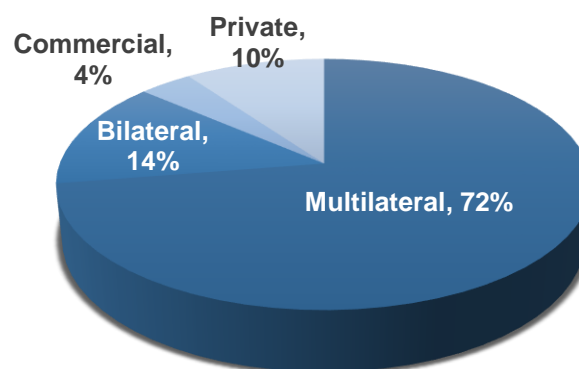
The total external debt stock increased by 0.4% from SCR 7.8bn at the end of September 2022 to SCR 8.2bn at the end of September 2023. This increase stems mainly from multilateral creditors whereby a series of disbursements took place since December 2022. These includes fund from the IBRD under Seychelles second Fiscal Sustainability and Climate Resilience program, IBRD-SWIOFish 3, the IMF-Extended Fund Facility, AFDB- Governance and Economic Reforms Support Program (GERSP) phase II. Additionally there has been disbursements under ongoing projects previously mentioned.

Figure 2 displays the distribution of creditor categories within the total external debt stock. Multilateral creditors represents the largest share at 72.5% followed by bilateral creditors at 13.9%. Private creditors and commercial banks accounts for the smallest share at 9.9% and 3.8% respectively.

**Table 6: Total External debt by Creditor Category**

Description	Sep- 2023 (SCR' M)	% Share
Multilateral	5,932	72.5
Bilateral of which;	1,135	13.9
<i>Paris Club</i>	548	6.7
<i>Non-Paris Club</i>	587	7.2
Commercial Banks	307	3.8
Private	811	9.9
<b>Total:</b>	<b>8,185</b>	<b>100</b>

**Figure 2: Percentage distribution by Creditor Category**



Source: MoFNPT, Debt Management Division

As indicated in Table 7, there are two main types of instruments under the external debt portfolio. Similarly to the previous year, loans accounts for the largest share at 89.3%, whereas securities represents the remaining portion of 10.7%.

**Table 7: External Debt by Instrument Type**

Description	Sep. 2023 (SCR' M)	% Share
Loans	7,308	89.3
Securities	877	10.7
<b>Total:</b>	<b>8,185</b>	<b>100</b>

Source: MoFNPT, Debt Management Division

## 2.2. Domestic Debt Profile

The stock of domestic debt comprises of all debt liabilities owed to residents of the Seychelles' economy. As at the end of September 2023, an improvement was observed in the domestic debt stock in comparison to same period last year with the stock declining by SCR 455m, or 4.6%. This is primarily associated with the repayment of the 3-year T-Bond, worth SCR 500m which matured in June and July 2023. As depicted in the table below, securities are the main representatives of the domestic debt stock, with T-Bonds representing the majority at 63.7% and T-bills at 21.9%. This reflects Government's strategy to lengthen the maturity of the domestic portfolio. On the other hand, loans represents 9.7% of the portfolio whereas Other Debt Liabilities accounts for the remaining 1.0%.

**Table 8: Domestic Debt by Instrument Type**

Description	Sep- 2023 (SCR' M)	% Share
<b>Loans</b>	<b>908</b>	<b>9.7</b>
<b>Securities of which;</b>	<b>8,341</b>	<b>89.3</b>
<i>Treasury Bills</i>	2,050	21.9
<i>Treasury Bonds</i>	5,946	63.7
<i>Deposits</i>	45	0.5
<i>Notes</i>	300	3.2
<b>Other Debt Liabilities</b>	<b>92</b>	<b>1.0</b>
<b>Total:</b>	<b>9,341</b>	<b>100</b>

Source: MoFNPT, Debt Management Division

## Risk Indicators

Sound risk management, debt and organisational structures are important elements in reducing exposures to risks such as interest risks, currency risks, liquidity risks and operational risks.

### 3.1. Refinancing Risks

Refinancing risk refers to the risk that the existing debt will have to be refinanced at an unusually high cost or, in extreme circumstances, cannot be refinanced at all. The Average Time to Maturity (ATM), the debt redemption profile of the outstanding debt stock and the percentage of debt maturing within one year, are important measures of the exposure to refinancing risk. These are analyzed below.

#### 3.1.1. Average Time to Maturity

The Average Time to Maturity (ATM) measures the weighted average length of time the debt will mature on the portfolio. The average life of the total portfolio for 2023 is estimated around 4.8 years as compared to 4.9 years in 2022. This indicates that the time period, on average, until the debt in the external and domestic portfolios reaches its maturity date has become shorter. The decrease in ATM is reflected in both the domestic and external portfolio. The latter is mainly due to the previously issued bond soon reaching its maturity. On the external side, this mainly reflects the restructured loans under the Paris club agreement that will be maturing in the short term. The ATM on the external portfolio remains more favorable than that of the domestic. It indicates that on average it will take about 6.7 years for the external debt to mature, which is reflective of a longer maturity of the structure of the external loans. Overall the ATM of the portfolio reflects moderate risk.

**Table 9: Average Time to Maturity (2022 vs 2023)**

ATM (Years)	2022	2023	Diff. (%)
External Debt	7.0	6.7	-4.3
Domestic Debt	2.9	2.8	-3.4
<b>Total Debt</b>	<b>4.9</b>	<b>4.8</b>	<b>-2.0</b>

Source: MoFNPT, Debt Management Division

#### 3.1.2. Share of Debt Maturing within one year

As can be seen in the table below, about 22.6% of the total debt will mature within one year. This is an increase of about 0.7 percentage point compared to 2022, whereby 21.9% of the debt were to mature within one year. The increase is mainly attributed to the new borrowings with noticeable difference on the external side associated with the nature of the loans which has very long maturity periods. On the

domestic side, this year Government issued two 10-year T-bonds, worth about SCR 200m as previously mentioned.

**Table 10: Debt maturing within 1year (2022 vs 2023)**

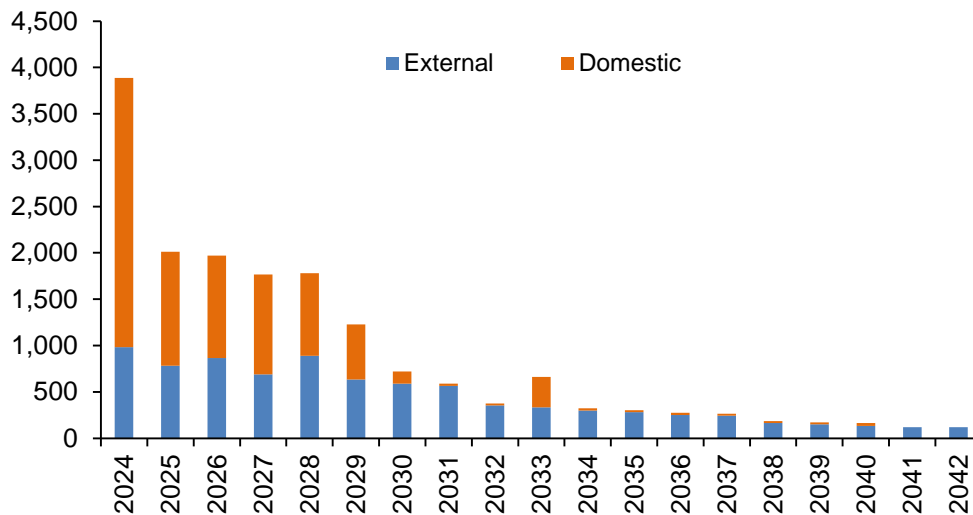
Debt maturing in 1yr (% of total)	2022	2023	Diff. (%)
External Debt	9.6	11.2	21.7
Domestic Debt	33.3	34.3	1.5
<b>Total Debt</b>	<b>21.9</b>	<b>22.6</b>	<b>3.2</b>

Source: MoFNPT, Debt Management Division

### 3.1.3 The Redemption Profile

The debt maturity/ redemption profile shows the total principal payments falling due each year over the life of the portfolio.

**Figure 3: Total debt redemption profile**



Source: MoFNPT, Debt Management Division

As illustrated in the figure above, about SCR 3.9bn of debt is estimated to be due in 2024<sup>3</sup>. On the domestic side, about 34% of the total current domestic debt stock will mature in 2024. The domestic debt redemption profile is more concentrated between 2024 and 2029. This is attributed mainly to the high share of short-term instruments, namely T-bills, within the debt portfolio. T-bills maturing accounts

<sup>3</sup> Note that this is based on actuals as at end of September 2023 and the forecasts from October to December

for almost half of the total debt due in 2024. As part of its debt management strategy, the Government remains committed to extending the maturity of the domestic debt portfolio to limit refinancing risks but at the same time maintain the right balance of short term securities in the market. The redemption profile for the total debt from 2030 to 2041 closely reflects that of the external debt profile, which comprises of longer-term instruments. The external debt profile at the current exchange rate indicates low exposure to refinancing risks. However, this could contribute to a significant exchange rate risk exposure. By the end of 2024, about 11% of the total amount of external debt is expected to mature. The total external principal repayments is expected to reach its peak in 2026 and additionally in 2028, reflecting amortization of the restructured Paris Club debt and the maturing of Blue Bond respectively. As the Government continues to service its debt, the total repayments are expected to gradually decline from 2029 throughout the life of the portfolio.

### 3.2. Interest Rate Risks

Interest rate risks refers to the risk of increases in the cost of the debt arising from changes in interest rates. This risk can occur when interest rates on floating rate debt are reset and/or maturing fixed rate debt needs to be refinanced. Indicators of Interest rate risks include the Average Time to Re-Fixing (ATR), the share of debt subject to interest reset within the next year and the share of fixed interest rate debt within the portfolio.

#### 3.2.1. Fixed Rate Debt as a Share of the Total Debt

The share of fixed rate debt within the portfolio is another indicator of interest risks. It indicates the portion of debt that bears fixed interest rate. The higher the share of fixed rate debt, the lower the exposure to interest rate risks.

**Table 11: Fixed Rate Debt as a Share of the Total Debt (2022 vs 2023)**

Fixed Rate Debt (% of total)	2022	2023	Diff. (%)
External Debt	44.4	28.9	-34.9
Domestic Debt	94.1	94.1	0.0
<b>Total Debt</b>	<b>70.1</b>	<b>60.9</b>	<b>-13.1</b>

Source: MoFNPT, Debt Management Division

There is a substantial difference in the fixed rate debt composition between the external and domestic debt. The domestic debt portfolio consist of 94.1% of fixed rate. This is reflective of the composition of the portfolio which consists mainly of T-Bills and T-Bonds which by nature bears fixed interest rates. On the other hand, the external debt portfolio consist of only 28.9% of fixed rate debt. The proportion has decreased by almost 35% compared to the previous year due to the increase in external borrowings

following additional and projected disbursements of budget supports and the new loans that bear variable interest rates. This explains why the total proportion of fixed-rate debt has decreased by 13.1% compared to the previous year, with fixed rate debt representing 60.9% of the entire debt portfolio. As a result the overall risk in the debt portfolio remains moderate. However, risk on the external debt portfolio is moderately high and as part of its strategy, Government aims to convert some of those variable bearing loans into fixed interest rate loans.

### 3.2.2. Average Time to Re-Fixing

The Average Time to Re-fixing (ATR) is a measure of weighted average time until all the principal payments in the debt portfolio become subject to a new interest rate. Assessing the proportion of debt that needs re-fixing shows the extent to which the portfolio is vulnerable to a higher funding cost as a result of higher market interest rate.

At the end of 2023, the ATR on the domestic and external portfolio stood at 2.4 and 1.4 years respectively. As can be seen in the table below, the ATR on the total debt portfolio declined from 2.5 years in 2022 to 1.9 years in 2023, equivalent to a 24% decrease. The decrease is observed on both the external and domestic side, whereby the latter decreased by 0.9 years, or 4%, and the former by 0.1 years, or by 39%. This is reflective of the domestic debt redemption profile, whereby there is an increase in fixed interest rate bonds, which is approaching maturity in the short term and due to an increase in the share of floating rate debt of the external debt previously mentioned. The risk on the debt portfolio remains moderately high.

**Table 12: Average Time to Re-Fixing (2022 vs 2023)**

Average Time to Re-fixing (ATR) (years)	2022	2023	Diff. (%)
External Debt	2.3	1.4	-39.1
Domestic Debt	2.5	2.4	-4.0
<b>Total Debt</b>	<b>2.5</b>	<b>1.9</b>	<b>-24.0</b>

Source: MoFNPT, Debt Management Division

### 3.2.3. Percentage of Debt Re-Fixing within one year

The percentage of debt that needs to be rolled-over within one year out of the total debt is another indicator of interest rate risks. Debt is roll-over because either they are maturing or they are debt with variable rate. Table 13 below summarizes the change in percentage of debt Re-Fixing within one year as at the end of 2023 compared to last year.



**Table 13: Percentage of Debt Re-Fixing within one year (2022 vs 2023)**

Debt re-fixing in 1yr (% of total)	2022	2023	Diff. (%)
External Debt	62.8	77.7	23.7
Domestic Debt	38.7	39.6	2.3
<b>Total Debt</b>	<b>50.3</b>	<b>59.0</b>	<b>17.3</b>

Source: MoFNPT, Debt Management Division

About 78% of the external debt and 40% of the domestic debt will be subject to a new interest rate within one year. There has been a 2.3% increase on the percentage of domestic debt that needs re-fixing in a year. This is associated with the increase in issuance of more T-bonds with longer maturities, which bears fixed interest rates and the gradual reduction in stock of T-bills, which are short-term securities. On the external side, debt that needs re-fixing has increased by 23.7% reflecting the increase in the new external borrowings as previously highlighted. The overall risk remains moderately high for this indicator.

### 3.3. Exchange Rate Risks

Exchange rate risks relates to the risk of increase in the cost of debt arising from changes in exchange rates. Measures of exchange rate risk include the share of foreign currency denominated debt in the total debt portfolio and the ratio of short-term external debt to international reserves. These are summarized in the table below.

**Table 14: Foreign Exchange rate risks indicators (2022 vs 2023)**

Risk Indicators	2022	2023	Diff. (%)
FX debt (% of total debt)	48.2	50.9	5.6
ST FX debt (% of reserves)	8.8	9.4	6.8

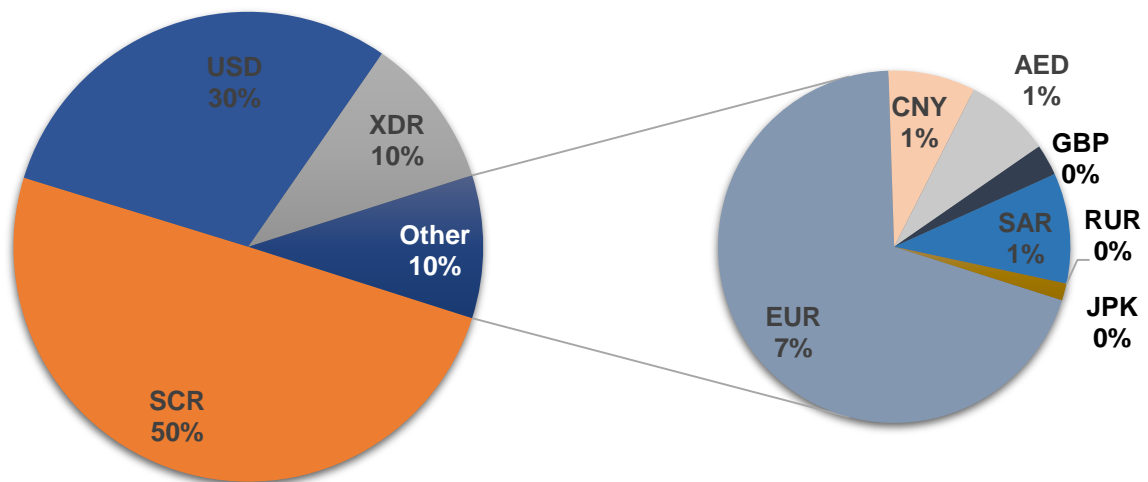
Source: MoFNPT, Debt Management Division

As at the end of September 2023, the percentage of foreign exchange debt represented around 50.9%, a 5.6% increase compared to 2022. This indicates a further rise in the reliance on foreign-currency-denominated debt following new loans disbursed from multilateral creditors. However, the increase in FX debt still implies moderate exchange rate risks on the debt portfolio. The share of external debt as a percentage of reserves represents 9.4%, which is an increase of 6.8% compared to last year. This indicates low FX liquidity risks.

### 3.3.1. The Currency Composition

The currency composition provides an overall indication of the exposure to exchange rate risks to the portfolios. As shown in **Figure 4**, the total debt stock is made up of four main currencies, which are the Seychelles Rupee (SCR) 50%, United States Dollars (USD) 30%, and Special Drawing Rights (SDR) 10% and Euros (EUR) 7%. The composition indicates moderate exchange rate risk. The slight increase of 3% in the USD reflects the new loans from ADB and IBRD and SDR allocation increased by 1% due to the new Extended Fund Facility (EFF) program with the IMF which was approved allowing the Government to access an amount of SDR 42.365m over the next three years. Additionally, the Fund approved an SDR 34.35m, loan facility under the Resilience and Sustainability Facility (RSF) with first disbursement due in December. On the other hand, there has been a 4% decreased in SCR denominated debt in the portfolio compared to last year due to a reduction in T-bills stock which lowered the exposure to SCR-denominated debt instruments. Six other currencies forms part of the total debt portfolio composition. These includes the Saudi Riyals (SAR), British Pound (GBP), Chinese Renminbi (CNY), UAE Dirham (AED), Japanese Yen (JPY) and Russian Ruble (RUR) and which together accounts for about 3% of the total debt stock.

**Figure 4: Currency Composition as at end of September 2023**



Source: MoFNPT, Debt Management Division

### 3.4. Operational Risks

Operational risks relate to various types of risks including transaction errors in the various stages of executing and recording transactions; inadequacies or failures in internal controls, or in systems and services; reputation risk; legal risk; security breaches; or natural disasters that affect the debt management's ability to pursue activities required to meet the debt management objectives. Some of the main operational risks identified are as follows;

#### 3.4.1. IT Support

In line with IT risks, there is the risk of failure of the database used to administer the loan. The software is managed by the Commonwealth Secretariat and the necessary backup is ensured on their end. The Debt Management Division has migrated to a new, more user-friendly database in 2023, Meridian Commonwealth. The software will still be managed by the Commonwealth Secretariat and relevant training is being given to both IT and debt management staff. There is a need to ensure that the debt office acquires the necessary hardware and training as the migration finalises. It is also critical that additional IT personnel are given the necessary training to provide the required support. Additional IT personnel managing the software will be needed to help minimize long delays whenever there are issues with the debt management system which prevents the department to perform efficiently and in a timely manner.

Failure in the core banking system may also result in delayed payments both externally and domestically. The T-bills auction process is undertaken via the core banking system and any issues to the core banking may affect the process. CBS is currently doing the necessary to upgrade its core banking system. This will mitigate any potential risk in the current system and include additional features that will ensure smooth running of the T-bonds process which is currently being done manually outside the core banking.

#### 3.4.2. Paper Based Documentations

Most of the debt management documentations such as loan agreements, bank statements and transactions confirmations are held in paper format. Constraints relating to storage facilities expose these documents to risks of being misplaced or difficulty to locate. Other risks of paper-based documentations include the risks of physical deterioration, risk of total destruction in the event of a fire or natural disaster. To mitigate these risks and to lower the volume of paper used, various longer-term solutions such as digitalization are being adopted. This will be encompassed as part of the Ministry's medium term plan of setting up a proper archive system. Furthermore, the new debt management software makes provision to upload documents such as invoices, loan agreements, and official gazette amongst others. This will help to minimise the amount of paper based documents needed.

### 3.4.3. Risk of Fraud

The Debt Management Division ensures it settles all debt repayment with the creditors in a timely manner. The creditors always provide their invoice for the Division to effect the necessary payment. There is the risk that false invoices are provided by hackers and repayments are made in their account instead. However, this is mitigated by ensuring due diligence process are followed if there is a change of account and also the accounts are cross-checked and ensure it is for the respective creditors. The majority of creditors have long-time established relationship with the Seychelles and proper historical details of their accounts are kept digitally as well as in hard copies.

### 3.4.4. Foreign exchange risk

The primary source of foreign exchange in the country is from tourism receipts. Any significant impact on the market will decrease the country's foreign exchange earnings and may constraint the Government in settling its debt obligations. This is mitigated by the Central Bank ensuring that the country has adequate reserves to meet all its primary foreign expenditure, which includes debt repayments. Additionally, the Ministry has started discussion on whether there is the need to create a buffer account for debt repayments. This will ensure that in the event of a force majeure, debt repayment is not jeopardized.

## 3.5. Cost of Debt

The weighted average implied interest rate gives an indication of the cost of debt on the portfolio. As shown in the table below, the cost of total debt increased to 5.0% in 2023 compared to 4.2% in 2022. This stems from the external side, whereby the average interest rate on the external debt increased by 95.8% from 2.4% in 2022 to 4.7% and is associated to the significant increase in the global interest rate observed in 2023. However, the weighted average IR remains higher on the domestic debt at 5.3% when compared to only 4.7% on the external debt. This is mostly associated with the higher interest rate on the domestic portfolio which does not bear concessional rate.

**Table 15: Cost of debt (2022 vs 2023)**

Weighted Average IR (%)	2022	2023	Diff. (%)
<b>External Debt</b>	2.4	4.7	95.8
<b>Domestic Debt</b>	5.9	5.3	-10.2
<b>Total Debt</b>	<b>4.2</b>	<b>5.0</b>	<b>19.0</b>

Source: MoFNPT, Debt Management Division

## Part III

### The Environment for Debt Management

Seychelles' economic recovery continues on a positive trajectory as tourism flows stabilizes and economic activities rebound to the pre-pandemic levels. The tourism sector remains resilient and continues to drive economic growth. For 2023, it is anticipated that Government will break even with a primary balance of 0.0%. This follows Government significant efforts to strengthen the macroeconomic balances, such as maintaining a strong fiscal consolidation and ensuring that debt remains on a sustainable path. Given the country's high vulnerability to external shocks and climate change, the outlook remains subject to considerable risks. The ongoing geo-political issues between Russia and Ukraine crisis, and more recently between Palestine and Israel, poses significant external risks associated with increase in commodity prices, shocks in the tourism markets or war related disruptions.

#### 4.1. The Real Sector

The economy continues to recover in 2023. Following the strong growth of 8.9% in 2022, real GDP growth is projected at 3.8% in 2023. This is based largely on a continued increase in tourist arrivals. By the end of September total arrivals was 254,302, representing about 66% of the pre-pandemic 2019 levels. Arrival growth is expected to be 5% at the end of the year. The outlook is subject to continued risks given the challenging international environment and uncertainty around tourist arrivals and average spending. Additionally, activities in the 'Information and Communication' as well as 'Transportation and Storage' remains buoyant thus contributing positively to the overall growth. The ICT sector is forecasted to grow by 16%.

In line with 2023 performance, the economy is expected to grow by 4.0% in 2024. Over the medium term, Seychelles is expected to continue along its recovery path with average real GDP growth projections of about 4%- mirroring the growth in emerging markets and developing economies. This will be spearhead by activities under the 'Accommodation and food service' and 'Administrative and support service' which directly relates to Tourism. Growth will also be supported by the ICT sector based on continuous demand for ICT services as the economy becomes more digitalized.

## 4.2. The Fiscal Sector

The Government's primary fiscal position is expected to be near balance in 2023—stronger than the initial 0.4% deficit projection. Favorable revenue performance is offsetting a projected decline in external grants, and overall spending is less than projected due to an under-execution of capital expenditures. The overall balance is forecasted at minus SCR 823m, or minus 2.8% of GDP which is an improvement compared to 2022 when it stood at minus 3.3% of GDP. Based on the fiscal balance, Debt to GDP ratio is forecasted to slightly above 64% compared to 63.6% at the end of 2022. For 2024, Government anticipates a positive primary balance of SCR 331m, or 1.1% of GDP. This is in line with the stronger economic growth forecasted coupled with stronger tax collection and new revenue gaining tax reform measures being introduced. On the expenditure side, spending will be well contained with a marginal increase of only SCR 258m, or 2.8% in the current expenditure.

The new EFF program as well as other Budget support program will help fill the financing gap in the short to medium term. Furthermore, the RSF will ease fiscal pressure and open more avenues for financing and investing in climate related projects. The positive economic growth back up with robust Government revenues and fiscal consolidation, has reduced debt vulnerability. The Government remains committed in maintaining a resilient fiscal consolidation over the medium term, with an average primary surplus of 1.6%. This will enable debt to continue on its downward trajectory and achieve a debt to GDP ratio of 50% before 2030.

## 4.3. The Monetary Sector

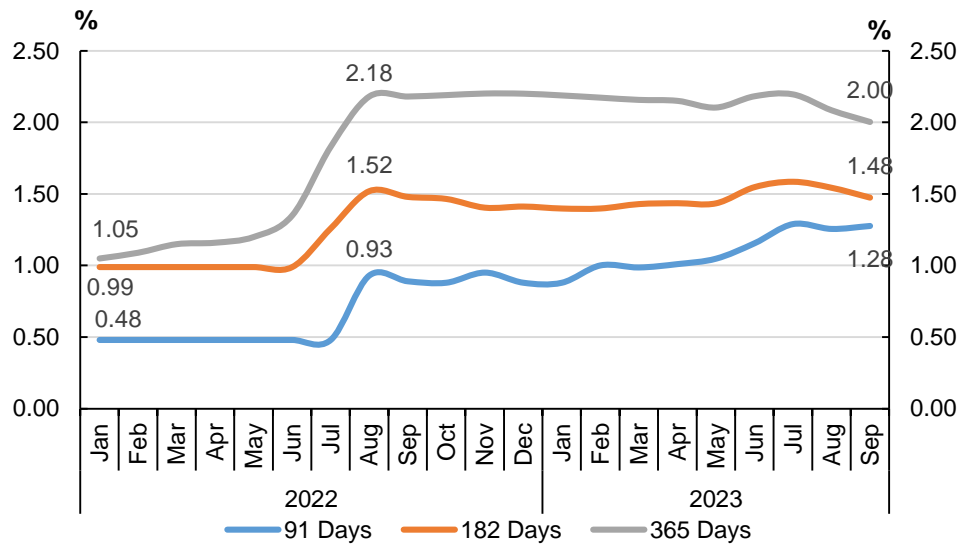
As at September 2023, the year-on-year inflation rate stood at minus 2.5%. The decline in the domestic inflationary pressure is partly associated with the strengthening of the Seychelles Rupees from SCR 14.07 as at September 2022 to SCR 13.98 at the end of September 2023 and also reflects the moderation in international food and fuel prices.

The CBS has maintained an accommodative monetary policy in the context of disinflation and ample liquidity. Such a decision was mainly influenced by taking into account the high level of uncertainty within the external environment as well the vulnerability of the domestic economy. The Monetary Policy Rate (MPR) remains at 2% as well as the Standing Deposit Facility (SDF) and Standing Credit Facility (SCF) at 0.5% and 3.5% respectively. In regards to the Minimum Reserve Requirement (MRR), this also remained unchanged at 13%. The CBS continues its efforts to strengthen Seychelles' monetary policy framework and closely monitor financial sector soundness to reinforce banks' ability to support the recovery

**Figure 5** below demonstrates the trend of T-bills average yield from the year 2022 to the end of September 2023. As it can be seen, there was a spike in the average yield as of August 2022, which

has then stabilized. As at the end of September 2023, the monthly average interest rate stood at 1.28%, 1.48% and 2.00% for 91, 182 and 365 days respectively.

**Figure 5: Interest Rate on T-Bills**



Source: Central Bank of Seychelles

*Moving forward*, domestic price dynamics will predominantly be influenced by developments in international commodity prices. Food prices, is expected to be moderate in the fourth quarter of 2023 and going into 2024, due to the increased production and stock. However, the projected growth is expected to lead to an increase in imports of goods and services and when combined with the anticipation of higher oil prices in international markets, it is likely that the demand for foreign exchange will increase thus leading to an increase in inflation rate. Global food production remains vulnerable to shocks from extreme weather events, geopolitical tensions, policy changes, and developments in other markets - thus impacting prices.

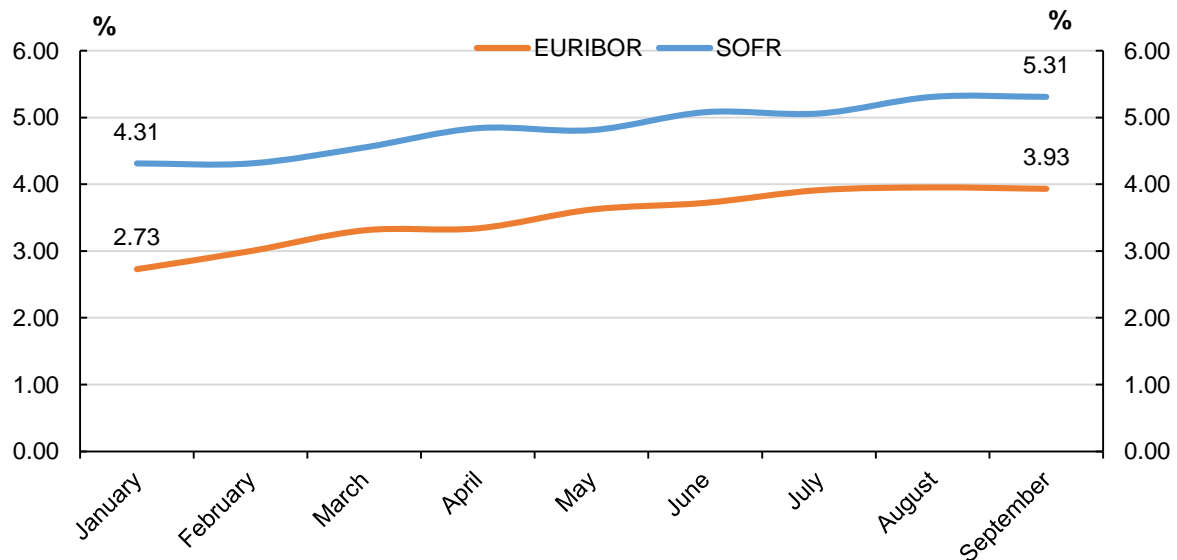
#### 4.4. The External Sector

External balances have improved with the continued recovery in tourism. This is strongly supported by the continuous growth in visitor arrivals. The external current account deficit is projected to strengthen to 5.6% of GDP in 2023 compared to a deficit of 8.0% in 2022. Central bank foreign exchange reserves are projected to reach an equivalent of 3.5 months of import cover by end-of-year. This represents a 10.3% growth compared to 2022 and is attributed to the increase in budget supports from multilateral and bilateral creditors

##### *Reference Interest Rate*

As of January 2022, the USD LIBOR had been replaced by a new reference rate, SOFR. There has been a significant increase in the interest rates since 2022. From January to September 2023, the rate has increased further by 100 basis point, from 4.31% to 5.31%. On the other hand, the rate on the 6-Months EURIBOR is relatively lower. However the EURIBOR follows the same pattern as the SOFR, with an upward trajectory over the past year. By the end of September, the rate stood at 3.93%, or 120 basis point higher than at the beginning of the year. The reference rates has been on an increasing trend over the past year and this has significantly increase the cost of borrowings. It is anticipated that the rate will eventually stabilize and hopefully revert on a downward trend in the short to medium term.

**Figure 6: EURIBOR, USD LIBOR and SOFR Interest Rate- January-September 2023**

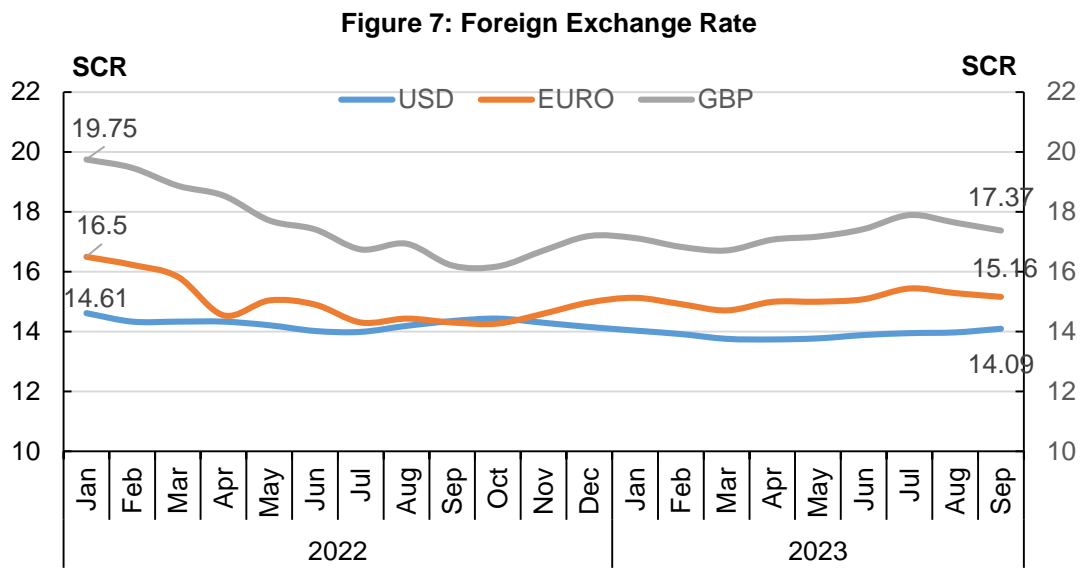


Source: Global Rates



Foreign Exchange

As can be seen from the Figure below, the SCR has appreciated against the three main currencies, namely USD, Euro and GBP in the first quarter of 2023. However, the rupee weakened in the second quarter of 2023 following the seasonal pickup in demand. In terms of annual average, the rupee remains stronger in 2023 compared to the same period in 2022. As at the end of September 2023, the Seychelles Rupee was trading at an average of SCR 14.09 to a USD, SCR 15.16 to a EURO and SCR 17.37 to a GBP respectively.



Source: Central Bank of Seychelles

Going into 2024, the exchange rate outlook will be dependent on the dynamics in the foreign exchange market. In particular, the uncertainties in relation to the external environment, key of which is the rising geopolitical tensions, may impact the exchange rate outlook in the coming year.

# The Debt Management Strategy Framework

## 5.1. Debt Management Strategy 2024-2026

This section looks at different strategies to help the Government make an informed decision in terms of debt management in the medium term. Government needs to ensure that the debt remains sustainable thus needs to adopt a strategy that is both cost effective and less risky. Four feasible financing options were evaluated under baseline macroeconomic assumptions for 2024-2026 and shock scenarios to ensure that the most effective debt management strategy is adopted for achieving the desired future debt structure based on cost and risk implications. The 2024-2026 MTDS will guide the Government's borrowing and intends to ensure a well-balanced composition of its debt portfolio in terms of costs and risks.

The Debt Management Strategies for the Seychelles debt portfolio has been guided by the following choices;

- Concessional / semi-concessional / bilateral/ commercial
- External versus domestic financing
- Currency composition
- Short- and long-term maturities
- Variable and fixed rate debt

### 5.1.1. Alternative Strategies

In what follows, four feasible financing strategies are considered to meet the financing needs. The analysis considers a set of feasible strategies within the current envelope of available external concessional/semi-concessional finance and with respect to the potential of tapping into domestic and international market borrowings. The four strategies reflect different borrowing composition to cover the Gross Financing Needs (GFN) during the MTDS horizon period of 2024-26. Borrowing composition for each strategy varies with respect to the share of multilateral, bilateral and international capital market sources of external borrowings and domestic market financing through T-bills and T-bonds with different tenors. As the strategies exactly cover the GFN during each year, without any over-borrowing/pre-funding or under-borrowing through utilization of financial assets, there is an implicit steady end-year cash balance between end-2023 and end-2026.

**Government guarantees are not taken into consideration in this analysis.**

Strategy 1- Great Reliance on Concessional External Borrowings

Strategy 1 (S1) assumes that the Government will continue to rely on high external concessional financing over the medium-term as was the case over the past three years. The strategy envisages meeting an average of almost 60% of GFN through concessional external financing over 2024-2026, mainly in the form of budgetary support loans sourced from multilateral and bilateral creditors. However, it is important to note that there could be constraints to this strategy as expectations about bilateral financing may not materialize in the absence of firm commitments. The residual financing from domestic sources is assumed to be met by T-bills and T-bonds in the ratio of 65:35 respectively, with 14% of the latter being allocated for 10-year Bonds and the remainder being evenly spread across tenors of 3-, 5- and 7-year bonds. Net external financing under this strategy during this period would amount to an average of 3.3% of GDP while net domestic financing would be negative.

Strategy 2 - Balanced Domestic and External Financing

Strategy 2 (S2) reflects a balance borrowing strategy between domestic and external. Compared to S1, this scenario assumes a reduction in multilateral budgetary financing which may be limited in the medium term. This is substituted by a 10% sovereign bond issuance. Net external financing under this scenario will reduce by SCR 521m compared to S1. On the domestic market, issuances will be split between T-bills and T-bonds in the ratio of 50:50. This strategy will lower the rollover risk of T-bills by slightly over 20% given more focus on bond issuance, especially for 10-year bond. This strategy is considered under the assumption of a continuous appetite for Government securities on the domestic

Strategy 3 - International Sovereign Bond Issuance

Under this strategy (S3), the reduction in concessional external financing is offset by issuance of a sovereign bond in the international market. As in S2, there is a significant reduction in bilateral financing, along with a reduction in project loans. The option of international bond issuance has been considered in this strategy for an amount of about USD 80m, offsetting the decline in external concessional financing that is expected in 2025 and beyond as access to budget support diminishes. The residual domestic market financing is distributed in the ratio of 60:40 between T-bills and T-bonds, respectively.

Strategy 4- Greater focus on domestic market development towards shorter maturities

Strategy 4 (S4) envisages relatively more domestic market issuance with a focus toward shorter-term bonds. Although this strategy experiences a reduction in concessional external financing (similar to S3), it deviates from S3 by relying exclusively on domestic market financing to cover the financing gap. The residual financing from domestic sources in this strategy is assumed to take place with an equal mix between T-bills and T-bonds. Since the investor base is dominated by banks, absorption capacity would be tilted towards the relatively shorter-end of the yield curve. Net external financing will be the lowest

under this strategy while net domestic financing will be the highest. Net Domestic issuance is projected at an average of 2.8% of GDP, compared to -0.3% of GDP in S2. At the same time, in comparison to other strategies, net issuance of T-bills would decline the least under this strategy.

### 5.1.2. Analysis of the Alternative Strategies

#### ***Cost-risk indicators***

The table below presents the risk indicators associated with the different proposed strategies. The MTDS exercise points to a reduction in public debt burden across all strategies under the baseline scenario in-line with the objectives of Government's debt strategy. The debt-GDP ratio is expected to decline over the end-2023 level by an average of 1.2 percentage points of GDP to a level of around 57.7% – 58.8% of GDP at the end of 2025 across all strategies. The sluggish debt reduction over the period is mainly due to the increase in the cost of borrowing following the increase in global market interest rate as captured through the different scenarios. This is forecasted to gradually decrease over the medium term. It is worth emphasizing that this analysis does not take into consideration any guarantees in the baseline analysis.

Assessing the cost and risk indicators, the presented strategies provide an implied portfolio interest rate lower than the current implied rate, with the exception of S3. Under this strategy, the higher implied rate is attributed to the higher cost of international Bonds borrowings whilst S1 shows the lowest implied rate given the heavy reliance on concessional external debt financing considered under this scenario. All strategies analysed shows a decline in the interest payment over the medium term given the forecasted decline in interest rate.

The refinancing risks is projected to be more favorable under all strategies. This is reflective to the nature that the strategies were considered and developed with the aim of lengthening the debt profile. The ATM on the overall portfolio increases to an average of 5 years under all strategies. S1 provides the longest ATM of almost 11 years on the external portfolio and this is attributed to the larger proportions of concessional and semi-concessional loans under external debt with long maturities of between 25 and 40 years. S4 carries the shortest ATM of 8.7 years with the main difference in the ATM on the external portfolio compared to the other strategies.

Looking at the interest rate risk, although the ATR increases across all strategies, the increase is lowest under S4 and S2 with the ATR at 3.7 and 3.8 years respectively compared to the other strategies offering above 5 and even 6 years in having to re-fix the interest rate. The percentage of debt that needs re-fixing in 1 year is substantially lower under S3 at 37.7% given the high concentration of sovereign bonds which by nature bears fixed interest rate. Similarly, the share of fixed rate debt for S3 is higher by 17.6, 16 and 4.4 percentage points of total debt compared to S1, S2 and S4 respectively.

The higher share of domestic financing under S3 and S4 compared to the other strategies, results in lower currency risk and moderately lower interest rate risk. The shares of foreign currency debt at the end of 2026 for S1 and S2 is above 50% hence increasing exposure to foreign exchange risk.

**Table 16: Cost Risk Analysis of Strategies as at end of 2026**

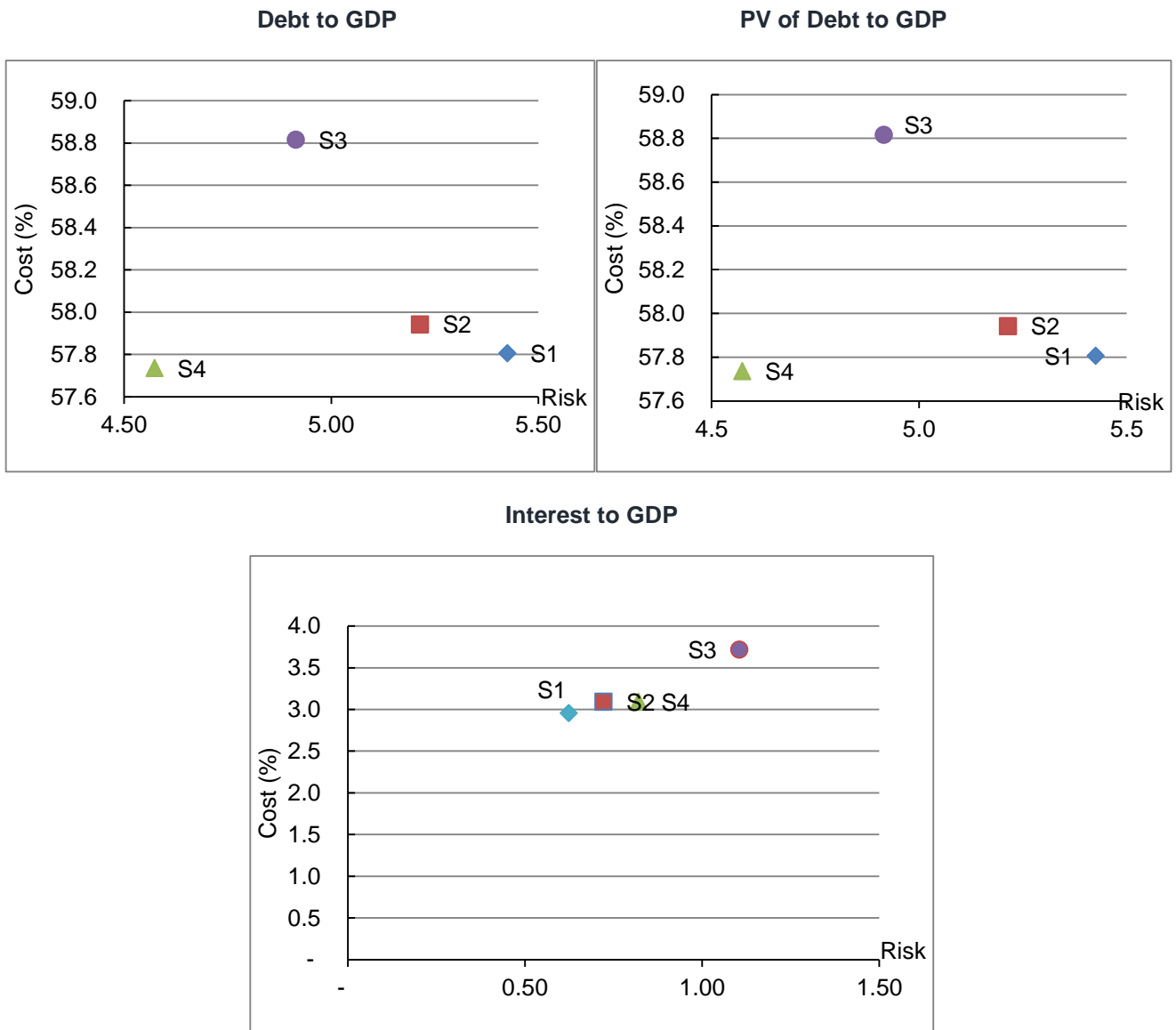
Risk Indicators		2023	As at end FY2026			
		Current	S1	S2	S3	S4
Nominal debt as percent of GDP		59.2 <sup>4</sup>	57.8	57.9	58.8	57.7
Present value debt as percent of GDP		59.2	57.8	57.9	58.8	57.7
Implied interest rate (%)		6.0	5.3	5.5	6.6	5.5
<b>Refinancing risk</b>	ATM External Portfolio (years)	6.7	12.2	11.8	10.4	10.2
	ATM Domestic Portfolio (years)	2.8	2.9	2.9	2.9	2.9
	ATM Total Portfolio (years)	4.8	10.9	10.6	9.1	8.7
<b>Interest rate risk</b>	ATR (years)	1.9	5.3	3.8	6.2	3.7
	Debt refixing in 1yr (% of total)	59.0	55.3	53.7	37.6	42.1
	Fixed rate debt incl T-bills (% of total)	60.9	51.3	52.9	68.9	64.6
<b>FX risk</b>	FX debt as % of total	50.9	63.5	58.7	48.2	43.4
	ST FX debt as % of reserves	9.4	5.5	5.5	5.5	5.5

Source: MTDS Tool, Debt Management Division assumptions

**Figure 8** overleaf shows the cost-risk indicators associated to the different strategies. As can be observed, S4 is superior to all strategies when it comes to debt to GDP ratio and present value of debt. This is closely followed by S1 when it comes to the cost in reference to the depicted indicators. However, S1 involves slightly higher risks than other strategies given the higher exposure to exchange rate risks. Under S1, the interest rate risk is lower than the other strategies given the nature of the financing strategy. The debt to GDP ratio does not differ substantially in 2026 under all strategies. The major difference is beyond 2026 as fiscal consolidation improves and financing needs is reduced.

<sup>4</sup> This excludes Guarantees and the SDR allocation at CBS.

Figure 8: Cost-Risk Indicators as at the end of 2026



Source: MTDS Tool, Debt Management Division assumptions

### **Shocks**

It is important to note that the MTDS illustrates the impact of some shocks applied on the exchange rate and interest rates to assess the sensitivity of changes in market rates on the debt portfolios that result from implementing the different debt strategies. For the purpose of the analysis two specific shocks are considered throughout the risk analysis. One on the exchange rate and one on the interest rate.

On the **exchange rate**, two shocks are analysed as follows;

- moderate shock; an additional depreciation (on top of the depreciation assumed in the baseline) of 15% in 2024, which is applied in combination with the interest rate shock;
- extreme shock: a depreciation of 30 percent in 2025.

For the **interest rate** two shocks are also analysed as follows

- moderate shock: it is assumed that there is an increase of external and domestic interest rates of 200 bps over the period 2024-26. This shock will affect external (variable rate) as well as domestic debt.
- extreme shock (stand-alone): in this shock, the interest rate increase is 400 bps. Finally, it is assumed that given the size of the shock, official external creditors adjust the cost of lending by increasing the concessional rate by 100 bps (on average) for fixed-rate loans to adjust their funding cost based on a sharp market re-pricing.

A combined moderate shock on exchange rate and interest rate was applied to capture the impact on the debt portfolio.

### **Other strategic considerations**

In addition to cost-risk considerations, macroeconomic and financial market implications associated with specific strategies are also important in identifying the preferred strategy.

Given that Seychelles is a high-income country, accessing adequate concessional finance as implied in S1 may be limited. Therefore, the Government may need to rely more on market financing, both domestic and international in the medium term. Furthermore, given the recent increase in global interest rate, the cost of variable interest rate bearing loans has increase, even for that of multilateral creditors. Additionally, absence of firm commitments from bilateral credits is another cause of concern.

The strategies analyzed do not consider any change in the end-2023 Government cash balance. Any reduction in the current level of cash balance would imply a lower level of residual domestic financing and vice versa. The minimum cash balance is currently set at SCR 300m, around 1.1% of GDP. Changes in the cash balance will influence the domestic financing component of the adopted strategy.

Furthermore, the preferred strategy aims to strike a balance between required level of T-bills available in the market and the maximum threshold of refinancing risk that the Government can endure. Given the relatively under-developed money market and the systemic importance of T-bills for liquidity management by banks, there is a need to maintain a minimum stock of T-bills in the market. Until the time the money market benefits from the development of an active inter-bank market, it may be imperative to support the T-bills supply.

The injection in supply of T-bonds could have implications for market absorption capacity due to maturity mismatches in banks' balance sheet. Increase in demand for private sector credit could result in lower capacity to absorb longer-term bonds, especially when there is no secondary market for bonds and repo facilities. Government aims to implement a framework for secondary market development in 2024, whereby interested commercial banks will operate a buy-back window with a two-way quote on a risk-taking basis with the securities routed through their own account.

Seychelles economy is highly dependent on the Tourism industry hence subjected to externally induced shocks arising from the global economy. This can have significant impact on the exchange rate. It may therefore be preferable to have local currency debt to mitigate exchange rate risks as implied by S3 & S4.

### *Conclusion*

There is no clear alternative strategy that is the best under all cost-risk indicators. Mitigation of exchange rate risk would suggest that strategies S3 and S4 are preferred. However, should lower refinancing risk be the priority, then strategies S1 and S2 deliver better results. On the other hand, in terms of interest cost and better redemption profile, S1 would be preferred. However, access to concessional external financing may be limited and will need further negotiations and firm commitments from the creditors.

Looking at it deeper, both S3 and S4 could be good strategies especially with the retrenchment of external concessional finance in the medium term and the debt portfolio tends to be more resilient to the macro-fiscal shock. However S3 has higher budgetary risk, exchange rate shock and entails greater risk on the debt-to GDP ratio. S4 is an ideal strategy but there is a great element of uncertainty associated with it given the concern of the absorption capacity of the domestic market and also the associated refinancing risk.

Looking at it globally, S1 will be adopted for debt management by the Government for 2024-2026. The Government will benefit from concessional loans and also from increase credit worthiness given the support of multilateral creditors. Given the recent volatility in global interest rate, the Debt Management Division will be liaising with some of the creditors and assess the feasibility of fixing some of those loans when the interest rates becomes more favorable hence moderating the fluctuations in cost under the proposed strategy. This will be done with the aim of reducing public debt sustainability risk. The foreign Ministry of Finance, National Planning and Trade



exchange risk is fairly moderate under this strategy and the foreign exchange reserves is healthy to accommodate the FX demand.

On the domestic side, the aim is to initiate a regular bond issuance plan through the auction mechanism and at the same time maintain T-bills issuances to around 4%-6% of GDP hence reducing the refinancing risks and ensuring that there is a right balance in the stock of T-bills for banks' liquidity management needs. Bonds issuance will be supported by initiating trading reforms in Government securities previously mentioned.

The proposed debt strategy will depend on firm fiscal discipline in order to achieve the necessary surpluses accompanied by steady economic recovery. The implementation of the MTDS will be supported by the publication of the Annual Borrowing Plan along with an auction calendar for all Government securities to help market participants plan their liquidity management and reduce uncertainty. Additionally, interagency coordination will continue on a quarterly basis, at a high level, between the Ministry of Finance and Central Bank through the existing National Public Debt Management Committee to determine the quarterly borrowing plan.

## Public Debt to GDP forecast 2024-2026

The table below summarizes the estimated forecast for the debt to GDP ratio for 2024-2026. Note that the forecast is based on the best information available at the time of publication in line with the macro assumptions adopted by the Ministry of Finance, National Planning and Trade's for the 2024 Budget. The estimates are based on a range of economic and other parameters. In comparison to the MTDS analysis, the ratios covered under this section includes the guarantees and consistent with the IMF forecasts by taking into consideration the SDR allocations.

As can be seen, the debt to GDP ratio is anticipated to increase slightly in 2024 as Government increases its borrowings for infrastructure projects and also additional Budget supports that are anticipated from multilateral and bilateral creditors. Provision has also been made to cater for Government guaranteed loans especially with the push for the Port expansion project. The ratio will decline gradually over the medium term to reach about 61.2% of GDP by 2026. This will be achieved through maintaining a resilient fiscal consolidation to achieve sustainable primary surpluses over the medium-term and steady economic growth previously highlighted. Borrowings will be done through a mixture of external and domestic borrowings as per strategy adopted following the MTDS analysis, being cautious of the risks on the portfolio as highlighted in the debt strategies in the previous section.

**Table 17: Debt to GDP Forecast 2024-2026**

Indicator	2023 Est.	2024	2025	2026
Debt to GDP (%)	64.4	65.6	64.3	61.2

Source: MoFNPT, and IMF Tables

Albeit external risks still prevails, based on the latest macro-economic indicators and forecasted fiscal position, Government remains committed in keeping the debt on a sustainable path. The latest analysis on the debt dynamic shows a gradual reduction of debt to GDP ratio over the medium-term to reach about 50% before 2030; in line with the pre-COVID target as per Government's commitment. This will be primarily driven by strong real GDP growth, and positive primary balances through prudent fiscal discipline and measures over the medium term.

# **Annual Borrowing Plan**



# Annual Borrowing Plan

**MINISTRY OF FINANCE, NATIONAL PLANNING AND TRADE**

DEBT MANAGEMENT DIVISION

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## Introduction

The 2024 Annual Borrowing Plan (ABP) is prepared in accordance to the Public Debt Management Act section 29, which requires the Debt Management Division of the Ministry of Finance to prepare and publish an ABP. The ABP describes how the annual financing needs will be met during the 2024 budget year. It has been developed in accordance with the targets and benchmark indicators of the 2024-26 Medium-Term Debt Management Strategy (MTDS) and is based on the macroeconomic and fiscal frameworks presented in the 2024 Budget. The MTDS determines the proportions of different instruments to be used during the implementation of the strategy and the ABP turns these, in line with the annual financing needs, into nominal values, keeping into account the short-term macroeconomic outlook and market dynamics.

As the Government entered with the IMF on a supported reform program, it was important to revisit its Annual Borrowing Plan and update it with the aim of being more informative and to promote transparency and predictability of debt management operations. This facilitates sharing of information with other stakeholders (monetary policy, budget execution, cash management) for macroeconomic management, and enables investors to better plan their investments.

By publishing the ABP, the Debt Management Division ensures that the Government's financing needs are met on a timely basis, borrowing is done at the lowest possible cost with prudent degree of risk and additionally, enhance predictability of Government borrowing and helps promote the development of the domestic market.

The plan will be complemented by the quarterly issuance calendar for Government securities, which provides indication of the domestic borrowing operations of the Government over the fiscal year, the instruments to be issued and indicative timing of such borrowings.

It is crucial to note that the ABP has been prepared in consideration of the forecasted financing needs of the Government using the best information available at the time of publication. The estimates are based on a range of economic and other parameters hence there may be the need to revise the ABP.

## Economic Outlook

Seychelles' economic recovery continues on a positive trajectory as tourism flows stabilizes and economic activities rebound to the pre-pandemic levels. The tourism sector remains resilient and continues to drive economic growth. Real GDP growth is forecasted at 4.0% in 2024. Additionally, with the push for digitalization as part of the Government's reform agenda, activities in the 'Information and Communication' will contribute towards the positive economic performance. The 'Transportation and Storage' sector also remains buoyant thus contributing positively to the overall growth. Seychelles is expected to continue along its recovery path with average real GDP growth projections of about 3.9% over the medium term

Current account deficit for 2024 is projected at minus 7.1% of GDP based on the forecasted earnings from tourism activities. The foreign exchange reserves are projected to increase to about USD 761m, equivalent to 3.6 months of import cover. This represents a 7.9% growth compared to the forecasted 2023 position. Domestic price dynamics will predominantly be influenced by developments in international commodity prices. Food prices, is expected to be moderate in the fourth quarter of 2023 and going into 2024, due to the increased production and stock. However, the projected real GDP growth is expected to lead to an increase in imports of goods and services and when combined with the anticipation of higher oil prices in international markets, it is likely that the demand for foreign exchange will increase thus leading to an increase in inflation rate. Global food production remains vulnerable to shocks from extreme weather events, geopolitical tensions, policy changes, and developments in other markets - thus impacting prices. In line with the accommodative stance, market interest rates have remained stable in 2023. However, the rise in global interest rate may influenced the yield on the domestic market moving forward.

Through Government's continuous fiscal consolidation back up by robust government revenues, a primary surplus of 1.1% of GDP, equivalent to SCR 332m is anticipated for 2024. This will narrow down the overall balance deficit by about SCR 416m thus contributing positively in reducing debt vulnerability. Debt to GDP is forecasted to reach 65.6%, as the country access more budget support and funds project loans are disbursed. Additionally, provisions are made for Government to provide guarantees to State Owned Enterprises as the need for project development increases. With the gradual improvement in economic activities and through prudent fiscal disciplinary measures, Government is committed to achieve its pre-COVID objective before 2030. Despite the favorable outlook, uncertainties in the external environment such as the rising geopolitical tensions between Russia/ Ukraine and Palestine/Israel, may impact the outlook.



Table 1: Selected Economic Indicators

Description	2022	2023 Est.	2024 Est.
<b>National income and prices</b>			
Nominal GDP (millions of Seychelles rupees)	28,221	29,094	30,317
Real GDP growth	8.9	3.8	4.0
CPI (annual average)	2.6	-0.8	0.3
<b>Government Budget (% GDP)</b>			
Total revenue, including grants	33.2	34.2	35.8
Expenditure and net lending	36.5	37.0	37.2
Overall balance	-3.3	-2.8	-1.3
Primary balance (accrual basis), including grants	-1.1	-0.0	1.1
<b>External sector (USD'm, unless otherwise indicated)</b>			
Current account balance including official transfers	-137	-118	-175
Gross official reserves (USD'm)	639	705	761
In months of imports, c.i.f.	3.4	3.5	3.6
<b>Total debt outstanding (% of GDP)<sup>1</sup></b>			
Total debt outstanding (SR'm)	17,955.8	18,729.5	19,881.1
<i>Domestic debt (% of GDP)</i>	31.6	28.5	27.0
<i>External debt (% of GDP)</i>	34.0	35.8	34.2

Source: MoFNPT, Macroeconomic Working Group.

<sup>1</sup> The numbers include the SDR allocation provided by IMF  
Ministry of Finance, National Planning and Trade

## Borrowing Requirements

Gross and net financing needs are the basis of the ABP: Net Financing Needs (NFN) contain only the primary balance (deficit) and the interest payments; Gross Financing Needs (GFN) also take account of the maturing public debt, which needs refinancing in the given year.<sup>2</sup>

According to the latest projections, the GFN for the year 2024 is expected to be SCR 2,526m, which is equivalent to 8.3% of GDP. This is lower than the GFN for 2023, which amounted to SCR 3,463m or 11.9% of GDP. The reason for the lower GFN in 2024 is due to robust Government revenues and strong fiscal consolidation, resulting in a primary surplus of 1.1% of GDP. Additionally, for 2024 there is a lower domestic amortization resulting from the continuous reduction of T-bills stock in 2023. When considering the amortization over the period, this translates to a lower NFN of only SCR 407m, or 1.3% of GDP in 2024, compared to SCR 823m, or 2.8% of GDP as the end of year forecast for 2023. **Table 2** below summarizes the financing requirements for 2024 in comparison with 2023. In order to meet its financing needs, the Government intends to seek funds from both foreign and domestic sources.

**Table 2: Financing requirements (2023 vs 2024)**

Description	SCR' M		% of GDP	
	2023 EOY	2024 Est.	2023 EOY	2024 Est.
<b>Primary balance</b>	<b>-2.5</b>	<b>332</b>	<b>0.0</b>	<b>1.1</b>
<b>Interest payments</b>	<b>-821</b>	<b>-739</b>	<b>-2.8</b>	<b>-2.4</b>
o/w Domestic	-563	-449	-1.9	-1.5
External	-257	-290	-0.9	-1.0
<b>Net Financing Needs</b>	<b>-823</b>	<b>-407</b>	<b>-2.8</b>	<b>-1.3</b>
<b>Amortization</b>	<b>-2,640</b>	<b>-2,119</b>	<b>-9.1</b>	<b>-7.0</b>
o/w Domestic	-1,873	-1,145	-6.4	-3.8
External	-766	-974	-2.6	-3.2
<b>Gross Financing Needs</b>	<b>-3,463</b>	<b>-2,526</b>	<b>-11.9</b>	<b>-8.3</b>

Source: MoFNPT, Debt Management Division

The Government's financing plan for 2024 is reflective of the debt management strategy adopted with greater focus on concessional multilateral financing to minimize cost of borrowings and domestic securities issuance ensuring the proper balanced between T-bonds and T-bills, with the former geared towards domestic market development. As illustrated on **Table 2** above, gross redemptions in 2024 amounts to SCR 2.1bn, which is dominated by T-bills redemptions. The optimal stock of T-bills in circulation is an

<sup>2</sup> Changes in the TSA cash buffer or other "below the items" like privatization receipts may impact the size of the net financing and GFN.

important consideration for the ABP while aiming to continue reducing rollover risks and at the same time maintaining the market for short-term securities.

## Financing Plan

In what follows, the borrowing plan is broken down into the different sources of financing and different instruments that will be used respectively in line with the Medium Term Debt Strategy adopted which envisages relatively more concessional financing. In net terms, a total of SCR 407m, or 2.8% of GDP will be required to meet the financing needs. This will be met principally through external financing via budget support loans from concessional multilateral creditors, at SCR 574m, or 1.9% of GDP. This represents a decrease of SCR 221m, or 27.7% compared to 2023. Net external financing on domestic debt is forecasted at minus SCR 168m, or 1.6%. This implies that on the domestic side, more debt will be repaid compared to new issuances hence reducing the domestic debt stock. **Table 3** below indicates the composition of Overall Net Financing for 2024 in comparison to 2023.

**Table 3: Overall Net financing (2023 vs 2024)**

Description	SCR' M		% of GDP	
	2023 EOY	2024 Est.	2023 EOY	2024 Est.
<b>Total Financing (overall budget deficit)</b>	<b>823</b>	<b>407</b>	<b>2.8</b>	<b>1.3</b>
Foreign financing, net	795	574	2.7	1.9
Domestic financing, net	28	-168	0.1	-0.6

Source: MoFNPT, Debt Management Division

## External

The Government is expected to increase its foreign debt by SCR 574m- equivalent to USD 39.6m or 1.9% of GDP, for the year 2024. Gross external borrowing will amount to SCR 1,549m, or 5.1% of GDP whilst amortization amounts to SCR 974m, or 3.2% of GDP. The new debt that will be incurred in fulfilling the borrowing requirements will be used to finance existing projects and budget support facilities. **Table 4** below provides a detailed breakdown of external financing. The majority of borrowings will be from further disbursements under existing and new Budget support loans from multilateral creditors.

**Table 4: Foreign Financing in 2024**

Description	SCR' M	USD' M	% of GDP
<b>Net Foreign Financing</b>	<b>574</b>	<b>39.6</b>	<b>1.9</b>
<b>Total Borrowings</b>	<b>1,549</b>	<b>106.6</b>	<b>5.1</b>
<b>Multilateral</b>	<b>1,245</b>	<b>85.7</b>	<b>4.1</b>
IMF- EFF <sup>3</sup>	238	16.4	0.8
IMF-RSF <sup>4</sup>	122	8.4	0.4
IBRD- Budget Support	218	15.0	0.7
IBRD- P4R <sup>5</sup>	232	16.0	0.8
OFID	291	20.0	1.0
ADB	145	10.0	0.5
<b>Bilateral</b>	-	-	-
<b>Project Loans</b>	<b>303</b>	<b>20.9</b>	<b>1.0</b>
<b>Total Amortization</b>	<b>-974</b>	<b>-67.1</b>	<b>-3.2</b>

Source: MoFNPT, Debt Management Division

## Loans

For the 2023 Budget, with the exception of the loan from OFID, Government is not foreseeing any new external loans. All disbursements will be done under existing loans or existing budget support facilities.<sup>6</sup> As illustrated in the table above, approximately four-fifths of the external disbursements will be from multilateral creditors under **existing loans** or new Budget support facilities. This comprises of approximately SCR 450m by the World Bank. A total disbursements of SCR 360m is expected from the IMF under the EFF and RSF facilities with the fund. OFID and the African Development Bank are expected to disburse SCR 291m and SCR 145m respectively.

<sup>3</sup> Extended Fund Facility

<sup>4</sup> Resilience and Sustainability Facility

<sup>5</sup> Program for Strengthening Quality of the Social Protection System

<sup>6</sup> Note that the two new loans from Saudi Fund for Housing project and reconstruction of La Digue School were already contracted in 2023. However, first disbursement will only materialized in 2024.

Apart from the anticipated external financing, the Government will also have access to the Special Drawing Rights (SDR) allocation available with the CBS, which can be used as an emergency fund in case of unexpected financial needs. At present, the facility amounts to USD 28m. The required amendment will be incorporated into the CBS Act revision-scheduled for December this year- allowing the Government to use the fund as needed.

### Project Loans

The table below provides a breakdown of the forecasted disbursement on existing project loans for 2024. The major disbursement is under Indian Line of credit at SCR 112m followed by the social housing project by MLUH amounting to SCR 84.5m and SCR 72.3m for the reconstruction of La Digue School.

**Table 5: Forecasted Project Loans (2023 vs 2024) – (SCR' M)**

Description	2023	2024
Indian reschedule Loan of USD 4 million: Health Information system	22.4	
Indian Line of Credit	123.4	111.9
*Blue Bond – DBS	30.1	-
*Blue Bond – SEYCCAT	7.5	-
Swiofish3 (IBRD)	20.3	9.0
PUC:33KV South Mahe	24.2	18.5
PUC La Gogue raising of Dam	19.0	6.9
Reconstruction of La Digue School- Saudi Arabia	28.4	72.3
Social Housing Project- MLUH	39.3	84.5
<b>Total Project Loans</b>	<b>314.6</b>	<b>303.1</b>

Source: MoFNPT, Debt Management Division

## New Guarantees

In regards to external guarantees, USD 5m is being anticipated to be disbursed to DBS from the European Investment Bank. Additionally, provision has been made for a total of EUR 30m to be disbursed to SPA as part of Phase II of the Port Victoria Rehabilitation & Extension project<sup>7</sup>. Note that both facilities were already guaranteed by the Government.

**Table 6: External Debt Stock Guarantee forecast (2023 vs 2024) – (SCR' M)**

Instrument	2023	2024
Opening Stock	122	91
Disbursements	-	537
Amortization	-31	-34
<b>Stock of Guarantees</b>	<b>91</b>	<b>595</b>

Source: MoFNPT, Debt Management Division

<sup>7</sup> Note that this is a prudent disbursement forecast and depends on progression of the project thus may not fully materialized in 2024

## Domestic

As depicted in **Table 7** below, the Gross retirement on outstanding domestic debt is expected to amount SCR 1.1bn, or 3.9% of GDP in 2024, whilst gross issuance is projected at SCR 977m, or 3.2% of GDP. This will result in a net domestic issuance of minus SCR 168m, or minus 0.6% of GDP, which implies that Government will be retiring more of its domestic debt as opposed to what will be issued hence decreasing the domestic debt stock.<sup>8</sup>

**Table 7: Domestic Net financing (2023 vs 2024)**

Description	SCR' M		% of GDP	
	2023 EOY	2024 Est.	2023 EOY	2024 Est.
<b>Gross Issuance</b>	<b>1,901</b>	<b>977</b>	<b>6.5</b>	<b>3.2</b>
<b>Gross Retirements</b>	<b>-1,873</b>	<b>-1,145</b>	<b>-6.4</b>	<b>-3.8</b>
*T-Bills	-1,294	-287 <sup>9</sup>	-4.4	-0.9
T-Bonds	-500	-762	-1.7	-2.5
Loans from Commercial Banks	-79	-96	-0.3	-0.3
<b>Net Domestic Issuance</b>	<b>28</b>	<b>-168</b>	<b>0.1</b>	<b>-0.6</b>

Source: MoFNPT, Debt Management Division

*\* Based on the methodology recommended by the OECD for short-term debt, Gross issuance and redemption data on T-Bills during a financial year takes redemptions of T-Bills only once into account (based on the stock of opening balance) to avoid multiple counting.*

Financing on the domestic side will be done through the two main instruments, i.e. T-bills and T-bonds, which will approximately be split into a 65:35 ratio respectively as being adopted per debt management strategy. Since the investor base is dominated by banks, absorption capacity may be tilted towards the relatively shorter-end of the yield curve. The split will depend on market appetite for the respective instruments.

**Table 8: Domestic Financing Instruments – (SCR' M)**

Instrument	Amortization	Issuance	Net Issuance
<b>T-bonds</b>	-762	342	-420
<b>T-bills</b>	-287	635	349
<b>Loans</b>	-96	-	-96
<b>Total:</b>	<b>1,145</b>	<b>977</b>	<b>- 168</b>

Source: MoFNPT, Debt Management Division

<sup>8</sup> Note that for the purpose of the ABP, the amortization and issuance of T-bills issued to the CBS is not considered as part of the amortization and new issuance as this will be rolled over.

<sup>9</sup> This figure does not take into account maturity on new T-bills that will be issued

## Treasury Bills

T-bills tenders will remain a key component of the ABP. During 2024, Government will be paying off about SCR 287m of T-bills compared SCR 635m new issuances, resulting in SCR 349m net issuance. Issuance of T-bills will be guided by the need to maintain an adequate supply, which will be allocated amongst the three tenors (91,182 and 365 Days) based on market demand<sup>10</sup>.

## Treasury Bonds

As part of its continuous effort to lengthen the maturity of the domestic debt profile in the medium-term, the Government will continue to issue bonds on a quarterly basis, through the auction mechanism similar to the T-bills and supported by a quarterly issuance plan for bonds. The tenors on offer will be in 3-, 5-, 7- and 10-year. To note, two 10- years T-bond were offered to the market in 2023 and investors showed great interest in longer tenor bond whereby both bonds were over-subscribed. Based on the observations and feedback, the same 10-year tenor will also be made available in 2024.

T-bonds issuance will be supported by improving their liquidity by initiating trading reforms in Government securities. With the support of Technical Assistance from the IMF, Government intends to set up a buy-back facility that will be operated by interested commercial banks. The moderate issuance of bonds will ensure avoidance of any potential absorption capacity of bonds by banks due to maturity considerations.

Continuous effort is being undertaken by the Government and the Central Bank to develop the domestic market. These measures will promote efficiency and transparency and will also deepen the market, facilitate development of appropriate market infrastructure and evolve the domestic market with recent international market developments. In keeping with transparency obligations, the government will pursue the following communication strategy.

- Issuance calendars for T-bills and T-bonds will be published quarterly on the Ministry of Finance and Central Bank's website announcing the tenor and auction and settlement dates.
- Instructions for participation in T-bonds tenders will be released by the Central Bank one week prior to each tender, and will be made available on the Central Bank's website.

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<sup>10</sup> The legacy holdings of T-bills issued off-market amounting to SCR 1.2bn by the central bank will be maintained through rollover at prevailing market prices resulting in no new net financing.



## Loans

Government does not foresee any new domestic loans for its financing needs in 2024. It will continue to fulfill its debt obligations on its existing domestic loans throughout the year. About SCR 96m will be repaid during 2024.

## New Guarantees

For the 2024 fiscal year, provision has been made for another SCR 200m guarantee to DBS. The fund will be used for DBS' operations as it resumes lending activities. With the aim of diversifying the economy, financing will target specific activities/sectors. Furthermore, a provision of SCR 50m is projected to be disbursed to HFC under a previously issued guarantee. The table below summarizes the stock of domestic guaranteed debt.

**Table 9: Domestic Debt Stock Guarantee forecast (2023 vs 2024) – (SCR' M)**

Instrument	2023	2024
Opening Stock	734	814
Disbursements	200	250
Amortization	-120	-77
<b>Stock of Guarantees</b>	<b>814</b>	<b>987</b>

Source: MoFNPT, Debt Management Division

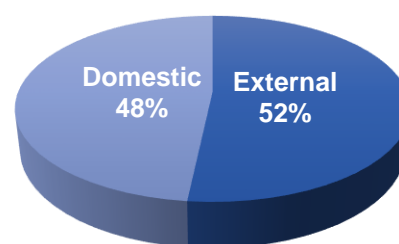
## Debt stock composition

**Table 10** and **Figure 1** below shows the forecasted breakdown of the debt stock for 2023 and 2024. As illustrated, the total debt stock as a percentage of GDP is forecasted to increase by SCR 1,087m in nominal terms, or by 110 basis point as a percentage of GDP. This is reflecting of the net financing needs and new guarantee previously stated.<sup>11</sup> Based on the proposed borrowing strategy, the total stock will comprise of slightly more external debt, at 52% by the end of 2024. This is a shift from the past two years' observation whereby almost 55% of the debt the stock was in the form of domestic debt and it aligns with Government proposed debt management strategy.

**Table 10: Debt stock Breakdown**

Description	SCR' M		% GDP	
	2023 EOY	2024 Est.	2023 EOY	2024 Est.
External	9,041	10,120	31.1	33.4
Domestic	9,448	9,453	32.5	31.2
<b>Total Debt</b>	<b>18,489</b>	<b>19,573</b>	<b>63.5</b>	<b>64.6</b>

**Figure 1: Debt stock composition-2024**



Source: MoFNPT, Debt Management Division

The total debt stock is mostly made up of four main currencies, which are the Seychelles Rupee (SCR), United States Dollars (USD), Special Drawing Rights (SDR) and Euros (EUR). The currency composition provides an overall indication of the exposure to exchange rate risks to the portfolio. For 2023, there is more or less an equal balance between the stock of debt in the local currency and that in foreign currency. This indicates moderate risks to the portfolio. A similar composition is being foreseen for 2024 with a slight increase in foreign currency dominated debt based in line with the new external borrowings.

A more detailed breakdown of the debt stock composition is given in **Table 11** and **Table 12** overleaf for external and domestic debt respectively. On the external side, debt with multilateral creditors will remain the main component of the stock- accounting for almost 76% of the stock. These loans are from three main sources- IMF, World Bank and the African Development Bank. The Bilateral loans and Private loans<sup>12</sup> will account for 17% and 6% respectively of the external portfolio. For 2024, debt from Private creditors and commercial banks are anticipated to decline significantly by 53.3% and 30.2% respectively. In absolute value, this represents a decrease of SCR 150m and SCR 245m respectively. On the other hand, debt

<sup>11</sup> The numbers exclude funds the SDR allocation form the IMF

<sup>12</sup> Private loans comprises of Euro Bond

owed to multilateral and bilateral creditors will increase resulting from additional disbursements under current and new Budget supports, the loans under ongoing project and guaranteed loans.

**Table 11: External Debt stock Breakdown – (SCR' M)**

Description	2023 EOY	2024 Est.	% Diff
<b>Multilateral</b>	6,831	7,689	12.6
<b>Bilateral</b>	1,118	1,734	55.1
<b>Commercial Banks</b>	282	131	-53.3
<b>Private</b>	811	566	-30.2
<b>Total</b>	<b>9,041</b>	<b>10,120</b>	<b>11.9</b>

Source: MoFNPT, Debt Management Division

On the domestic side, Government securities remains the main component of the stock, accounting for about 86% of the domestic debt. Securities stock will be dominated by T-bonds at 63.7% whilst T-bills will account for 22.0% of the stock. Loans with commercial banks accounts for 9.6% and other debt liabilities accounts for only 4.1%. As at the end of 2024, the stock of domestic debt in nominal value is forecasted to remain at the same level as at the end of 2023 with a minor increase of SCR 5m.

**Table 12: Domestic Debt stock Breakdown – (SCR' M)**

Description	2023 EOY	2024 Est.	% Diff
<b>Loans</b>	<b>908</b>	<b>812</b>	<b>-10.6</b>
<b>Securities of which;</b>	<b>8,148</b>	<b>7,868</b>	<b>-3.4</b>
<i>Treasury Bills</i>	2,082	2,144	3.0
<i>Treasury Bonds</i>	6,021	5,679	-5.7
<i>Deposits</i>	45	45	-
<b>Other Debt Liabilities</b>	<b>392</b>	<b>773</b>	<b>97.3</b>
<b>Total Debt</b>	<b>9,448</b>	<b>9,453</b>	<b>0.1</b>

Source: MoFNPT, Debt Management Division

Based on the debt composition, the Average Time to Maturity (ATM) of the debt portfolio is estimated at 6.7 years and 2.8 years in 2023 for the external and domestic debt portfolio respectively. The ATM for the total portfolio is estimated at 4.8 years. It is important to note also that about 34% of the debt in the domestic portfolio will mature within a year, attributed to the stock of T-bills in the portfolio.

## Conclusion

It must be emphasized that while sources of external financing for budgetary purposes (except for certain bilateral loans) can be drawn with high certainty, the domestic market may offer several variations for the issuance of T-bills and bonds based on appetite for the respective instruments. The issuance of T-bills may be more aligned with the cash flow forecast also taking into consideration the needs of the banking sector for liquid short-term instruments, and the benefits of reducing somewhat the volatility of cash flows over the Treasury account.

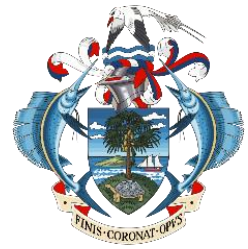
The success of implementation of the proposed bond issuance program is largely dependent on the size of demand for medium- and long-term Government securities. In view of the limited domestic investor base and current low-interest rate environment, which is transitory, it is difficult to ascertain how deep and sustainable is the demand for longer-term securities. Also, an increase in the demand for private sector credit could reduce the banks' appetite for Government bonds. Therefore, issuances of domestic securities will be carefully monitored and adjusted if needed.

The sustainability of the borrowing program in the medium run will require the development of other segments of the domestic capital market. With the aim of developing a secondary market of Government securities, as a first step Government will be implementing a buy-back window with a two-way quote on a risk-taking basis by interested commercial banks. Technical Assistance will be provided by the IMF to help set up such framework.

Given the uncertainty prevailing in the economic environment, for internal monitoring, the ABP will be broken down into quarterly borrowing plans. This will enable the Government to monitor the implementation and, if needed, to make the necessary adjustment in the issuance plan.

## **SECTION 4**

# **Medium- Term Financial Strategy of Public Enterprises 2024-2026**



# **MEDIUM-TERM FINANCIAL STRATEGY OF PUBLIC ENTERPRISES 2024 - 2026**

*Republic of Seychelles*

*November 2023*





# **MEDIUM-TERM FINANCIAL STRATEGY OF PUBLIC ENTERPRISES 2024 - 2026**

*Republic of Seychelles*

*November 2023*





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# 1 INTRODUCTION OF MEDIUM-TERM FINANCIAL STRATEGY (MTFS)

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"Medium-Term Financial Strategy" MTFS is a financial planning and management concept that involves creating a strategic framework for an organization to manage its finances over a medium-term horizon, typically spanning over three to five years. The primary goal of the MTFS adopted in Seychelles is to establish a clear and coherent forward-looking financial roadmap for Public Enterprises (PEs) that aligns with Government's objectives, national priorities and long-term economic and social objectives of the country.

Medium-term financial strategy for Public Enterprises is expected to play a crucial role in ensuring their financial stability and achieving their broader economic and social objectives. These strategies are designed to cover a span of 3 years (i.e. from 2024 to 2026) and expected to be aligned with the national development strategies and Government policies.

The MTFS of PEs cover and focuses on the below mentioned elements.

- i. **Financial Sustainability:** Public Enterprises are entrusted with the responsibility of delivering vital services and fostering economic growth. The Medium-Term Financial Strategy serves as a safeguard, ensuring that PEs possess the essential resources required to carry out their missions while upholding financial sustainability. The government's ultimate aspiration is for all public enterprises to achieve self-sufficiency and minimize any fiscal risks stemming from their operations.

In pursuit of this vision, the Board of Directors of each PE is expected to formulate forward-looking strategies aligned with the Government policies and remain within the defined mandates of each respective PE.

- ii. **Capital Investment Planning:** PEs often require significant capital investments in infrastructure, technology, and equipment, which can be outlined in the MTFS as a clear plan for these investments, ensuring that the necessary funds are available through a mix of internal and external sources.
- iii. **Operational Performance, Efficiency and Cost Control:** As a continuation of the government's commitment to foster a public service culture that is both highly efficient, sustainable, and customer-centric, the adoption of Results-Based Management (RBM) has been instrumental. The Medium-Term Financial Strategy is poised to assume a critical role in assisting Public Enterprises in enhancing operational efficiency. This will be achieved through the implementation of strategies that are closely aligned with cost-control initiatives, process enhancements, and the attainment of performance targets, often measured by Key Performance Indicators (KPIs).

- iv. **Risk Management:** In the contemporary landscape, Public Enterprises encounter a diverse array of risks, encompassing financial, operational, strategic, legal, and more. These risks can stem from factors such as, currency fluctuations, fluctuations in interest rates, and market volatility, among others. Medium-term strategy of each PEs strives to identify and incorporate risk management measures aimed at mitigating these risks. By doing so, it aims to protect the financial and operational stability of the enterprise.
- v. **Debt Management and Contingent Liabilities:** Certain Public Enterprises depend on borrowing to fund their day-to-day activities and investment ventures, procuring loans from a variety of sources such as local banks, the European Union (EU), the Asian Development Bank (ADB), etc. The Medium-Term Financial Strategy comprises of a well-defined debt management strategy, outlining the most advantageous debt composition, schedules for repayments, and the channels through which financing is sourced.
- vi. **Future Focused Strategies for Revenue Diversification:** Future-oriented approaches for expanding revenue sources within Public Enterprises involve diversifying income streams while adhering to their defined mandates and in accordance with the government's policy directives. This entails exploring various avenues, including entering new markets, broadening their service portfolio, introducing fresh products or innovations, cross-selling and upselling, diversifying their business lines, embracing digital transformation, pursuing international expansion, offering value-added services, monetizing assets, providing fee-based services, exploring alternative financing models, advancing sustainability initiatives, and conducting ongoing market research and analysis.

These strategies are aimed at decreasing reliance on a single revenue source or traditional methods employed by PEs, ultimately establishing a more robust financial base.

- vii. **Grants and subsidies:** Grants and subsidies are critical components of a country's fiscal statement because they represent financial support provided by the government or other entities to various organizations, including Public Enterprises (PEs). These financial aids can serve multiple purposes, such as promoting specific industries, encouraging economic growth, or assisting organizations in fulfilling their mandates, which may include providing essential services or contributing to national development.

The Medium-Term Financial Strategy (MTFS) aims to provide a clear and structured framework for managing these grants and subsidies over a specific three-year period, from 2024 to 2026. By specifying the expectations for grants and subsidies, the MTFS helps PEs plan their budgets and operations more effectively. This includes detailing the amounts, sources, and purposes of these funds. Clarity in this area is crucial for both PEs and the government as it ensures proper financial planning, transparency, and accountability.

For PEs, having a clear understanding of the grants and subsidies they can expect over the medium term allows them to align their strategies, investment plans, and operational activities accordingly. It helps them make informed decisions about resource allocation, project priorities, and service delivery.

Moreover, for the government, the MTFS provides a means to manage the allocation of funds to PEs in a manner that aligns with overall fiscal policies and economic objectives. It enables the government to exercise fiscal discipline and ensure that public funds are used efficiently and effectively.

- viii. **Dividends:** The dividend statement is a vital element within the Medium-Term Financial Strategy (MTFS) for State-Owned Enterprises (SOEs). It outlines the expected dividend payments from SOEs to the government and other shareholders over a defined period, typically covering several years.
- ix. **Regulatory Compliance:** The MTFS is expected to fulfill the requirements made in the Section 54, 55, and 81 of the Public Enterprises Act 2023 ensuring that the PEs adhere to such provisions.
- x. **Transparency and Accountability:** As a core policy principle, the government advocates for the necessity of State-Owned Enterprises to uphold a strong commitment to transparency and accountability in their financial management. This encompasses the establishment of robust reporting and monitoring mechanisms to showcase fiscal responsibility and good governance. The primary objective of the adoption of the Medium-Term Financial Strategy is to ensure provision of essential information to the citizens of Seychelles, offering those insights into the strategic direction of PEs and their future trajectory. More specifically, it aims to elucidate the potential impact, whether in terms of burdens, benefits, or value added by PEs, on the national economy and various socio-economic factors within the country.
- xi. **Stakeholder Engagement:** In contrast to traditional budgeting methods, the Medium-Term Financial Strategy has evolved to incorporate the inputs and active engagement of a wide spectrum of stakeholders. This collaborative approach empowers Public Enterprises to make well-informed and, more importantly, the most suitable decisions for their operations. This approach can lead to more comprehensive, balanced, and well-considered financial strategies that better align with the needs of various stakeholders and the overall goals of the organization. It also fosters a sense of ownership and transparency in financial management, ultimately promoting better governance and accountability.
- xii. **Alignment with National Goals:** The MTFS serves as a blueprint for the short-term strategies of Public Enterprises (PEs) to be in sync with the six key priority sectors outlined in the national development strategies. It elucidates how the activities of PEs contribute to the government's attainment of these crucial strategic goals.



In summary, a medium-term financial strategy for Public Enterprises is essential to ensure their financial stability, align their operations with national objectives, and effectively manage their resources. These strategies provide a roadmap for financial sustainability, risk management, and responsible governance, which are vital for the success of these enterprises and their contributions to the overall economy.

## 2 SCOPE AND SOURCE OF INFORMATION

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As per the *Schedule 1* of the Public Enterprises Act 2023, 27 public Enterprises are listed out of which, two Public Enterprises namely *2020 Development Company Ltd. and SSIL* are in the dissolving stage, One Public Enterprise namely *Bois De Rose Investment Ltd.* is being merged with the STCL, One Public Enterprise namely *Paradis Des Enfants Limited* has not prepared budget documents for the year 2024-2026. The MTFS of the remaining 23 Public Enterprises are presented in this Consolidated Medium-Term Financial Strategy.

The information contained within the Seychelles Public Enterprises' Consolidated Medium-Term Financial Strategy is derived from the Medium-Term Financial Strategies (MTFS) individually prepared by each Public Enterprise (PE) and approved by their respective Board of Directors (BoDs). These BoDs are responsible for creating the MTFS, collaborating with the relevant Ministers for their input, and ultimately producing a finalized MTFS that represents a joint statement by the BoDs, with the consent of the responsible ministers.

However, because the MTFS is a relatively new approach for these Public Enterprises, some of them have not yet presented their MTFS to the responsible Ministers or received the necessary input and consent from these ministers to confirm that their MTFS align with government policies and national priorities. As a result, any element that has not been covered in the individual MTFS will be comprehensively incorporated in the Medium-Term Financial Strategy for the upcoming year.

Main sources of Information provided in this document are as follows.

- i. Projected MTFS of PEs – From Board of Directors of PEs
- ii. National Priorities and National Development Objectives – From National Planning Department of MFNPT
- iii. Gross Domestic Products (GDP) – From Economic Forecasting Department of MFNPT
- iv. Actual Exchange Rates – From Central Bank of Seychelles (CBS)
- v. Forecasted Exchange Rates – From Economic Forecasting Department of MFNPT







## 3

## OVERVIEW OF 2024-2026 MTFs OF PES

SCR ('000)

Key Aspects	Actual		Provisional 2023	Forecasted		
	2021	2022		2024	2025	2026
Nominal GDP	25,346,915	28,220,808	29,094,146	30,316,995	32,033,702	34,078,397
Total Revenue	12,091,716	16,529,862	13,295,811	14,404,109	14,673,796	14,102,232
Revenue Growth Rate	-	37%	-20%	8%	%	-4%
Revenue to GDP %	48%	59%	46%	48%	46%	41%
Total Expenditure	11,994,629	13,321,714	12,240,768	13,398,647	13,626,545	12,995,252
Expenditure Growth Rate	-	11%	-8%	9%	2%	-5%
Expenditure to GDP %	47%	47%	42%	44%	43%	38%
Total Finance Cost	247,031	154,125	102,666	126,856	124,452	97,988
Total Business Tax	(344,646)	35,156	106,525	117,697	107,902	105,770
Tax to Net Profit %	-477%	1%	10%	11%	10%	9%
Total Net Profit	72,281	3,196,037	1,039,773	1,043,383	1,055,190	1,115,044
Total Assets	23,285,973	21,695,227	22,580,456	24,248,606	25,205,901	25,192,492
Total Assets Growth Rate %	-	-7%	4%	7%	4%	0%
Total Assets to GDP %	95%	78%	74%	80%	79%	74%
Net Assets	13,042,565	13,553,725	14,619,330	15,692,761	16,774,719	16,466,056
Net Assets Growth Rate %	-	4%	8%	7%	7%	-2%
Net Assets to GDP %	51%	48%	50%	52%	52%	48%
Total Cash and Cash Equivalent	2,587,218	3,464,773	3,305,042	3,505,406	3,725,414	4,051,494
Total Cash Growth Rate %	-	34%	-5%	6%	6%	9%
Total Cash to GDP %	10%	12%	11%	12%	12%	12%
Total Liabilities	10,243,408	8,141,502	7,961,126	8,555,846	8,431,182	7,850,212
Liabilities Growth Rate %	-	-21%	-2%	7%	-1%	-7%
Liabilities to GDP %	42%	29%	27%	28%	26%	23%
Liabilities to Total Assets %	44%	38%	35%	35%	33%	31%
Total Borrowings	3,363,874	2,150,540	2,370,541	2,880,180	2,913,122	2,763,019
Borrowings Growth Rate %	-	-36%	10%	21%	1%	-5%
Borrowings to GDP %	13%	8%	8%	10%	9%	8%
Borrowings to Total Assets %	14%	10%	10%	12%	12%	11%
Total Subsidies	98,486	34,000	14,138	48,000	57,000	55,000
Subsidies Growth Rate %	-	-65%	-58%	240%	19%	-4%
Total Grants	219,263	107,276	132,786	186,388	230,678	178,205
Grants Growth Rate %	-	-51%	24%	40%	24%	-23%
Total Dividends Declared	480,312	495,312	386,816	383,259	346,313	373,619
Dividends Growth Rate %	-	3%	-22%	0%	-10%	8%
Dividends to Net Assets %	4%	3%	3%	2%	2%	3%
Total Capital Expenditure	440,098	549,234	885,364	1,874,159	1,320,568	1,135,347
Capital Expenditure to GDP %	2%	2%	3%	6%	4%	3%

4 **MAPPING OF PES WITH NATIONAL DEVELOPMENT STRATEGY**

National Priority Areas	A Modern Public Service	The Transformative Economy Agenda	A Healthy Nation	Promotion of Law and Order	A Modern Education System aligned with future needs	Environment Sustainability and Climate Change Resilience
<p><b>Sustainable Development Strategies of Seychelles and Expected Outcome</b></p>	<p><b>Strategy I:</b> Promote a Performance-Based, accountable and transparent public service</p> <p><i>Ensure successful implementation of the results-based management.</i></p>	<p><b>Strategy I: The Tourism Sector:</b> “A more resilient sector which is better integrated in the economy.”</p> <p><i>Increasing the tourism sector’s contribution to the economy.</i></p> <p><i>Building a sustainable, resilient and better integrated tourism sector through product enhancement, diversification and differentiation</i></p>	<p><b>Strategy I:</b> Promote Healthy Populations</p> <p><i>Promote healthy living for all age-groups and address risk factors for priority diseases</i></p> <p><i>Revitalise Health-in-All Policies</i></p>	<p><b>Strategy I:</b> Reinforce Community Policing to improve community trust and confidence</p>	<p><b>Strategy I:</b> Reform the Education System for the realities of Seychelles today and for the future</p> <p><i>Modernise the school curriculum.</i></p> <p><i>Anchor digital skills in the education system.</i></p> <p><i>Strengthen the Technical and Vocational education and training</i></p>	<p><b>Strategy I:</b> Undertake preliminary measures in attaining long run NDC targets</p> <p><i>Mitigate Impact of Flooding in Coastal Plains and effects of sea level rise in most vulnerable areas</i></p>
	<p><b>Strategy II:</b> Address Human Resource gaps and instill a culture of lifelong learning within the public sector</p> <p><i>Establish a dynamic public sector college to enhance public service delivery</i></p>	<p><b>Strategy II: The Agricultural Sector:</b> “Improved Food Security and Economically Sustainable Import Substitution, and the Creation of Avenues to Encourage more Consumption of Local Products in our Economy.”</p> <p><i>Increased in Local Broiler meat consumption</i></p> <p><i>Increased in locally produced crop consumption</i></p>	<p><b>Strategy II:</b> Provide Quality Health Services Nationwide</p> <p><i>Improve health services through implementation and monitoring of PHC Package</i></p> <p><i>Improve secondary and tertiary care through implementation of a quality improvement initiative</i></p>	<p><b>Strategy II:</b> Reduce repeat offences and re-admissions to the correctional facility</p>	<p><b>Strategy II:</b> Promote inclusion in educational institutions</p> <p><i>Align Inclusive Education Policy with national and international standards</i></p>	<p><b>Strategy II:</b> Ensuring legal protection and sustained protection of maritime and terrestrial spaces</p> <p><i>% coverage of terrestrial and marine protected areas</i></p>
	<p><b>Strategy III:</b> Digitalize government services to increase access and public engagement</p> <p><i>Embed digitalization to improve efficiency of the public service</i></p>	<p><b>Strategy III: The Fisheries and Blue Economy Sector:</b> “The Promotion of Value Addition and the Modernization of Infrastructure.”</p> <p><i>Increase in value-addition &amp; diversification</i></p> <p><i>Invest in key infrastructure for the Fishing Industry</i></p> <p><i>Promote and develop diversified marine species</i></p> <p><i>Develop sustainable emerging sectors in Blue Economy</i></p>	<p><b>Strategy III: Strengthen Health System Performance</b></p> <p><i>Implement eHIS.</i></p> <p><i>Develop and implement a Human Resources for Health Strategy</i></p>	<p><b>Strategy III:</b> Strengthen border security</p>	<p><b>Strategy III:</b> Foster life-long learning for employability and productivity</p> <p><i>Provide increased opportunities for continuing professional development</i></p>	<p><b>Strategy III:</b> Ensure proper planning and implementation of energy policies and strategies</p> <p><i>Ensure alignment of RE mix of 15% and reduction in energy intensity as per the NDC</i></p>
		<p><b>Strategy IV: Enhancing the enablers: The Digital Economy, The Financial Sectors, STI</b></p> <p><i>Promote the Digital Economy Agenda</i></p> <p><i>Prioritizing IT projects and External Assistance</i></p> <p><i>Overarching elements (modernizing public service systems, digital banking, International compliance etc.)</i></p> <p><i>Improving access to Key Stakeholders</i></p>				<p><b>Strategy IV:</b> An effective and sustainable waste management system</p> <p><i>Effective management in biodegradable waste</i></p>
<p><b>Link With United Nation’s Sustainable Development Goals</b></p> 						
<p><b>Strategic priorities of PEs Linked with the National Priorities</b></p>	<p>The process of integrating strategies of PEs with the National Development Strategy has yet to commence.</p>					

## 5 SECTION I - CONSOLIDATED MTFS AND FINANCIAL PROJECTIONS OF PES

### 5.1 Aggregate Projected Income Statements of PEs

#### 5.1.1 Aggregate Total Revenue Projections of PEs

Summary of Total Revenue Projections for 2021-2026						
Name of Public Enterprise	SCR ('000)					
	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	303,303	619,006	200,137	<b>198,781</b>	200,883	203,457
2. Financial Service Authority	224,314	200,614	195,027	<b>191,244</b>	187,165	189,621
<b>Transport Sector</b>						
3. Air Seychelles Limited	791,275	2,698,125	1,125,488	<b>1,212,303</b>	1,260,633	1,300,417
4. Seychelles Civil Aviation Authority	297,844	442,658	481,878	<b>499,676</b>	517,750	540,766
5. Seychelles Ports Authority	166,600	205,700	256,100	<b>277,200</b>	321,600	331,800
6. Seychelles Public Transport Corporation	178,466	209,075	193,615	<b>185,710</b>	186,749	187,204
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited						
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited	5,717,913	7,137,716	6,105,532	<b>6,376,121</b>	6,468,314	6,638,164
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	2,227,204	2,107,502	1,997,472	<b>2,607,860</b>	2,702,455	2,782,868
13. Petro Seychelles Limited	8,885	3,808	30,036	<b>6,304</b>	9,679	9,679
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	1,021,911	1,107,714	1,108,142	<b>1,147,508</b>	1,204,816	1,265,104
15. Island Development Company Limited						
16. Green Island Construction Company Limited	634,984	1,262,688	1,068,006	<b>1,115,871</b>	994,509	Not Provided
17. Green Tree Investment Company Limited						
18. Property Management Corporation	81,800	92,279	90,366	<b>96,526</b>	100,914	100,908
19. Seychelles Fishing Authority	354,917	314,668	308,809	<b>316,795</b>	321,044	333,301
20. L'Union Estate	34,122	37,827	38,120	<b>48,828</b>	53,323	56,245
21. Seychelles Parks and Gardens Authority	-	41,268	38,472	<b>48,791</b>	51,533	53,801
22. Seychelles Postal Services Limited	15,837	25,780	34,178	<b>49,919</b>	67,269	83,107
23. National Information Service Agency	20,926	23,434	24,433	<b>24,673</b>	25,160	25,790
24. Bois De Rose Investment Limited	11,415					The PE is being merged with the STC
25. Paradis Des Enfants Limited						MTFS was not submitted
26. 2020 Development Company Limited						
27. Société Seychelloise d'Investissement Ltd.						The PE is being Dissolved
<b>TOTAL</b>	<b>12,091,716</b>	<b>16,529,862</b>	<b>13,295,811</b>	<b>14,404,109</b>	<b>14,673,796</b>	<b>14,102,232</b>
<b>Growth Rate %</b>	-	<b>37%</b>	<b>-20%</b>	<b>8%</b>	<b>2%</b>	<b>-4%</b>
<b>Nominal GDP</b>	<b>25,346,915</b>	<b>28,220,808</b>	<b>29,094,146</b>	<b>30,316,995</b>	<b>32,033,702</b>	<b>34,078,397</b>
<b>GDP %</b>	<b>48%</b>	<b>59%</b>	<b>46%</b>	<b>48%</b>	<b>46%</b>	<b>41%</b>

## 5.1.2

## Aggregate Total Expenditure Projections of PEs

Summary of Total Expenditure Projections for 2021-2026						
Name of Public Enterprise	SCR ('000)					
	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	284,600	140,554	142,839	<b>152,043</b>	155,674	159,753
2. Financial Service Authority	113,880	95,232	130,974	<b>137,703</b>	134,026	132,445
<b>Transport Sector</b>						
3. Air Seychelles Limited	1,175,006	991,753	1,010,842	<b>1,100,369</b>	1,138,670	1,170,550
4. Seychelles Civil Aviation Authority	340,037	340,404	404,165	<b>444,187</b>	419,768	430,127
5. Seychelles Ports Authority	198,986	160,968	179,800	<b>206,600</b>	216,400	225,900
6. Seychelles Public Transport Corporation	195,165	201,248	210,980	<b>230,491</b>	236,561	242,512
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited						
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited	5,917,207	6,818,056	5,853,315	<b>6,113,149</b>	6,237,594	6,382,018
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	1,737,646	1,905,436	1,826,399	<b>2,389,855</b>	2,469,135	2,524,059
13. Petro Seychelles Limited	16,115	5,663	8,810	<b>9,734</b>	9,745	9,949
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	994,469	1,025,785	1,045,232	<b>1,105,246</b>	1,157,370	1,206,727
15. Island Development Company Limited						
16. Green Island Construction Company Limited	598,900	1,200,476	991,751	<b>1,024,073</b>	952,094	Not Provided
17. Green Tree Investment Company Limited						
18. Property Management Corporation	76,232	84,285	83,167	<b>89,955</b>	86,887	86,887
19. Seychelles Fishing Authority	233,169	230,677	228,589	<b>247,786</b>	253,423	259,066
20. L'Union Estate	22,764	30,120	30,627	<b>39,907</b>	43,664	45,662
21. Seychelles Parks and Gardens Authority	-	40,898	38,416	<b>48,032</b>	49,054	49,495
22. Seychelles Postal Services Limited	16,134	27,404	31,890	<b>36,169</b>	42,478	46,438
23. National Information Service Agency	25,745	22,755	22,972	<b>23,348</b>	24,003	23,664
24. Bois De Rose Investment Limited	48,574					The PE is being merged with the STC
25. Paradis Des Enfants Limited						MTFS was not submitted
26. 2020 Development Company Limited						
27. Société Seychelloise d'Investissement Ltd.						The PE is being Dissolved
<b>TOTAL</b>	<b>11,994,629</b>	<b>13,321,714</b>	<b>12,240,768</b>	<b>13,398,647</b>	<b>13,626,545</b>	<b>12,995,252</b>
<b>Growth Rate %</b>	-	<b>11%</b>	<b>-8%</b>	<b>9%</b>	<b>2%</b>	<b>-5%</b>
<b>Nominal GDP</b>	<b>25,346,915</b>	<b>28,220,808</b>	<b>29,094,146</b>	<b>30,316,995</b>	<b>32,033,702</b>	<b>34,078,397</b>
<b>GDP %</b>	<b>47%</b>	<b>47%</b>	<b>42%</b>	<b>44%</b>	<b>43%</b>	<b>38%</b>

5.1.2.1 *Aggregate Total Finance Cost Projections of PEs*

Summary of Total Finance Cost Projections for 2021-2026						
<i>SCR ('000)</i>						
Name of Public Enterprise	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	-	-	-	-	-	-
2. Financial Service Authority	-	-	1,000	63	1,488	1,488
<b>Transport Sector</b>						
3. Air Seychelles Limited	191,207	108,687	57,876	46,528	39,049	30,781
4. Seychelles Civil Aviation Authority	1,478	2,740	4,584	3,712	2,416	931
5. Seychelles Ports Authority	100	-	800	3,100	3,300	2,900
6. Seychelles Public Transport Corporation	-	-	-	-	-	-
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited						
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited	3,872	3,166	4,768	3,226	3,277	3,330
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	10,030	16,666	15,215	55,112	61,907	56,299
13. Petro Seychelles Limited	-	-	-	-	-	-
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	2,295	1,856	1,707	1,943	1,753	1,737
15. Island Development Company Limited						
16. Green Island Construction Company Limited	36,775	20,080	16,074	12,620	10,728	Not Provided
17. Green Tree Investment Company Limited						
18. Property Management Corporation	-	-	-	-	-	-
19. Seychelles Fishing Authority	-	-	-	-	-	-
20. L'Union Estate	-	-	-	-	-	-
21. Seychelles Parks and Gardens Authority	-	-	-	-	-	-
22. Seychelles Postal Services Limited	135	-	-	-	-	-
23. National Information Service Agency	1,140	930	642	552	534	523
24. Bois De Rose Investment Limited	48,574	The PE is being merged with the STC				
25. Paradis Des Enfants Limited	MTFS was not submitted					
26. 2020 Development Company Limited	The PE is being Dissolved					
27. Société Seychelloise d'Investissement Ltd.	The PE is being Dissolved					
<b>TOTAL</b>	<b>247,031</b>	<b>154,125</b>	<b>102,666</b>	<b>126,856</b>	<b>124,452</b>	<b>97,988</b>
<b>Growth Rate %</b>	-	-38%	-33%	24%	-2%	-21%

## 5.1.3

## Aggregate Net Profit/Loss Projections of PEs

Summary of Net Profit and Loss Projections for 2021-2026						
<i>SCR ('000)</i>						
Name of Public Enterprise	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	18,703	478,451	57,298	<b>46,738</b>	45,209	43,704
2. Financial Service Authority	110,434	105,381	64,054	<b>53,541</b>	53,139	57,175
<b>Transport Sector</b>						
3. Air Seychelles Limited	(383,731)	1,706,373	114,632	<b>111,919</b>	121,948	129,867
4. Seychelles Civil Aviation Authority	(42,193)	102,254	77,713	<b>85,489</b>	97,983	110,639
5. Seychelles Ports Authority	(32,200)	44,800	68,000	<b>70,600</b>	105,100	105,900
6. Seychelles Public Transport Corporation	(16,698)	11,513	(17,365)	<b>(44,781)</b>	(49,812)	(55,308)
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited						
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited	(199,294)	319,661	252,217	<b>262,972</b>	230,720	256,146
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	489,558	202,066	171,072	<b>218,005</b>	233,320	258,809
13. Petro Seychelles Limited	(7,231)	(1,855)	21,227	<b>(3,430)</b>	(66)	(270)
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	2,449	66,064	55,428	<b>50,195</b>	55,498	66,441
15. Island Development Company Limited						
16. Green Island Construction Company Limited	36,084	62,212	76,254	<b>91,798</b>	42,415	Not Provided
17. Green Tree Investment Company Limited						
18. Property Management Corporation	5,568	7,993	7,199	<b>6,571</b>	14,027	14,021
19. Seychelles Fishing Authority	121,749	83,991	80,220	<b>69,009</b>	67,622	74,235
20. L'Union Estate	11,357	7,707	7,493	<b>8,922</b>	9,659	10,583
21. Seychelles Parks and Gardens Authority	-	370	56	<b>760</b>	2,480	4,307
22. Seychelles Postal Services Limited	(296)	(1,624)	2,814	<b>13,750</b>	24,790	36,669
23. National Information Service Agency	(4,819)	679	1,461	<b>1,325</b>	1,157	2,126
24. Bois De Rose Investment Limited	(37,159)		The PE is being merged with the STC			
25. Paradis Des Enfants Limited			MTFS was not submitted			
26. 2020 Development Company Limited			The PE is being Dissolved			
27. Société Seychelloise d'Investissement Ltd.			The PE is being Dissolved			
<b>TOTAL</b>	<b>72,281</b>	<b>3,196,037</b>	<b>1,039,773</b>	<b>1,043,383</b>	<b>1,055,190</b>	<b>1,115,044</b>
<b>Growth Rate %</b>	-	<b>4322%</b>	<b>- 67%</b>	<b>0%</b>	<b>1%</b>	<b>6%</b>

## 5.2 Projected Financial Position of PEs

### 5.2.1 Projected Value of Total Assets of PEs

Summary of Total Assets Projections for 2021-2026						
SCR ('000)						
Name of Public Enterprise	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	3,512,800	4,081,651	4,311,217	<b>4,511,585</b>	4,792,949	5,057,079
2. Financial Service Authority	435,014	476,093	491,248	<b>521,478</b>	554,256	565,075
<b>Transport Sector</b>						
3. Air Seychelles Limited	2,164,011	1,719,461	1,640,954	<b>1,635,623</b>	1,638,329	1,637,902
4. Seychelles Civil Aviation Authority	696,521	815,290	859,224	<b>913,320</b>	978,207	1,052,056
5. Seychelles Ports Authority	514,600	568,328	667,000	<b>1,160,100</b>	1,399,800	1,730,200
6. Seychelles Public Transport Corporation	132,648	142,106	147,998	<b>204,836</b>	222,025	236,155
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited						
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited	7,094,271	4,718,392	4,521,027	<b>4,678,636</b>	4,769,348	4,854,794
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	5,405,415	5,591,290	5,992,268	<b>6,435,319</b>	6,632,983	6,740,292
13. Petro Seychelles Limited	9,017	30,555	54,841	<b>57,931</b>	65,861	65,591
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	452,213	538,603	571,855	<b>629,243</b>	688,891	760,441
15. Island Development Company Limited						
16. Green Island Construction Company Limited	689,598	871,964	1,123,657	<b>1,202,201</b>	1,078,337	Not Provided
17. Green Tree Investment Company Limited						
18. Property Management Corporation	1,283,072	1,282,882	1,321,867	<b>1,368,131</b>	1,422,065	1,484,131
19. Seychelles Fishing Authority	607,687	618,141	631,320	<b>678,347</b>	703,175	735,732
20. L'Union Estate	33,168	170,541	175,673	<b>177,599</b>	187,844	198,813
21. Seychelles Parks and Gardens Authority	-	-	-	-	-	-
22. Seychelles Postal Services Limited	40,135	39,548	41,470	<b>43,220</b>	39,788	39,788
23. National Information Service Agency	32,284	30,382	28,836	<b>31,038</b>	32,043	34,443
24. Bois De Rose Investment Limited	183,520				The PE is being merged with the STC	
25. Paradis Des Enfants Limited					MTFS was not submitted	
26. 2020 Development Company Limited					The PE is being Dissolved	
27. Société Seychelloise d'Investissement Ltd.						
<b>TOTAL</b>	<b>23,285,973</b>	<b>21,695,227</b>	<b>22,580,456</b>	<b>24,248,606</b>	<b>25,205,901</b>	<b>25,192,492</b>
<b>Growth Rate %</b>	-	<b>-7%</b>	<b>4%</b>	<b>7%</b>	<b>4%</b>	<b>0%</b>
<b>GDP</b>	<b>25,346,915</b>	<b>28,220,808</b>	<b>29,094,146</b>	<b>30,316,995</b>	<b>32,033,702</b>	<b>34,078,397</b>
<b>GDP %</b>	<b>95%</b>	<b>78%</b>	<b>74%</b>	<b>80%</b>	<b>79%</b>	<b>74%</b>



5.2.1.1 *Projected Values of Net Assets*

Summary of Net Assets Projections for 2021-2026						
SCR ('000)						
Name of Public Enterprise	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	3,477,205	4,040,461	4,269,987	<b>4,471,422</b>	4,752,895	5,017,024
2. Financial Service Authority	382,480	404,978	436,224	<b>457,388</b>	484,110	493,608
<b>Transport Sector</b>						
3. Air Seychelles Limited	(1,700,005)	270,653	380,114	<b>504,365</b>	634,384	774,399
4. Seychelles Civil Aviation Authority	598,836	686,090	746,804	<b>812,293</b>	885,275	970,915
5. Seychelles Ports Authority	483,500	527,328	595,300	<b>665,900</b>	771,200	877
6. Seychelles Public Transport Corporation	89,557	101,071	101,779	<b>155,434</b>	175,622	193,314
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited	6,132,749	3,509,773	3,733,350	<b>3,866,508</b>	3,946,930	4,021,763
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited						
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited	2,658,474	2,860,540	3,031,612	<b>3,249,617</b>	3,482,937	3,741,746
12. Public Utilities Corporation						
13. Petro Seychelles Limited						
	(28,952)	(10,848)	10,378	<b>6,948</b>	6,883	6,612
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	343,462	404,917	460,436	<b>510,634</b>	566,133	632,573
15. Island Development Company Limited	232,398	291,796	367,320	<b>458,318</b>	497,853	Not Provided
16. Green Island Construction Company Limited						
17. Green Tree Investment Company Limited						
18. Property Management Corporation	71,748	80,790	87,276	<b>94,656</b>	110,920	120,603
19. Seychelles Fishing Authority	174,359	179,053	181,264	<b>216,680</b>	229,595	249,930
20. L'Union Estate	27,941	162,173	169,673	<b>171,095</b>	180,754	191,337
21. Seychelles Parks and Gardens Authority	-	-	-	-	-	-
22. Seychelles Postal Services Limited	31,189	29,565	30,855	<b>33,220</b>	29,788	29,788
23. National Information Service Agency	14,552	15,385	16,958	<b>18,283</b>	19,440	21,567
24. Bois De Rose Investment Limited	53,072	The PE is being merged with the STC				
25. Paradis Des Enfants Limited	MTFS was not submitted					
26. 2020 Development Company Limited	The PE is being Dissolved					
27. Société Seychelloise d'Investissement Ltd.						
<b>TOTAL</b>	<b>13,042,565</b>	<b>13,553,725</b>	<b>14,619,330</b>	<b>15,692,761</b>	<b>16,774,719</b>	<b>16,466,056</b>
<b>Growth Rate %</b>	-	<b>4%</b>	<b>8%</b>	<b>7%</b>	<b>7%</b>	<b>-2%</b>
<b>GDP</b>	<b>25,346,915</b>	<b>28,220,808</b>	<b>29,094,146</b>	<b>30,316,995</b>	<b>32,033,702</b>	<b>34,078,397</b>
<b>GDP %</b>	<b>51%</b>	<b>48%</b>	<b>50%</b>	<b>52%</b>	<b>52%</b>	<b>48%</b>

### 5.2.1.2 Projected Values of Cash and Cash Equivalents

Summary of Cash and Cash Equivalents for 2021-2026						
SCR ('000)						
Name of Public Enterprise	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	143,933	198,103	171,526	<b>171,623</b>	198,261	183,018
2. Financial Service Authority	114,567	153,240	164,798	<b>178,611</b>	188,493	195,821
<b>Transport Sector</b>						
3. Air Seychelles Limited	203,662	177,895	240,660	<b>311,040</b>	396,494	474,096
4. Seychelles Civil Aviation Authority	149,454	223,672	248,322	<b>238,053</b>	203,246	193,925
5. Seychelles Ports Authority	190,100	196,199	190,100	<b>263,400</b>	242,100	297,600
6. Seychelles Public Transport Corporation	7,135	22,076	(6,424)	<b>(11,219)</b>	(49,907)	(90,816)
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited						
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited	598,004	1,168,942	1,226,186	<b>1,480,886</b>	1,774,261	2,048,326
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	692,950	761,560	550,171	<b>315,238</b>	196,769	163,519
13. Petro Seychelles Limited	8,583	4,776	12,580	<b>15,245</b>	18,813	18,813
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	49,597	81,095	45,579	<b>71,104</b>	83,559	146,922
15. Island Development Company Limited						
16. Green Island Construction Company Limited	42,333	49,550	43,206	<b>56,172</b>	58,148	Not Provided
17. Green Tree Investment Company Limited						
18. Property Management Corporation	110,361	125,403	112,863	<b>101,576</b>	91,419	82,277
19. Seychelles Fishing Authority	240,324	250,861	257,133	<b>263,561</b>	270,150	276,904
20. L'Union Estate	6,025	7,328	3,500	<b>3,500</b>	5,500	6,800
21. Seychelles Parks and Gardens Authority	-	18,305	18,853	<b>19,853</b>	21,353	23,153
22. Seychelles Postal Services Limited	19,010	20,612	21,519	<b>20,902</b>	19,041	19,556
23. National Information Service Agency	4,761	5,156	4,470	<b>5,861</b>	7,714	11,580
24. Bois De Rose Investment Limited	6,419					The PE is being merged with the STC
25. Paradis Des Enfants Limited						MTFS was not submitted
26. 2020 Development Company Limited						
27. Société Seychelloise d'Investissement Ltd.						The PE is being Dissolved
<b>TOTAL</b>	<b>2,587,218</b>	<b>3,464,773</b>	<b>3,305,042</b>	<b>3,505,406</b>	<b>3,725,414</b>	<b>4,051,494</b>
<b>Growth Rate %</b>	-	<b>34%</b>	<b>-5%</b>	<b>6%</b>	<b>6%</b>	<b>9%</b>
<b>GDP</b>	<b>25,346,915</b>	<b>28,220,808</b>	<b>29,094,146</b>	<b>30,316,995</b>	<b>32,033,702</b>	<b>34,078,397</b>
<b>GDP %</b>	<b>10%</b>	<b>12%</b>	<b>11%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>

## 5.2.2 Projected Values of Total Liabilities

Summary of Total Liabilities Projections for 2021-2026						
						SCR ('000)
Name of Public Enterprise	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	35,595	41,190	41,230	<b>40,163</b>	40,055	40,055
2. Financial Service Authority	52,534	71,115	55,024	<b>64,091</b>	70,145	71,467
<b>Transport Sector</b>						
3. Air Seychelles Limited	3,864,016	1,448,808	1,260,840	<b>1,131,258</b>	1,003,945	863,503
4. Seychelles Civil Aviation Authority	97,685	129,200	112,421	<b>101,027</b>	92,932	81,142
5. Seychelles Ports Authority	31,100	41,000	71,700	<b>494,200</b>	628,600	853,100
6. Seychelles Public Transport Corporation	43,091	41,035	46,219	<b>49,402</b>	46,403	42,841
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited						
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited	961,522	1,208,620	787,677	<b>812,127</b>	822,418	833,031
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	2,746,941	2,730,750	2,960,656	<b>3,185,702</b>	3,150,046	2,998,545
13. Petro Seychelles Limited	37,968	41,403	44,462	<b>50,983</b>	58,978	58,978
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	108,751	133,686	111,419	<b>118,609</b>	122,759	127,868
15. Island Development Company Limited						
16. Green Island Construction Company Limited	457,200	580,167	756,338	<b>743,883</b>	580,484	Not Provided
17. Green Tree Investment Company Limited						
18. Property Management Corporation	1,211,324	1,202,092	1,234,592	<b>1,273,475</b>	1,311,144	1,363,527
19. Seychelles Fishing Authority	433,329	439,088	450,055	<b>461,667</b>	473,580	485,802
20. L'Union Estate	5,228	8,368	6,000	<b>6,504</b>	7,090	7,476
21. Seychelles Parks and Gardens Authority	-	-	-	-	-	-
22. Seychelles Postal Services Limited	8,945	9,983	10,615	<b>10,000</b>	10,000	10,000
23. National Information Service Agency	17,732	14,997	11,878	<b>12,755</b>	12,603	12,877
24. Bois De Rose Investment Limited	130,447					The PE is being merged with the STC
25. Paradis Des Enfants Limited						MTFS was not submitted
26. 2020 Development Company Limited						
27. Société Seychelloise d'Investissement Ltd.						The PE is being Dissolved
<b>TOTAL</b>	<b>10,243,408</b>	<b>8,141,502</b>	<b>7,961,126</b>	<b>8,555,846</b>	<b>8,431,182</b>	<b>7,850,212</b>
<b>Growth Rate %</b>	-	-21%	-2%	<b>7%</b>	-1%	-7%
<b>GDP</b>	<b>25,346,915</b>	<b>28,220,808</b>	<b>29,094,146</b>	<b>30,316,995</b>	<b>32,033,702</b>	<b>34,078,397</b>
<b>GDP %</b>	<b>40%</b>	<b>29%</b>	<b>27%</b>	<b>28%</b>	<b>26%</b>	<b>23%</b>
<b>Total Assets of PEs</b>	<b>23,285,974</b>	<b>21,695,227</b>	<b>22,580,455</b>	<b>24,248,606</b>	<b>25,205,901</b>	<b>25,192,492</b>
<b>Total Assets %</b>	<b>44%</b>	<b>38%</b>	<b>35%</b>	<b>35%</b>	<b>33%</b>	<b>31%</b>

## 5.3

## Capital Expenditure Projections by PEs

Summary of Capital Expenditure Projections for 2021-2026						
Name of Public Enterprise	SCR ('000)					
	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	-	-	-	347,411	126,125	136,775
2. Financial Service Authority	2,668	2,700	25,174	16,905	24,618	5,339
<b>Transport Sector</b>						
3. Air Seychelles Limited	2,366	-	48,300	39,474	52,868	31,333
4. Seychelles Civil Aviation Authority	24,401	52,958	79,964	101,079	140,265	123,109
5. Seychelles Ports Authority	8,100	37,200	116,400	467,600	329,900	275,300
6. Seychelles Public Transport Corporation	1,955	3,228	26,470	98,435	70,000	73,000
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited						
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited	27,487	30,019	21,913	35,025	42,210	23,420
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	231,506	308,004	418,590	467,407	337,722	344,824
13. Petro Seychelles Limited	-	-	-	400	-	-
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	15,065	56,842	58,714	57,700	43,500	3,000
15. Island Development Company Limited						
16. Green Island Construction Company Limited	98,499	18,237	27,265	168,756	94,200	58,000
17. Green Tree Investment Company Limited						
18. Property Management Corporation	25,000	20,000	48,000	40,000	40,000	50,000
19. Seychelles Fishing Authority	10,827	19,609	12,492	14,839	5,000	5,000
20. L'Union Estate	-	146	1,380	18,043	12,353	5,303
21. Seychelles Parks and Gardens Authority	-	-	-	-	-	-
22. Seychelles Postal Services Limited	-	-	-	222	444	444
23. National Information Service Agency	316	291	702	863	1,363	500
24. Bois De Rose Investment Limited	The PE is being merged with the STC					
25. Paradis Des Enfants Limited	MTFS was not submitted					
26. 2020 Development Company Limited	The PE is being Dissolved					
27. Société Seychelloise d'Investissement Ltd.	The PE is being Dissolved					
<b>TOTAL</b>	<b>440,098</b>	<b>549,234</b>	<b>885,364</b>	<b>1,874,159</b>	<b>1,320,568</b>	<b>1,135,347</b>
<b>Growth Rate %</b>		<b>25%</b>	<b>61%</b>	<b>112%</b>	<b>-30%</b>	<b>-14%</b>
<b>GDP</b>	<b>25,346,915</b>	<b>28,220,808</b>	<b>29,094,146</b>	<b>30,316,995</b>	<b>32,033,702</b>	<b>34,078,397</b>
<b>GDP %</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>	<b>6%</b>	<b>4%</b>	<b>3%</b>

## 5.4 Elements of Fiscal Risks by PEs

### 5.4.1 Elements of Explicit Fiscal Risks

#### 5.4.1.1 Projected Dividend Payments By PEs

Summary of Dividend Payment Projections for 2021-2026						
SCR ('000)						
Name of Public Enterprise	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	-	-	-	-	-	-
2. Financial Service Authority	92,566	85,960	31,954	32,377	26,416	47,677
<b>Transport Sector</b>						
3. Air Seychelles Limited	-	-	-	-	-	-
4. Seychelles Civil Aviation Authority	-	15,000	19,037	22,073	28,230	27,147
5. Seychelles Ports Authority	-	-	-	-	-	-
6. Seychelles Public Transport Corporation	-	-	-	-	-	-
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited	260,000	250,000	250,000	250,000	215,000	240,000
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited						
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	-	-	-	-	-	-
13. Petro Seychelles Limited	-	-	-	-	-	-
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	93,348	49,352	30,825	33,809	31,667	33,795
15. Island Development Company Limited	-	20,000	20,000	20,000	20,000	Not Provided
16. Green Island Construction Company Limited						
17. Green Tree Investment Company Limited						
18. Property Management Corporation	-	-	-	-	-	-
19. Seychelles Fishing Authority	75,000	75,000	35,000	25,000	25,000	25,000
20. L'Union Estate	-	-	-	-	-	-
21. Seychelles Parks and Gardens Authority	-	-	-	-	-	-
22. Seychelles Postal Services Limited	-	-	-	-	-	-
23. National Information Service Agency	-	-	-	-	-	-
24. Bois De Rose Investment Limited	-	The PE is being merged with the STC				
25. Paradis Des Enfants Limited	MTFS was not submitted					
26. 2020 Development Company Limited	The PE is being Dissolved					
27. Société Seychelloise d'Investissement Ltd.						
<b>TOTAL</b>	<b>480,312</b>	<b>495,312</b>	<b>383,259</b>	<b>346,313</b>	<b>346,313</b>	<b>373,619</b>
<b>Growth Rate %</b>	-	<b>3%</b>	<b>-23%</b>	<b>0%</b>	<b>-10%</b>	<b>8%</b>
<b>Dividends to Net Assets %</b>	<b>4%</b>	<b>4%</b>	<b>3%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>

5.4.1.2 *Projection for Potential Requests for Government Grants by PEs*

Summary of Government Grants Projections for 2021-2026						
						SCR ('000)
Name of Public Enterprise	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	-	-	-	-	-	-
2. Financial Service Authority	-	-	-	-	-	-
<b>Transport Sector</b>						
3. Air Seychelles Limited	104,053	-	-	-	-	-
4. Seychelles Civil Aviation Authority	-	-	-	-	-	-
5. Seychelles Ports Authority	-	-	-	-	76,400	-
6. Seychelles Public Transport Corporation	1,955	3,228	25,470	98,435	70,000	73,000
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited						
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited	-	-	-	-	-	-
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	64,000	60,000	63,000	40,000	40,000	60,000
13. Petro Seychelles Limited	-	-	-	-	-	-
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	-	-	-	-	-	-
15. Island Development Company Limited						
16. Green Island Construction Company Limited	-	-	-	-	-	Not Provided
17. Green Tree Investment Company Limited						
18. Property Management Corporation	-	-	-	-	-	-
19. Seychelles Fishing Authority	46,078	42,236	42,063	43,027	44,103	45,205
20. L'Union Estate	-	-	-	-	-	-
21. Seychelles Parks and Gardens Authority	3,177	1,812	2,253	5,036	183,56875	-
22. Seychelles Postal Services Limited	-	-	-	-	-	-
23. National Information Service Agency	-	-	-	-	-	-
24. Bois De Rose Investment Limited	-	The PE is being merged with the STC				
25. Paradis Des Enfants Limited	MTFS was not submitted					
26. 2020 Development Company Limited	The PE is being Dissolved					
27. Société Seychelloise d'Investissement Ltd.						
<b>TOTAL</b>	<b>219,077</b>	<b>106,098</b>	<b>132,701</b>	<b>186,498</b>	<b>230,687</b>	<b>178,205</b>
<b>Growth Rate %</b>	-	<b>-51%</b>	<b>25%</b>	<b>40%</b>	<b>24%</b>	<b>-23%</b>

### 5.4.1.3 Projected Business Tax Payments By PEs

Summary of Business Tax Payment Projections for 2021-2026						
SCR ('000)						
Name of Public Enterprise	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	-	-	-	-	-	-
2. Financial Service Authority	-	-	-	-	-	-
<b>Transport Sector</b>						
3. Air Seychelles Limited	-	-	-	-	-	-
4. Seychelles Civil Aviation Authority	648	(34,059)	(25,771)	<b>(28,363)</b>	(32,528)	(36,746)
5. Seychelles Ports Authority	2,100	19,100	20,200	<b>18,000</b>	26,700	26,900
6. Seychelles Public Transport Corporation	-	-	-	-	-	-
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited						
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited	(373,880)	36,723	86,109	<b>98,071</b>	99,472	103,358
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	-	-	-	-	-	-
13. Petro Seychelles Limited	-	-	-	-	-	-
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	8,192	22,019	18,343	<b>16,598</b>	18,366	22,014
15. Island Development Company Limited						
16. Green Island Construction Company Limited	7,393	12,389	5,769	<b>14,335</b>	2,187	Not Provided
17. Green Tree Investment Company Limited						
18. Property Management Corporation	-	-	-	-	-	-
19. Seychelles Fishing Authority	-	(22,724)	94	-	-	-
20. L'Union Estate	4,982	1,751	1,427	<b>1,699</b>	1,840	2,016
21. Seychelles Parks and Gardens Authority	-	-	-	-	-	-
22. Seychelles Postal Services Limited	464	(120)	-	<b>(2,951)</b>	(8,387)	(12,347)
23. National Information Service Agency	5,455	77	354	<b>308</b>	252	575
24. Bois De Rose Investment Limited	-		The PE is being merged with the STC			
25. Paradis Des Enfants Limited			MTFS was not submitted			
26. 2020 Development Company Limited			The PE is being Dissolved			
27. Société Seychelloise d'Investissement Ltd.						
<b>TOTAL</b>	<b>(344,646)</b>	<b>35,156</b>	<b>106,525</b>	<b>117,697</b>	<b>107,902</b>	<b>105,770</b>
<b>Growth Rate %</b>	-	<b>-110%</b>	<b>203%</b>	<b>10%</b>	<b>-8%</b>	<b>-2%</b>
<b>Tax to Net Profit %</b>	<b>-477%</b>	<b>1%</b>	<b>10%</b>	<b>11%</b>	<b>10%</b>	<b>9%</b>

## 5.4.2 Projection for Potential Requests for Government Subventions by PEs

Summary of Government Subventions Projections for 2021-2026						
<i>SCR ('000)</i>						
Name of Public Enterprise	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	-	-	-	-	-	-
2. Financial Service Authority	-	-	-	-	-	-
<b>Transport Sector</b>						
3. Air Seychelles Limited	-	-	-	-	-	-
4. Seychelles Civil Aviation Authority	-	-	-	-	-	-
5. Seychelles Ports Authority	-	-	-	-	-	-
6. Seychelles Public Transport Corporation	70,000	26,000	8,138	<b>44,000</b>	53,000	55,000
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited						
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited	-	-	-	-	-	-
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	-	-	-	-	-	-
13. Petro Seychelles Limited	-	-	-	-	-	-
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	-	-	-	-	-	-
15. Island Development Company Limited						
16. Green Island Construction Company Limited	-	-	-	-	-	Not Provided
17. Green Tree Investment Company Limited						
18. Property Management Corporation	-	-	-	-	-	-
19. Seychelles Fishing Authority	-	-	-	-	-	-
20. L'Union Estate	13,486	-	-	-	-	-
21. Seychelles Parks and Gardens Authority						
22. Seychelles Postal Services Limited	15,000	8,000	6,000	<b>4,000</b>	4,000	-
23. National Information Service Agency	-	-	-	-	-	-
24. Bois De Rose Investment Limited	-	The PE is being merged with the STC				
25. Paradis Des Enfants Limited	MTFS was not submitted					
26. 2020 Development Company Limited	The PE is being Dissolved					
27. Société Seychelloise d'Investissement Ltd.						
<b>TOTAL</b>	<b>98,486</b>	<b>34,000</b>	<b>14,138</b>	<b>48,000</b>	<b>57,000</b>	<b>55,000</b>
<b>Growth Rate %</b>	-	<b>-65%</b>	<b>-58%</b>	<b>240%</b>	<b>19%</b>	<b>-4%</b>



**5.4.3 Elements of Implicit Fiscal Risks**  
**5.4.3.1 Projected Outstanding Borrowings Balances of PEs**

<b>Summary of Outstanding Borrowings Projections for 2021-2026</b>						
<i>SCR ('000)</i>						
<b>Name of Public Enterprise</b>	<b>Actual</b>		<b>Provisional</b>	<b>Forecast</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Financial Sector</b>						
1. Seychelles Pension Fund	-	-	-	-	-	-
2. Financial Service Authority	-	-	-	-	-	-
<b>Transport Sector</b>						
3. Air Seychelles Limited	1,340,964	224,510	186,480	<b>155,412</b>	117,719	76,109
4. Seychelles Civil Aviation Authority	30,576	47,136	46,475	<b>34,474</b>	21,147	5,890
5. Seychelles Ports Authority	8,200	7,500	48,800	<b>455,900</b>	598,300	821,400
6. Seychelles Public Transport Corporation	-	-	-	-	-	-
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited						
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited	-	-	-	-	-	-
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	1,361,010	1,286,325	1,606,776	1,816,075	1,812,375	1,674,565
13. Petro Seychelles Limited	20,000	20,000	20,000	20,000	20,000	20,000
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	5,000	5,000	-	-	-	-
15. Island Development Company Limited						
16. Green Island Construction Company Limited	193,037	302,275	233,289	<b>194,548</b>	160,187	Not Provided
17. Green Tree Investment Company Limited						
18. Property Management Corporation	279,522	251,570	226,413	<b>203,771</b>	183,394	165,055
19. Seychelles Fishing Authority	-	-	-	-	-	-
20. L'Union Estate	-	-	-	-	-	-
21. Seychelles Parks and Gardens Authority	-	-	-	-	-	-
22. Seychelles Postal Services Limited	2,000	2,000	1,600	-	-	-
23. National Information Service Agency	7,457	4,224	708	-	-	-
24. Bois De Rose Investment Limited	116,108	The PE is being merged with the STC				
25. Paradis Des Enfants Limited		MTFS was not submitted				
26. 2020 Development Company Limited		The PE is being Dissolved				
27. Société Seychelloise d'Investissement Ltd.		The PE is being Dissolved				
<b>TOTAL</b>	<b>3,363,874</b>	<b>2,150,540</b>	<b>2,370,541</b>	<b>2,880,180</b>	<b>2,913,122</b>	<b>2,763,019</b>
<b>Growth Rate %</b>	-	<b>-36%</b>	<b>10%</b>	<b>21%</b>	<b>1%</b>	<b>-5%</b>
<b>Total Assets of PEs</b>	<b>23,285,973</b>	<b>21,695,227</b>	<b>22,580,456</b>	<b>24,248,606</b>	<b>25,205,901</b>	<b>25,192,492</b>
<b>Borrowings to Total Assets %</b>	<b>14%</b>	<b>10%</b>	<b>10%</b>	<b>12%</b>	<b>12%</b>	<b>11%</b>
<b>Borrowings to GDP %</b>	<b>13%</b>	<b>8%</b>	<b>8%</b>	<b>10%</b>	<b>9%</b>	<b>8%</b>

### 5.4.3.2 Projected Outstanding Values of Guarantees of PEs

Summary of Outstanding Values of Guarantees Projections for 2021-2026						
SCR ('000)						
Name of Public Enterprise	Actual		Provisional	Forecast		
	2021	2022	2023	2024	2025	2026
<b>Financial Sector</b>						
1. Seychelles Pension Fund	-	-	-	-	-	-
2. Financial Service Authority	-	-	-	-	-	-
<b>Transport Sector</b>						
3. Air Seychelles Limited	-	-	-	-	-	-
4. Seychelles Civil Aviation Authority	-	-	18,200	-	-	-
5. Seychelles Ports Authority	-	-	-	-	-	-
6. Seychelles Public Transport Corporation	-	-	-	-	-	-
<b>Energy Sector</b>						
7. Seychelles Petroleum Company Limited						
8. Seychelles Progress Limited						
9. Seychelles Patriot Limited	-	-	-	-	-	-
10. Seychelles Pioneer Limited						
11. Seychelles Prelude Limited						
12. Public Utilities Corporation	-	-	-	-	-	-
13. Petro Seychelles Limited	-	-	-	-	-	-
<b>Services, Development and Other Sectors</b>						
14. Seychelles Trading Company Limited	-	-	-	-	-	-
15. Island Development Company Limited						
16. Green Island Construction Company Limited	-	6,818	31,900	-	-	Not Provided
17. Green Tree Investment Company Limited						
18. Property Management Corporation	-	-	-	-	-	-
19. Seychelles Fishing Authority	-	-	-	-	-	-
20. L'Union Estate	-	-	-	-	-	-
21. Seychelles Parks and Gardens Authority	-	-	-	-	-	-
22. Seychelles Postal Services Limited	-	-	-	-	-	-
23. National Information Service Agency	-	-	-	-	-	-
24. Bois De Rose Investment Limited	-	The PE is being merged with the STC				
25. Paradis Des Enfants Limited	MTFS was not submitted					
26. 2020 Development Company Limited	The PE is being Dissolved					
27. Société Seychelloise d'Investissement Ltd.	The PE is being Dissolved					
<b>TOTAL</b>	-	<b>6,818</b>	<b>50,100</b>	-	-	-

## 6 SECTION II - MTFs AND FINANCIAL PROJECTIONS OF INDIVIDUAL PUBLIC ENTERPRISES

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### 6.1 Seychelles Pension Funds (SPF)

#### 6.1.1 Strategic Overview

##### 6.1.1.1 *Mandate*

Seychelles Pension Fund (SPF) was established in January 2006, by an Act of Parliament, as an earning replacement mechanism to enable qualifying members to live in basic comfort upon retirement.

SPF operates a Defined Benefit pension system where its members – Seychellois employees, receive a prescribed pension amount as per a formula, upon retirement for life. It is a ‘Pay-as-you-go’ plan where the generation of tomorrow, pays for the workers of today, and the workers of today pay the workers of yesterday. SPF comprises of three main departments for the efficient delivery of all its services.

- Pension and Benefits – Core function
- Investments – Supplementary function
- Corporate Services – Support function

##### 6.1.1.2 *Vision*

The Seychelles Pension Fund will be a leader and model among retirement systems, by providing the best retirement and related benefit package for its members.

##### 6.1.1.3 *Mission*

The Seychelles Pension Fund is dedicated to manage and secure its funds through prudent investments and innovative methods to pay out the optimum retirement and related benefits to its members.

##### 6.1.1.4 *Strategic Priorities for 2024-2026*

Strategic objectives are currently being reviewed by the BoDs and the management of SPF and hence not included to the MTFs.

##### 6.1.1.5 *Key Challenges*

- Political Risks
- Economic factors (such as, COVID-19, increase in tax, unemployment rate and other related costs)
- Members lack or have limited understanding of the SPF Pension system – potential backlash (negative publicity)
- Influencers/opinion leaders encouraging negative perceptions of SPF
- Increased competition in Real Estate/Properties
- Adverse impact of Government policies (e.g. PEMC monitoring/control, Proposal of government house-reduction in rent, review in taxes)
- Movements in the Country’s Demographics affecting SPF (Increase Life Expectancy, increase in child mortality rate, reduced birth rate, increase in foreign workers)
- Social Factors (affecting labour force, Increase in informal sectors etc.)
- High reliance on data from other stakeholders (timeliness & reliability)
- Financial Market challenges - domestic capital market not fully develop
- New emerging technologies that SPF has to be in line with
- Legal Threats

## 6.1.2 Outlook of Financial Strategy

### 6.1.2.1 Projected Financial Position of Seychelles Pension Fund

SCR '000

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>ASSETS</b>							
<b>Non-Current Assets</b>							
Plant and Equipment	20,790	17,810	18,912	18,228	23,715	21,890	23,245
Investment Properties	1,395,698	1,408,297	1,462,974	1,772,517	2,116,950	2,252,475	2,377,350
Deposit on Leasehold Land	42,139	41,624	41,072	41,072	41,072	41,072	41,072
Investment in Subsidiary Company (OICL value at cost)	40,563	40,563	34,768	34,768	34,768	34,768	34,768
Investment in Associated Companies-Seybrew	265,135	264,340	275,112	275,112	275,112	275,112	275,112
Investment in Associated Companies-Al Salam Bank	36,112	25,334	25,831	25,831	25,831	25,831	25,831
Investment in Associated Companies-C & W	154,935	294,436	660,000	660,000	660,000	660,000	660,000
Investment in Financial Assets	613,642	564,242	603,945	608,945	535,254	535,254	535,254
Loan to Government-(PMC)	90,779	71,947	53,257	33,017	11,096	-	-
	<b>2,659,793</b>	<b>2,728,592</b>	<b>3,175,871</b>	<b>3,469,489</b>	<b>3,723,799</b>	<b>3,846,403</b>	<b>3,972,633</b>
<b>Current Assets</b>							
Investment in Financial Assets	410,950	336,280	413,548	339,790	272,551	419,221	579,871
Receivables and prepayments	81,565	78,598	98,049	103,220	116,419	114,517	113,197
Asset held for sale	203,924	206,566	177,248	208,360	208,360	208,360	208,360
Loan to Government-(PMC)	17,257	18,832	18,832	18,832	18,832	6,188	-
Cash and Cash Equivalents	158,988	143,933	198,103	171,526	171,623	198,261	183,018
	<b>872,683</b>	<b>784,208</b>	<b>905,780</b>	<b>841,728</b>	<b>787,786</b>	<b>946,546</b>	<b>1,084,446</b>
<b>Total Assets</b>	<b>3,532,477</b>	<b>3,512,800</b>	<b>4,081,651</b>	<b>4,311,217</b>	<b>4,511,585</b>	<b>4,792,949</b>	<b>5,057,079</b>
<b>Current Liabilities</b>							
Payables and accruals (Note 3)	81,349	20,951	22,994	23,645	23,500	23,500	23,500
Borrowings	-	-	-	-	-	-	-
	<b>81,349</b>	<b>20,951</b>	<b>22,994</b>	<b>23,645</b>	<b>23,500</b>	<b>23,500</b>	<b>23,500</b>
<b>Non-Current Liabilities</b>							
Borrowings	-	-	-	-	-	-	-
Property Deferred lease	6,527	6,418	11,886	12,814	12,000	12,000	12,000
Retirement Benefit Obligations	8,632	8,226	6,309	4,772	4,663	4,555	4,555
	<b>15,159</b>	<b>14,644</b>	<b>18,195</b>	<b>17,586</b>	<b>16,663</b>	<b>16,555</b>	<b>16,555</b>
<b>Net Assets Available for Benefits:</b>	<b>3,435,969</b>	<b>3,477,205</b>	<b>4,040,461</b>	<b>4,269,987</b>	<b>4,471,422</b>	<b>4,752,895</b>	<b>5,017,024</b>
<b>Made up as follows:</b>							
Members' Fund	1,721,566	1,744,100	1,828,904	1,962,967	2,100,362	2,219,824	2,320,893
Other Funds	533,280	533,280	533,280	533,280	533,280	533,280	533,280
Reserve Fund	14,569	14,569	14,569	14,569	14,569	14,569	14,569
Other Reserves	153,926	153,926	153,926	153,926	153,926	153,926	153,926
Retained Earnings	1,012,629	1,031,331	1,509,783	1,605,246	1,669,286	1,831,296	1,994,356
	<b>3,435,969</b>	<b>3,477,205</b>	<b>4,040,461</b>	<b>4,269,987</b>	<b>4,471,422</b>	<b>4,752,895</b>	<b>5,017,024</b>

## 6.1.2.2

## Projected Statement of Comprehensive Income of Seychelles Pension Fund

SCR '000

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>INCOME</b>							
Interest Income	45,427	47,391	38,906	43,143	34,337	34,302	34,728
Dividend Income	22,312	21,351	54,738	51,750	52,559	53,610	54,683
Rental Income	114,220	94,098	98,301	104,668	111,496	112,611	113,738
Other income-Surcharge	980	566	1,304	468	280	250	200
Profit on Disposal of Property & Equipment	130	287	153	-	-	-	-
Profit on sale of investments	17,574	-	-	-	-	-	-
Increase in fair value of associates	-	-	-	-	-	-	-
Insurance claim proceeds received	-	-	30,020	-	-	-	-
Amortisation of deferred Government Grant	109	109	109	109	109	109	109
	<b>200,751</b>	<b>163,802</b>	<b>223,531</b>	<b>200,137</b>	<b>198,781</b>	<b>200,883</b>	<b>203,457</b>
<b>EXPENDITURE</b>							
Interest credited to members	35,595	37,307	37,523	47,629	49,534	50,773	52,296
Administrative Expenses	48,629	44,448	51,153	57,531	59,985	61,484	63,021
Decrease in fair value of quoted equities	-	-	-	-	-	-	-
Decrease in fair value of investment properties	-	-	-	-	-	-	-
Investment Fees	220	1,123	1,103	4,455	6,013	6,163	6,317
Impairment loss on trade and other receivables	-	-	-	-	-	-	-
Events, Publicity & Marketing expenses	2,530	1,602	1,558	1,821	2,244	2,300	2,358
Property management expenses	32,069	21,965	23,035	22,508	25,634	26,275	26,931
Others-Covid 19	303	271	120	-	-	-	-
Depreciation of property and equipment	6,050	5,557	5,363	5,500	5,500	5,638	5,778
Amortisation of deposit on lease - (Caravelle House)	515	515	551	551	551	551	551
Loss on disposal of property, plant and equipment	-	-	886	-	-	-	-
Provision for credit impairment	4,886	1,142	2,251	500	250	100	50
Auditors' Remuneration	400	385	385	400	424	435	445
Other professional fees	3,205	3,196	4,789	1,942	1,908	1,955	2,004
	<b>134,404</b>	<b>117,511</b>	<b>128,716</b>	<b>142,839</b>	<b>152,043</b>	<b>155,674</b>	<b>159,753</b>
<b>Surplus (With F. Value adj)</b>	<b>66,348</b>	<b>46,291</b>	<b>94,815</b>	<b>57,298</b>	<b>46,738</b>	<b>45,209</b>	<b>43,704</b>
Loss on exchange							
Surplus (Without F. Value adj)							
Gain/(Loss) on Exchange Differences	14,571	(44,831)	(5,645)	-	-	-	-
<b>Surplus for the year before fair value changes</b>	<b>80,919</b>	<b>1,460</b>	<b>89,170</b>	<b>57,298</b>	<b>46,738</b>	<b>45,209</b>	<b>43,704</b>
Increase/(Decrease) in fair value of quoted equities	(33)	(2,534)	(399)	-	-	-	-
Increase/(Decrease) in fair value of subsidiaries (OICL)	(3,863)		(5,795)	-	-	-	-
Increase/(Decrease) in fair value of investment properties	(9,328)	(15,678)	13,054	-	-	-	-
Increase in fair value of unquoted equities				-	-	-	-
Increase in fair value of PPE				-	-	-	-
Decrease in fair value of quoted equities				-	-	-	-
Increase/(Decrease) in fair value of associates-Seybrew	16,540	(796)	10,772	-	-	-	-
Increase/(Decrease) in fair value of associates- Alsalam bank	13,708	(10,778)	497	-	-	-	-
Increase/(Decrease) in fair value of associates- CWS	(175,469)	139,501	365,564	-	-	-	-
Total fair value changes	(158,446)	109,716	383,694	-	-	-	-
Other comprehensive income							
Increase/(Decrease) in fair value of unquoted equities	146,746	(92,472)	5,587	-	-	-	-
Total other comprehensive income	146,746	(92,472)	5,587	-	-	-	-
Net changes in fair value of investment	(11,699)	17,243	389,281	-	-	-	-
<b>Surplus for the year</b>	<b>69,220</b>	<b>18,703</b>	<b>478,451</b>	<b>57,298</b>	<b>46,738</b>	<b>45,209</b>	<b>43,704</b>
<b>Retained surplus brought forward</b>	<b>943,409</b>	<b>1,012,629</b>	<b>1,031,331</b>	<b>1,509,783</b>	<b>1,567,080</b>	<b>1,613,819</b>	<b>1,659,028</b>
<b>Retained surplus carried forward</b>	<b>1,012,629</b>	<b>1,031,331</b>	<b>1,509,783</b>	<b>1,567,080</b>	<b>1,613,819</b>	<b>1,659,028</b>	<b>1,702,732</b>

### 6.1.2.3 Projected Cash flow Statement of Seychelles Pension Fund

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>OPERATING ACTIVITIES</b>							
Net increase in assets available for benefits	145,339	41,236	563,256	191,361	184,133	164,672	144,773
Adjustments for:							
Depreciation of property and equipment	6,050	5,557	5,363	5,500	5,500	5,638	5,778
Amortization of right of use	515	515	551	551	551	551	551
Amortization of deferred government Grant	(109)	(109)	(109)	(109)	(109)	(109)	(109)
Write off of property plant and equipment	92	-	-	-	-	-	-
Profit/(Loss) on disposal of PPEs	(130)	-	(153)	-	-	-	-
Profit/(Loss) on disposal of held for sale assets	(11,755)	(287)	886	-	-	-	-
Retirement benefit obligation charge	1,394	(407)	3,660	928	1,435	1,426	1,426
Revaluation of plant and equipment	-	-	-	-	-	-	-
Provision for credit impairment	4,886	1,142	2,251	500	250	100	50
Bad and doubtful debts written off against provision	(38)	-	-	-	-	-	-
Fair value loss on investment properties	9,328	19,224	(4,017)	-	-	-	-
Fair value gains transferred to reserve	-	-	-	-	-	-	-
Fair value gain on quoted and unquoted equities	(146,713)	95,006	(5,188)	-	-	-	-
Fair value loss on associates	145,221	(127,927)	(376,834)	-	-	-	-
Fair value loss on subsidiary	3,863	-	5,795	-	-	-	-
Interest receivable	(45,427)	(47,391)	(38,906)	(37,374)	(35,121)	(34,302)	(34,728)
Dividend income	(22,312)	(21,351)	(54,738)	(51,750)	(52,559)	(53,610)	(54,683)
	90,205	(34,790)	101,817	109,607	104,081	84,365	63,059
<b>Changes in working capital:</b>							
- Decrease/(Increase) in receivables and prepayments	(13,086)	1,825	(21,702)	(5,671)	(13,450)	1,802	1,270
- (Decrease)/Increase in payables and accruals	(151,116)	(60,398)	2,043	650	(145)	-	-
<b>Net cash (used in)/ generated from operations</b>	<b>(73,997)</b>	<b>(93,362)</b>	<b>82,158</b>	<b>104,587</b>	<b>90,486</b>	<b>86,167</b>	<b>64,329</b>
<b>Cash flows from investing activities</b>							
Purchase of property and equipment	(3,482)	(2,577)	(3,522)	(5,043)	(2,977)	(1,250)	(1,250)
Proceeds from disposal of property and equipment	130	-	387	-	-	-	-
Proceeds from disposal of asset held for sale	68,500	-	-	-	-	-	-
Proceeds from disposal of investment properties	-	5,261	-	-	-	-	-
Purchase of assets held for sale	(1,264)	(2,642)	-	-	-	-	-
Purchase of investment properties	(72,374)	(36,797)	(24,518)	(82,748)	(344,434)	(135,525)	(124,875)
Purchase of shares- Cable & Wireless	-	-	-	-	-	-	-
Repayment of loans by PMC	25,109	25,109	25,109	25,109	25,109	25,109	6,229
Purchase of financial assets	(351,530)	(344,320)	(738,136)	(152,737)	147,420	(34,408)	(17,620)
Proceeds from redemption of financial assets	402,972	373,383	625,468	32,505	31,933	32,933	34,687
Interest received (net of interest on PMC loan)	36,252	39,539	32,486	51,750	52,559	53,610	54,683
Dividend received	22,312	21,351	54,738	-	-	-	-
<b>Net cash generated/ (used in) investing activities</b>	<b>126,626</b>	<b>78,307</b>	<b>(27,988)</b>	<b>(131,164)</b>	<b>(90,389)</b>	<b>(59,530)</b>	<b>(48,146)</b>
<b>Net increase in cash and cash equivalents</b>	<b>52,629</b>	<b>(15,055)</b>	<b>54,170</b>	<b>(26,577)</b>	<b>97</b>	<b>26,637</b>	<b>16,183</b>
Cash and cash equivalents at January 1,	106,359	158,988	143,933	198,103	171,526	171,623	198,261
<b>Cash and cash equivalents at December 31,</b>	<b>158,988</b>	<b>143,933</b>	<b>198,103</b>	<b>171,526</b>	<b>171,623</b>	<b>198,261</b>	<b>214,443</b>

#### 6.1.2.4 Projected Capital Investment Plan of Seychelles Pension Fund

Project Name	Project Purpose and Description	Total Estimated Project Cost	Expected Outcome of the Project	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		
							2020	2021	2022	2023	2024	2025	2026
<b>Major Capital Investments</b>													
Pirates Arms Re-Development	SCR400m - projected completion date end of Dec 2027 SCR97m including 5% retention (SCR20m) in Yr2027										158,446	66,000	66,000
Ile Du Port	Provisional Sum for any amendments to layout. I.e. Partitioning of new office spaces for prospective tenants.										1,000	150	100
Pointe au Sel project											-	-	-
Oceangate House renovation (Minor capital work)	Phase 2-8m For full refurbishment of Ocean Gate house. i.e. replace tiles, window, roof sheets, painting, spalling concrete etc...										8,100	150	100
Le Chantier Mall	Yr2 -reconstruction-/5% retention SCR12.5m in yr 2026/ Total estimated project cost SCR250m-practical completion date by end of qtr 1 of 2026										118,982	58,000	40,000
5th June Car park project											-	-	-
Continental Building	estimated SR60m total project costs for reconstruction of Continental buildings/cometion 2nd qtr yr 2025/includes 5% retention SCR3m in yr 2025										32,000	-	28,000
Huteau Lane (demolition and renovation)	2.5M for surfacing of carpark and associated infrastructures										2,500	-	-
Unity House blocks A, B, C	SCR5m for refurbishment-tiles replacement/upgrading of sensors for urinals/cladding of lift area/installation of terrazzo flooring in staircase in blocks A,B & C										5,000	-	-
Corail D'or	Phase 2:Refurbishment by end 2023 -SCR15m for total estimated cost/estimated completion date by end of Qtr 3 in 2024/5% retention of SCR750k in Qtr 2 Yr2025										8,750	-	750
Praslin Holiday Home (28 self catering apartments)	500K is being budgeted for any maintenance or work required at PHH - CFO comments any maintenance to be captured in P&L maintenance budgets										-	-	-
La Clementine	CFO comments-any maintenance to be captured in Property Maintenance budget										-	-	-
Maison Collet	Refurbishment of fire alarm system including breaching inlet valves & fire fighting equipment										2,000	250	250

Information Not Provided

Providence Industrial Estate (SENPA)	Phase 2-Estimated SCR4m total cost for refurbishment (includes DR site)-SCR3m for Yr2023		1,000	50	50	
Eve Island	Estimated SCR3m total cost for refurbishment - SCR300k for Yr2023-expected completion end oct 2024		2,700	50	50	
Caravelle House	2M being budgeted for refurbishment works at Caravelle house, to accommodate new offices etc...		2,000	100	100	
La Passe Pension House	Refurbishment of 900k (buffer of 100K) - retention of 5% considered- SCR645k expected by end of yr 2023		255	25	25	
Praslin Pension Complex 1	Major renovation of the 12 apartments-upgrading roof & ceiling-estimated SCR1.5m		1,500	50	50	
Providence Warehouse	replace & upgrade lifts		200	50	50	
<b>Total</b>		Information Not Provided	<b>344,434</b>	<b>124,875</b>	<b>135,525</b>	
<b>Replacements and upkeep of Assets (PPE)</b>						
Purchase of Fixed Assets (IT)		Information Not Provided	1,200	477	500	500
Digitalisation Development			2,500	1,500	500	500
Purchase of Fixed Assets (HRA)			550	900	250	250
Tools & Equipment (Property)			100	-	-	-
Purchase of SAGE (accounting software)			537	100	-	-
E-Platform Website Software (Seyonline)			156	-	-	-
<b>Total</b>			<b>5,043</b>	<b>2,977</b>	<b>1,250</b>	<b>1,250</b>
<b>GRAND TOTAL</b>			<b>5,043</b>	<b>347,411</b>	<b>126,125</b>	<b>136,775</b>



### 6.1.3 **Projected TAX, Dividend, Debt Payments, Subventions, Grants and Contingencies**

#### 6.1.3.1 *Projected Tax Implications*

Details Not Provided.

#### 6.1.3.2 *Projected Dividend Distribution*

The SPF does not disburse any Dividends and hence not applicable.

#### 6.1.3.3 *Projected Debt Payments*

Details Not Provided.

#### 6.1.3.4 *Projected Grants and Subsidies*

Details Not Provided.

#### 6.1.3.5 *Contingencies of Seychelles Pension Fund*

No anticipated contingent liabilities

#### 6.1.3.6 *Assumptions used for the Financial Projections*

Details Not Provided.

### 6.1.4 **KPIs, Risk Management Strategy and Reporting Obligations**

#### 6.1.4.1 *Key Performance Indicators*

Not Provided.

#### 6.1.4.2 *Risks and Resilience Plan of Seychelles Pension Fund*

<b>Risk Category</b>	<b>Potential Risks Identified</b>	<b>Risk Mitigation Strategies</b>
Strategic Risks	Financial (Incl. Investment related risks, Inflation, Solvency, liquidity, Credit, Systemic, Asset & Liability mismatch)	<ul style="list-style-type: none"> <li>- Investment policy;</li> <li>- Close monitoring of asset performance;</li> <li>- Close monitoring of debtors (tenants, employers) - Debtor management policy and plan; Debtors recovery committee</li> <li>- Cashflow analysis - Management maintains levels of cash and deposits which are sufficient to meet reasonable expectations of its short-term obligations;</li> <li>- Adequate level of liquid financial instruments within the Investment portfolio;</li> <li>- Capped indexation;</li> <li>- Real returns are calculated.</li> </ul>
	Legal & Regulatory	<ul style="list-style-type: none"> <li>- SPF Act &amp; Regulations;</li> <li>- Legal retainers;</li> <li>- Adherence to all relevant laws &amp; regulations;</li> <li>- Communication and/or consultation between SPF, Government and Regulators specifically in regards to decisions that may impact the Fund;</li> <li>- Comprehensive review of SPF Act &amp; Regulations.</li> </ul>
	Governance	<ul style="list-style-type: none"> <li>- Transparency and accuracy in reporting;</li> <li>- Adherence to reporting requirements as per SPF Act, and compliance obligations;</li> <li>- Adherence to reporting requirement of the regulator;</li> <li>- Communication with members and stakeholders;</li> <li>- Board charter;</li> <li>- Independent Board of Trustees;</li> <li>- Ensuring that trustees and senior Management possess a shared understanding of pensions and the risks that may hinder the achievement of strategic objectives and affect reputation and long-term sustainability;</li> <li>- Board approved policies which promotes good governance i.e. conflict of Interest, whistle blowing etc.;</li> <li>- Board sub committees; Audit &amp; Risk Committee, Remuneration Committee, Finance &amp; Investment Committee</li> <li>- Risk Management section, Risk Management policy, Risk Register;</li> <li>- Independent Committees; Tender Evaluation, Tender Review Panel &amp; medical Board.</li> <li>- Independent internal audit function;</li> <li>- Strategic planning /Strategic plan.</li> </ul>

	Market (Incl. Price, Interest rate, Foreign currency)	<ul style="list-style-type: none"> <li>- Investment policy;</li> <li>- The Fund holds a diversified portfolio of investments and by the selection of securities and other financial instruments within specified limits in accordance with its investment policy some markets risks can be partly mitigated;</li> <li>- Market analysis, the Fund monitors the performance of its assets and the fluctuation in foreign exchange rates on a periodic basis;</li> <li>- Financial planning / budgeting.</li> </ul>
	Environmental and Climate (Incl. Social & Health)	<ul style="list-style-type: none"> <li>- ESG has been incorporated in SPF Investments;</li> <li>- Business Continuity plans and systems in place to minimize the effects of a broad range of external disruptions (fires, floods, Covid-19, Tsunamis etc.) and to ensure that business operations are maintained to an acceptable level.</li> </ul>
	Funding (Incl. Actuarial related risks, Longevity)	<ul style="list-style-type: none"> <li>- Triennial Actuarial valuation;</li> <li>- Actuarial investigations prior to parametric changes;</li> <li>- Independent Actuary contracted;</li> <li>- Funding policy.</li> </ul>
	Stakeholder & Employer Related	<ul style="list-style-type: none"> <li>- Awareness and sensibilization programmes;</li> <li>- Pension education initiatives;</li> <li>- Stakeholder consultations;</li> <li>- Site visits and employer education.</li> </ul>
Operational Risks	Internal Fraud	<ul style="list-style-type: none"> <li>- Policies &amp; SOPs with appropriate sanctions (Human Resource, Code of conduct &amp; Ethics, No Gift, Conflict of Interest, IT, etc.);</li> <li>- Disciplinary committee;</li> <li>- Internal audit plan &amp; checks;</li> <li>- Risk event investigations;</li> <li>- Annual external Audits.</li> </ul>
	External Fraud	<ul style="list-style-type: none"> <li>- Policies &amp; SOPs (Whistle blowing, AML, IT etc.);</li> <li>- IT system undergoes frequent testing;</li> <li>- Internal audit plan &amp; checks;</li> <li>- Annual external Audits.</li> </ul>
	Employment practices & work place safety	<ul style="list-style-type: none"> <li>- Policies &amp; SOPs (Human Resource, Health &amp; Safety etc.)</li> <li>- Adherence to employment laws &amp; regulations which govern SPF;</li> <li>- Health &amp; Safety unit;</li> </ul>
	Clients, products, & business practice	<ul style="list-style-type: none"> <li>- Policies &amp; SOPs;</li> <li>- Contracts with clients/tenants;</li> <li>- Contracts with third-party service providers;</li> </ul>
	Damage to physical assets	<ul style="list-style-type: none"> <li>- Policies &amp; SOPs;</li> <li>- Insurances;</li> <li>- Property checks;</li> <li>- CCTV cameras;</li> <li>- Scheduled preventive maintenance;</li> <li>- Timely corrective maintenance;</li> </ul>
	Business disruption and systems failures	<ul style="list-style-type: none"> <li>- Policies &amp; SOPs (i.e. IT policies);</li> <li>- BCPs;</li> <li>- Backup systems;</li> <li>- Scheduled system / security software updates;</li> <li>- Firewalls upgrades;</li> <li>- New technologies, Software's &amp; hardware's);</li> <li>- Access rights;</li> <li>- Ongoing security awareness trainings for staff;</li> <li>- Disaster recovery site;</li> <li>- Alternate service providers;</li> </ul>
	Execution, delivery, & process management	<ul style="list-style-type: none"> <li>- Policies &amp; SOPs (Majority);</li> <li>- Adherence to statutory reporting obligations;</li> <li>- Sustaining adequate operational resources (people, system &amp; financial) to ensure that there are adequate operational processes, systems and controls in place to support the provision of services to our members, stakeholders and the general public;</li> <li>- Use of new technology which improves efficiency;</li> <li>- Recruitment of high calibre candidates to maximize the personal and collective contributions of staff towards the achievement of our strategic vision and goals;</li> <li>- Conducive working environment with career development, rewards and recognition;</li> <li>- Staff Performance Improvement plan;</li> </ul>
Reputational Risks	Reputational Risks	<ul style="list-style-type: none"> <li>- Effective and innovative delivery of services;</li> <li>- Communication strategy;</li> <li>- Press releases;</li> <li>- Meeting statutory commitments;</li> <li>- Due diligence activities;</li> <li>- Partnerships;</li> <li>- Managing member expectations;</li> <li>- Timely communication with members, regulators and stakeholders;</li> <li>- Awareness and education programs for members;</li> </ul>

#### 6.1.4.3 *List of External Reporting's by the Seychelles Pension Fund*

<b>Name/Title of the Report</b>	<b>Recipients of the Report</b>	<b>Description of the purpose, content and inclusion of the report</b>	<b>Frequency and Timing of the Report</b>
Audited Financial Statements	Ministry of Finance, PEMC, All SPF Members via SPF website	Statements- Financial Position, Comprehensive Income, Cashflow,	Annually- on or after 31 <sup>st</sup> March following financial year end
Budgets	PEMC	All budgets and forecasts	Annually -by 30 <sup>th</sup> Sept

#### 6.1.5 **Stakeholder Engagement**

The MTFSS is in draft mode and yet to be approved by the BoDs and the responsible Minister for SPF. As such, the statement of commitments by the CEO, BoDs and the responsible minister is not included.

## 6.2 Financial Services Authority (FSA)

### 6.2.1 Strategic Overview

#### 6.2.1.1 *Mandate*

The Seychelles Financial Services Authority (FSA) is mandated under the Financial Services Act, 2013, to inter alia:

- Supervise, monitor and regulate licensees in accordance with this Act and the financial services legislation; and other financial services business carried on in or from within Seychelles;
- Administer the registry legislation;
- Develop appropriate legal, regulatory and supervisory mechanisms for the efficient and effective administration of the Authority and the financial services legislation;
- Adopt such measures as may be necessary to appropriately inform and educate the general public on its functions and on matters relating to or affecting any financial services business;
- Take action against persons carrying on unauthorized financial services business in Seychelles.

#### 6.2.1.2 *Vision*

An effective regulator focused on safeguarding a credible and innovative non-bank financial services jurisdiction.

#### 6.2.1.3 *Mission*

Transform and grow the Seychelles' non-bank financial services industry, through the application of a sound regulatory and supervisory framework that protects the jurisdiction's reputation and the consumers and stakeholders' investments.

#### 6.2.1.4 *Strategic Priorities for 2024-2026*

Revise and modernize our laws, regulations, policies and operating standards to international norms and best practices.

- 1) Effective implementation of our sectoral responsibility for AML/CFT supervision, monitoring and enforcement for all reporting entities under our regulatory purview.
- 2) Research into and introduce new products to diversify our products portfolio.
- 3) Investment in new user friendly and secure technologies and other infrastructure.
- 4) Ensure our staff have the skills and expertise to efficiently and effectively, execute and deliver their responsibilities.
- 5) Promote the development of the non-bank financial sector through training programme placements and support incentives to industry practitioners and graduates to specialise in this sector.
- 6) Efficiently monitor the activities of the industry and constantly educate our customers and consumers on new products, legislations and of their roles and responsibilities.
- 7) Ensure that our jurisdiction, services and products on offer are adequately visible.

### 6.2.1.5

#### **Key Challenges**

- Seychelles was blacklisted in October 2020 by influential countries and international bodies for being uncooperative on some issues of fiscal transparency and for registering companies on US sanction list.
- Ever-changing international regulations or requirements by international regulatory bodies, which lead to tight implementation deadlines and create pressure due to resource constraints.
- Delays in amendment and enactment of laws relating to the FSA's operations and industry pressure towards policy decisions that aim to increase compliance.
- Shortage of specialists' skills/ experience and inappropriate infrastructure of the non-bank financial sector to efficiently provide the desired services.
- Limited growth in the industry due to low level of public/stakeholders' education on the non-bank financial sector operations, products and services, resulting in low uptake of the financial products.

## 6.2.2

### **Outlook of Financial Strategy**

#### 6.2.2.1

#### **Projected Financial Position of FSA**

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Non Current Assets	305,427	303,905	310,376	313,264	329,661	352,392	355,714
Property, plant and equipment	54,871	55,576	59,546	61,570	75,999	98,729	100,098
Investment property	240,314	240,314	242,266	242,266	244,234	244,234	246,188
Intangible asset	-	-	-	-	-	-	-
Long term receivables	10,241	8,015	8,563	9,428	9,428	9,428	9,428
Current Assets	142,456	131,109	165,718	177,984	191,817	201,864	209,361
Trade and other receivables	16,284	11,338	12,478	13,186	13,206	13,371	13,540
Cash and cash equivalents	126,172	114,567	153,240	164,798	178,611	188,493	195,821
Investment in Treasury Bills	-	5,203	-	-	-	-	-
<b>Total Assets</b>	<b>447,883</b>	<b>435,014</b>	<b>476,093</b>	<b>491,248</b>	<b>521,478</b>	<b>554,256</b>	<b>565,075</b>
<b>EQUITY and LIABILITIES</b>							
<b>Equity</b>							
Stated capital	8,716	8,716	8,716	8,716	8,716	8,716	8,716
Capital grant	2,562	1,708	854	-	-	-	-
Retained earnings	332,497	350,365	368,734	400,834	420,030	446,752	454,297
Revaluation reserve	21,691	21,691	26,674	26,674	28,642	28,642	30,596
Total Equity	365,465	382,480	404,978	436,224	457,388	484,110	493,608
<b>Liabilities</b>							
Non Current liabilities	11,910	13,267	16,846	22,688	27,369	35,800	38,882
Retirement benefit obligations	11,910	13,267	16,846	22,688	27,369	35,800	38,882
Accrued interest on Borrowings							
Current liabilities	70,508	39,267	54,269	32,336	36,722	34,346	32,584
Borrowings	10,612	-	-	-	-	-	-
Other payables	59,896	39,267	54,269	32,336	36,722	34,346	32,584
<b>Total Liabilities</b>	<b>82,417</b>	<b>52,534</b>	<b>71,115</b>	<b>55,024</b>	<b>64,091</b>	<b>70,145</b>	<b>71,467</b>
<b>Total Equity and liabilities</b>	<b>447,883</b>	<b>435,014</b>	<b>476,093</b>	<b>491,248</b>	<b>521,478</b>	<b>554,256</b>	<b>565,075</b>

## 6.2.2.2

*Projected Statement of Comprehensive Income of FSA*

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Revenue	199,382	223,646	197,494	185,596	180,246	180,311	180,706
Staff costs	(50,523)	(45,100)	(60,024)	(69,279)	(81,573)	(84,361)	(84,361)
Administrative expenses	(27,310)	(31,580)	(31,510)	(53,134)	(47,895)	(40,660)	(39,117)
Educational dissemination	(3,320)	(713)	(232)	(705)	(759)	(629)	(629)
Other operating costs	(1,239)	(1,619)	(1,757)	(1,856)	(2,476)	(1,888)	(1,850)
Finance income - interest on staff loans	795	663	1,037	650	700	750	750
Finance cost - borrowing costs	(57)	-	-	(1,000)	63	(1,488)	(1,488)
Marketing Grant to SIB	(198)	(546)	(545)	(5,000)	(5,000)	(5,000)	(5,000)
CISNA Seminar	-	-	-	-	-	-	-
Other income	6	4	131	150	3,500	2,108	2,147
Foreign exchange - (losses)/gains	24,950	(34,323)	(1,163)	8,631	4,766	3,996	4,063
<b>Profit for the year</b>	<b>142,486</b>	<b>110,434</b>	<b>103,429</b>	<b>64,054</b>	<b>51,573</b>	<b>53,139</b>	<b>55,222</b>
Surplus on revaluation of investment property	96,815	-	1,952	-	1,968	-	1,954
<b>Profit of the Year and Total Comprehensive Income for the Year</b>	<b>239,302</b>	<b>110,434</b>	<b>105,381</b>	<b>64,054</b>	<b>53,541</b>	<b>53,139</b>	<b>57,175</b>

6.2.2.3 *Projected Cash Flow Statement of FSA*

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Operating Activities</b>							
Profit for the year	239,302	110,434	105,381	64,054	53,541	53,139	55,175
Adjustment for:							
Depreciation on property, plant and equipment	2,089	2,473	2,596	2,710	2,476	1,888	1,850
Transfers/Adjustments from WIP	-	-	84	-	-	-	-
Adjustment for Fixed asset Accrued			2				
Amortization of intangible asset	3	-	-	-	-	-	-
Asset written off	689	-	-	-	-	-	-
(Profit)/Loss on disposal of asset	-	-	6	-	-	-	-
Amortization of capital grant	(854)	(854)	(854)	(854)			
Impairment of trade receivables	-	-	(96)	-	-	-	-
Retirement benefit obligation charge	5,125	4,993	5,895	7,469	7,472	7,501	7,501
Interest payable	57	-	-	-	-	-	-
Interest receivable	(795)	(663)	(1,037)	(650)	(4,200)	(2,858)	(2,897)
Gain on revaluation of investment property	(96,815)	-	-	-	(1,968)		(1,954)
Impairment of trade receivables	(120)	(41)	(1,952)	-	-	-	-
Adjustment on accrued Interest upon completion of full repayment of Loan	-	(252)	-	-	-	-	-
<b>Net Cash Provided/(used) by Operating Activities</b>	<b>148,682</b>	<b>116,091</b>	<b>110,025</b>	<b>72,729</b>	<b>57,321</b>	<b>59,670</b>	<b>59,675</b>
<b>Changes in working capital</b>							
Increase in trade and other receivables	(3,415)	7,213	(1,592)	(1,573)	(20)	165	(169)
(Decrease)/increase in trade and other payables	26,013	(7,621)	(4,998)	(1,268)	9,386	624	239
Cash generated from operations	171,280	115,683	103,435	69,888	66,686	60,458	59,745
Retirement obligations paid	(3,663)	(3,636)	(2,316)	(1,992)	(2,791)	(2,127)	(4,418)
Interest received	795	663	1,037	650	4,200	2,858	2,897
<b>Net cash inflow from operating activities</b>	<b>168,411</b>	<b>112,710</b>	<b>102,156</b>	<b>68,545</b>	<b>68,095</b>	<b>61,189</b>	<b>58,224</b>
<b>Cash flows from investing activities</b>							
Purchase of property, plant and equipment	(7,772)	(3,178)	(2,736)	(4,883)	(16,905)	(24,618)	(3,218)
Investment in Treasury bills	(3,640)	-	-	-	-	-	-
Proceeds from sale of asset	-	-	10	-	-	-	-
Investment in Treasury bills	-	(5,199)	5,203	-	-	-	-
<b>Net cash outflow from investing activities</b>	<b>(11,412)</b>	<b>(8,376)</b>	<b>2,476</b>	<b>(4,883)</b>	<b>(16,905)</b>	<b>(24,618)</b>	<b>(3,218)</b>
<b>Cash flows from financing activities</b>							
Borrowing received							
Loan Repayment	(19,230)	(10,612)	-	-	-	-	-
Interest paid	(1,359)	(92)	-	-	-	-	-
Amount transferred to the Government of Seychelles	(72,600)	(105,235)	(65,960)	(51,954)	(32,377)	(26,689)	(47,677)
<b>Net cash inflow from financing activities</b>	<b>(93,190)</b>	<b>(115,938)</b>	<b>(65,960)</b>	<b>(51,954)</b>	<b>(32,377)</b>	<b>(26,689)</b>	<b>(47,677)</b>
Net change in cash and cash equivalents	63,810	(11,605)	38,672	11,709	13,813	9,882	7,328
Movement in cash and cash equivalents							
<b>At Jan 1</b>	<b>62,363</b>	<b>126,172</b>	<b>114,567</b>	<b>153,090</b>	<b>164,798</b>	<b>178,611</b>	<b>188,493</b>
Increase during the year	63,810	(11,605)	38,522	11,709	13,813	9,882	7,328
<b>At Dec 31</b>	<b>126,172</b>	<b>114,567</b>	<b>153,090</b>	<b>164,798</b>	<b>178,611</b>	<b>188,493</b>	<b>195,821</b>

6.2.2.4 *Projected Capital Investment Plan of FSA*

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		
							2020	2021	2022	2023	2024	2025	2026
<i>Major Capital Investments</i>													
Renovation of Admin Block	-	-	-	-	-	-	83	-	-	2,751	-	-	-
Renovation of technical office	-	-	-	-	-	-	-	-	427	-	-	-	-
Construction of New FSA Building	Accommodating of FSA officers into one central building	Occupancy	150,000	-	-	-	-	-	-	19,373	-	22,500	4,500
Construction of New FSA Warehouse	Temporary housing of FSA officers and to be leased out once completion of building	Occupancy and rental income long term	12,520	-	-	-	-	-	-	1,740	9,840	1,240	120
Centralization of sewage system	-	-	-	-	-	-	-	-	-	-	200	-	-
Net Edge	-	-	-	-	-	-	-	-	-	-	4,641	-	-
<i>Replacements and upkeep of Assets (PPE)</i>													
Furniture & Fixtures	-	-	-	-	-	-	226	239	340	225	464	141	141
Other Assets	-	-	-	-	-	-	335	1,007	974	210	700	350	150
Plant & Equipment	-	-	-	-	-	-	2,065	1,423	960	875	1,060	387	428
<b>TOTAL</b>	-	-	-	-	-	-	<b>2,709</b>	<b>2,669</b>	<b>2,701</b>	<b>25,173</b>	<b>16,905</b>	<b>24,618</b>	<b>5,339</b>



### 6.2.3 Projected TAX, Dividend, Debt Payments, Subventions, Grants and Contingencies

#### 6.2.3.1 Projected Tax Implications

FSA is exempted from Business Tax.

#### 6.2.3.2 Projected Dividend Distribution

SCR ('000)

Nature of Dividend	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Dividends in Cash	85,269	92,566	85,960	31,954	32,377	26,416	47,677
Dividends in lieu of Cash	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>85,269</b>	<b>92,566</b>	<b>85,960</b>	<b>31,954</b>	<b>32,377</b>	<b>26,416</b>	<b>47,677</b>

#### 6.2.3.3 Projected Debt Payments

SCR ('000)

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
7.5 Million USD from External Debt	Borrowings	Construction of warehouse	60,334	-	-	-	-	-	-	-
	Interest for the Year	-	-	1,359	92	-	-	-	-	-
	Repayment of Capital	-	-	19,230	10,612	-	-	-	-	-
	Balance carried forward	-	-	10,612	-	-	-	-	-	-
Debt for Other PEs FSA	Borrowings	-	-	-	-	-	-	-	-	-
	Interest for the Year	-	-	-	-	-	-	-	-	-
	Repayment of Capital	-	-	-	-	-	-	-	-	-
	Balance carried forward	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>			<b>60,334</b>	<b>31,202</b>	<b>10,704</b>	-	-	-	-	-

#### 6.2.3.4 Projected Grants and Subsidies

FSA is not anticipating to receive subventions and grants.

#### 6.2.3.5 Contingencies of FSA

FSA is not anticipating any contingent liabilities.

#### 6.2.3.6 Assumptions used for the Financial Projections

##### Revenue

Assumptions used for the forecasted revenues are based on historical statistics and trends analysis.

- 1) Based on historical trend and statistics, there is an annual average decrease in IBC renewals. It is being projected that the number of IBC companies that will be both incorporated and renewed will continue to decrease in 2024 to 2026.

- 2) As for Capital Market Fund and Securities, proposed and ongoing legislative amendments within the next year shall affect the rate of receipt of securities dealer applications and subsequently license issuance. This will lead to a steadier increase of fees as well.
- 3) The Authority also invested in a USD Fixed Deposits in 2023 hence expected interest income has been forecasted in the coming 3 years.

## Expenditure

### Personal Emoluments

There is a proposed increase in the forecasted Personal Emoluments due to increments and adjustments of salaries and allowances in line with approved internal policies such as the performance allowance, recruitments and promotions for the year 2024 to 2026.

### Rental Expense

The FSA is currently working on building a warehouse, which will be used for accommodating some of the staff members currently located at providence. Hence, the forecasted rent has shown a decline from the year 2025 upon completion of the warehouse.

## 6.2.4 KPIs, Risk Management Strategy and Reporting Obligations

### 6.2.4.1 Key Performance Indicators of FSA

Title of Key Performance Indicators	Description	Licensees	Achievements of KPIs						
			Actual Figures			Provisional	Forecast		
			2020	2021	2022	2023	2024	2025	2026
Growth number in of licensees	Measures the effectiveness of attracting new business and provides an overview of the potential economic contribution of the NBFS sector	ICSP	66	64	63	63	62	61	61
		TSPs	22	22	20	20	22	22	22
		FSP	19	19	21	21	21	23	24
		Domestic Insurer	6	6	6	7	8	8	8
		Domestic Re-insurer	1	0	0	0	0	0	0
		Non-Domestic Insurer	6	8	9	9	11	11	12
		Domestic brokers	20	24	24	24	29	32	34
		Non-Domestic brokers	0	0	0	0	0	0	0
		Agents	3	2	2	2	4	4	4
		Sub-agents	47	48	44	45	50	52	54
		Principal Insurance Representatives	1	3	2	3	3	3	3
		Insurance Manager	0	0	0	0	0	0	0
		Fund Administrators	4	5	7	7	5	5	5
		Restricted Fund Administrators	0	0	0	0	0	0	0
		Approved Foreign Administrators	2	3	3	3	2	0	0
		Private Funds	3	3	3	2	2	1	0
		Professional Funds	8	6	6	6	3	3	3
Public Funds	2	1	1	1	0	0	0		
Exempt Foreign Funds	0	0	0	0	0	0	0		
International Trade Zone Companies	27	23	22	24	25	25	25		

		Securities Exchanges	2	2	2	2	2	2	1
		Listed Companies	47	57	53	60	60	66	72
		Securities Facilities	2	2	2	2	2	2	2
		Clearing Agency	2	2	2	2	2	2	1
		Securities Dealers	68	89	133	160	148	167	185
		Securities Dealers' Representatives	70	100	139	176	149	167	184
		Investment Advisors	4	3	2	2	2	2	2
		Investment Advisors' Representatives	3	1	2	3	1	1	1
		Slot Machines	8	7	7	7	7	7	7
		Casinos	6	4	4	4	4	4	4
Growth uptake in of products	Measures the effectiveness of attracting new business and provides an overview of the potential economic contribution of the NBFS sector	IBCs	54,764	53,368	46,716	46,487	43,519	40,552	37,555
		Company Special Licenses	338	338	341	343	340	336	332
		Foundations	918	976	1,054	1,112	1,133	1,208	1,285
		Trusts	849	881	926	953	964	1,000	1,010
		Limited Partnerships	32	33	35	35	33	34	35
		Protected Cell Companies	20	22	25	25	20	21	22
Nature of enforcement actions for potential supervision	Tracks the number of enforcement actions taken against non-compliant licensees	Set targets were not provided							
Number of enforcement actions for AML/CFT supervision	Tracks the number of enforcement actions taken against non-compliant licensees	-	-	-	4	33	35	35	35
Financial Literacy Outreach	Tracks the reach and impact of financial literacy and education programmes conducted	-	1	3	3	5	5	5	
Supervision Coverage	Measures the percentage of licensed entities that undergo regular supervisory inspection	IG & PSS Casinos and slot machines	-	64%	100%	100%	100%	100%	100%
		Insurance	-	10%	24%	25%	25%	25%	26%
		ITZ	-	20%	50%	53%	53%	53%	53%
		CM&CISS	-	78.26%	85.72%	81.43%	97.81%	100%	100%
		Fiduciary	27%	28%	18%	34%	20%	25%	25%
AML/CFT effectiveness	Evaluate the effectiveness of AML/CFT efforts through number of STRs and successful prosecutions	Set targets were not provided							

6.2.4.2

*Risks and Resilience Plan of FSA*

<b>Risk Category</b>	<b>Potential Risks Identified</b>	<b>Risk Mitigation Strategies</b>
<b>Strategic Risks</b>	Failure to achieve strategic objectives	Monitoring and evaluation process for the achievement of strategic objectives, including implementing corrective measures as required.
	Specialists' skills shortage or unavailability	Effective human resource management including for staff recruitment, training and retention.
<b>Financial Risks</b>	Credit risk	Effective debtor management/credit control
	Liquidity risk	Ensuring sufficient cash is available for daily operations and financial commitments that may arise.
	Budget deficit due to increase of unplanned expenditures	Control of other expenditures to gain savings as a result to cater for unexpected expenditures and increases.
	Revenue risk	Product diversification and ensuring visibility of jurisdiction, products and services on offer.
<b>Operational Risks</b>	Information Technology and Cybersecurity risks	Strengthening the technological infrastructure and cybersecurity measures.
	Non-conductive or inefficient resources to efficiently carry out operations	Effective resource management.  Undertaking the required investments.
<b>Compliance and Regulatory Risks</b>	Failure to meet international standards and requirements	Annual review process used to capture new compliance requirements and review/update existing requirements.  Getting the consent of international standard setting bodies on draft legislations before enactment.
	Detrimental business conduct by licensees	Onsite and offsite inspections  Review of licensees procedures and processes
	Exposure to unregulated products and activities	Issuing scam alerts and monitoring of scam schemes.  Introducing regulatory frameworks.
<b>Environmental and Social Risks</b>	Workplace environmental hazards	Adherence to health and safety protocols
	Natural disasters	Prevention measures Business continuity planning
	Adverse effects on mental health	Fringe benefits Teambuilding activities Reward and recognition measures
<b>PESTEL</b>	-	-
	-	-
	-	-

### 6.2.4.3

### List of External Reporting by the Financial Services Authority

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Statistics on AML/CFT	National AML/CFT Committee ("NAC")	Maintain comprehensive statistics on matters relevant to the effectiveness and efficiency of the AML/CFT systems in line with the requirements of Recommendation 33 of the FATF Standards.	By 14 <sup>th</sup> of the month following each quarter
CISNA country report	CISNA secretariat	Legislation administered by the FSA and legislative changes Statistics pertaining to the capital markets sub-committee(number of licensees by categories, listings(market capitalization, number of listings, volume, liquidity percentage) The capital markets landscape(updates) Consumer financial education	Bi-Annually
Financial Access Survey	IMF (FSA's inputs are submitted to the CBS)	Provides data on access to and use of financial services e.g. insurance, which monitors the level of financial inclusion	Annually
COMESA Financial Stability Report	COMESA (FSA's inputs are submitted to the CBS)	Statistics on Non-Bank Financial Services Sector	Annually
Investment Regulation of Pension Funds and Other Pension Providers	IOPS /OECD	Assessment of Pension Funds and Other Pension Providers	Annually
Observance of ICPs	IAIS	Assessment of FSA's regulatory purview vis-à-vis ICP standards	Annually
Report on learnings from the design, implementation, use and review of risk based supervision by pension supervisory authorities	IOPS/OECD	The RBS Learnings project report brings together experiences of pension supervisors and identifies learnings and good practices to support Members when designing, implementing, using or reviewing a risk based supervisory approach. Its content is drawn from a survey of 45 member jurisdictions and was supported by Member case studies, workshop discussions and a literature review	Annually
Operational Statistics	National Bureau of Statistics	Monthly operational statistics of Indian Ocean Tuna Limited and Chelle medical.	Quarterly
ITZ Employment statistics	International Labour Organization (submitted to Ministry of Employment)	Employment statistics for the ITZ sector	Bi-Annually
Annual Report	The Minister of Finance, National Assembly. President's Office, PEMC	The report is meant to give an overview of the Authority's operations and activities for that financial year together with a copy of the audited financial statements.	Annually (within three months of completion of the audit of its account in respect of any financial year)
5 year strategic Plan	PEMC		Every 5 years
Statement of Corporate Intent	Minister of Finance PEMC		
Annual Business Plan	Minister of Finance PEMC		Annually
Minutes of the meetings of the Board	PEMC		
Medium Term Financial Strategy (Budget)	Minister of Finance PEMC	Forecast Budget	Annually
Quarterly questionnaire	National Bureau of Statistics	Statistics questionnaire	Quarterly
Audit Plan	PEMC		
Annual audit report	PEMC OAG	Audited annual financial statements.	Annually
Disposal of assets report	PEMC		
Quarterly reporting	PEMC	Provisional statements of financial position, income statement, cash flow, notes to the accounts and depreciation schedules.	Quarterly
Group of International Finance Centre Supervisors Summary Statement	Chairman and Vice Chair of GIFCS	The report aims to assess events, progress, and regulations related to TCSPs, AML/CFT, emerging market products like VASP and VAs, and areas of concern like ESG. The findings are shared with stakeholders, including FATF, to highlight shared challenges in small island states and smaller jurisdictions. Responses inform discussions and agenda items for the April and November Plenary sessions.	Annually
Quarterly FSA Questionnaire	National Bureau of Statistics	Statistics on revenue and expenditure	Quarterly

### 6.2.5

### Stakeholder Engagement

The MTFs is in draft mode and yet to be approved by the BoDs and the responsible Minister for FSA. As such, the statement of commitments by the CEO, BoDs and the responsible minister is not included.

## 6.3 Air Seychelles Limited (AS)

### 6.3.1 Strategic Overview

#### 6.3.1.1 *Mandate*

To provide and sell scheduled and non-scheduled transportation by air of passengers, mail and goods anywhere in the world. To provide ground handling, technical handling and cargo handling to all airlines landing in Seychelles (including Air Seychelles). Provide airport lounge services and courier services.

#### 6.3.1.2 *Vision*

Keeping Seychelles connected.

#### 6.3.1.3 *Mission*

Welcoming the world and growing the business sustainably and profitably.

#### 6.3.1.4 *Strategic Priorities for 2024-2026*

The most important strategic priority is to ensure that Air Seychelles sustains itself without the requirement of funding from the Government of Seychelles. While doing so, the company aims to steadily repay its remaining debt and is scheduled to fully repay the 2020 aircraft lease deferrals by May 2024 and the USD 16.5m Novobanq loan by 2028. Ultimately it's gearing must reduce such that the company approaches a state of being debt free and the liquidity ratio must be high enough to ensure that the company is able to sustain a shock.

Air Seychelles also continues to review its domestic and international fleet. A spare A320/A319 aircraft is being considered to protect the operations in an economical way. In the long run the A321 XLR is also being analysed for better range thereby accessing the country's source tourism markets in Europe. On the domestic fleet the ATR42-600 is also being analysed to improve passenger experience and reduce the cost per seat, however, this is more likely to be feasible in a joint venture form with IDC.

Sustainability of the flying units is also key. To ensure this, the yield, load factor and CASK needs to be optimized for the scheduled flying and profitability of the ACMI/Charter operations needs to be maximized.

Staff retention is key and the company aims to ensure that salaries are in line with market, training & development opportunities are provided and a good performance based remuneration method is applied.

Ground handling standards need to be maintained so the company is setting aside funds for renewal of ground service equipment and refurbishment of the lounges. Opportunities to expand on the revenues of the ground handling service is to be explored with the parent Ministry.

#### 6.3.1.5 *Key Challenges*

The following are the key challenges faced by Air Seychelles.

- Availability of spare engines and Maintenance Repair Organisations (MROs) to perform engine overhauls for the A320 NEO CFM engines: Currently, due to issues with the new engine types on the NEOs, there is a lack of availability of spare engines and slots available at MROs. This means that if we have an unplanned engine removal, the aircraft may be grounded for a significant period of time.

- Escalations in pricing and issues faced by the new A320 NEOs means that planned engine overhauls are more expensive than expected by the market. HM pays the lessors a reserve, for every hour the engine is flown, for use when the overhaul occurs. However, we may need to do an internal provision as well because pricing quotes we have received from Lufthansa indicates that the lessor may be under-provisioning significantly.
- Shortage of pilots on the international market has led to poaching and increase in salary levels. This is a threat on HM's pool of pilots as well as a financial risk.
- Potential competitors on our routes: Profitability of the international business unit can be severely affected by entrants as the routes are very thin. This includes Air Link and Saffair from South Africa, Arkia and El Al from Israel, Air Mauritius from Mauritius, Air India/Spice Jet/Indigo from India, Sir Lankan Airline from Sri Lanka.
- Risk of other airlines using 5th Freedoms to compete on our routes. The biggest risk is Edelweiss as they requested to use this in the recent past. Edelweiss could sell tickets between Seychelles and Mauritius at very low rates (because they can fill most of their aircraft with Swiss passenger going to Mauritius). Certain gulf carriers also have this right.
- Escalation of SCAA fees can have a very large impact on HM's profitability and sustainability. In particular, overfly fees, landing charges, rents and concession fees.
- Flight rights in India continues to be a challenge. Indian carriers can fly from all points in India to Seychelles but Air Seychelles only has the right to fly to Bombay. We are missing out on potential flights to Ahmedabad in particular, which prevents us increasing the airline's profitability.
- Air Seychelles is very isolated and hence needs to carry a lot of reserve fuel into Seychelles as the nearest diversion airport is Nosy Be. This limits our range of flying (potential markets), reduces the payload we can carry and increases our fuel burn (as the aircraft is heavier). Agalega is a nearer potential diversion airport if we can get rights to land but requires diplomatic efforts at a country to country level with Mauritius.
- Very limited number of markets regionally, with thin traffic flows. Our aircraft cannot reach main source markets in Europe.
- HM's profitability and revenues from Ground handling is largely out of our control, as it depends on external factors and the frequency with which other carriers decide to land in Seychelles.
- The main domestic market for Air Seychelles is Praslin which is very close to Mahe. This gives the ferry a strong advantage as the time gain for the airline is limited and the ferry cost structure is much lower. The short flights make the cycle costs of the aircraft very high, in particular for the engine.
- Without access to the outer islands, economies of scale on the domestic operations is very limited and this negatively impacts the profitability of the operations. It limits potential for larger aircraft with more economies of scale and limits our ability to have longer flights (reducing engine stress and costs).
- Air Seychelles has a lot of specialized airline roles making it very difficult to find local replacements and presents a high business continuity risk.

## 6.3.2 Outlook of Financial Strategy

### 6.3.2.1 Projected Financial Position of Air Seychelles Limited

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Property and equipment	37,950	35,354	33,781	32,961	32,142	31,320	30,501
Right-of-use assets	54,859	48,184	41,802	35,732	29,662	23,592	18,028
Intangibles assets	120	397	337	251	164	78	-
Investments in subsidiaries	-	-	-	-	-	-	-
Deposits	2,050	2,050	2,050	2,050	2,050	2,050	2,050
Receivables from related parties	2,470	1,265	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>103,323</b>	<b>87,250</b>	<b>77,970</b>	<b>70,994</b>	<b>64,018</b>	<b>57,040</b>	<b>50,579</b>
Inventories	11,900	13,031	12,561	12,561	12,561	12,561	12,561
Trade and other receivables	10,743	12,115	13,644	14,007	14,007	14,007	14,007
Receivables from related parties	3,139	2,675	1,688	1,688	383	383	383
Cash and cash equivalents	11,343	12,051	12,464	17,190	21,519	26,999	31,775
Assets classified as held for sale	960	926	2,145	771	671	571	471
<b>Total Current Assets</b>	<b>38,085</b>	<b>40,798</b>	<b>42,502</b>	<b>46,217</b>	<b>49,141</b>	<b>54,521</b>	<b>59,197</b>
<b>Total Assets</b>	<b>141,408</b>	<b>128,048</b>	<b>120,472</b>	<b>117,211</b>	<b>113,159</b>	<b>111,561</b>	<b>109,776</b>
Share capital	72,617	72,617	72,617	72,617	72,617	72,617	72,617
Accumulated losses	(150,503)	(173,209)	(53,654)	(45,466)	(37,723)	(29,419)	(20,715)
<b>Total Equity/(Deficit)</b>	<b>(77,886)</b>	<b>(100,592)</b>	<b>18,963</b>	<b>27,151</b>	<b>34,894</b>	<b>43,198</b>	<b>51,902</b>
Lease liabilities	46,144	47,031	40,113	32,456	25,850	19,389	12,511
Long-term employee benefits	2,110	2,888	2,823	3,416	3,400	3,394	3,399
Borrowings	6,729	7,808	13,390	10,980	8,412	5,676	2,761
Amount due to related parties	-	62,217	13,000	13,000	13,000	13,000	13,000
<b>Total Non-Current Liabilities</b>	<b>54,983</b>	<b>119,944</b>	<b>69,326</b>	<b>59,851</b>	<b>50,662</b>	<b>41,459</b>	<b>31,671</b>
Lease liabilities	7,486	5,162	7,695	7,695	7,695	7,695	7,695
Borrowings	72,618	71,539	2,340	2,340	2,340	2,340	2,340
Amounts due to related parties	63,836	1,333	4,303	3,029	1,124	1,124	1,124
Trade and other payables	14,278	23,601	11,260	10,260	9,260	8,260	7,260
Contract liabilities	6,093	7,061	6,585	6,885	7,185	7,485	7,785
<b>Total Current Liabilities</b>	<b>164,311</b>	<b>108,696</b>	<b>32,183</b>	<b>30,209</b>	<b>27,604</b>	<b>26,904</b>	<b>26,204</b>
<b>Total Liabilities</b>	<b>219,294</b>	<b>228,640</b>	<b>101,509</b>	<b>90,060</b>	<b>78,265</b>	<b>68,363</b>	<b>57,874</b>
<b>Total Equity and Liabilities</b>	<b>141,408</b>	<b>128,048</b>	<b>120,472</b>	<b>117,211</b>	<b>113,159</b>	<b>111,561</b>	<b>109,776</b>

### 6.3.2.2 Projected Statement of Comprehensive Income of Air Seychelles Limited

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Revenue from contracts with customers	34,807	37,413	76,166	77,983	82,064	83,998	85,277
Other Income	13,468	7,454	1,657	1,946	1,791	1,827	1,863
Direct operating costs	(36,981)	(38,682)	(53,319)	(50,069)	(52,145)	(53,399)	(54,477)
Administrative and marketing expenses	(19,974)	(19,531)	(7,341)	(18,000)	(20,764)	(21,479)	(21,913)
Reversal of allowance for credit losses	3,038	1,787	(1,211)	363	-	-	-
<b>Operating profit/(loss)</b>	<b>(5,642)</b>	<b>(11,559)</b>	<b>15,952</b>	<b>12,222</b>	<b>10,946</b>	<b>10,947</b>	<b>10,750</b>
Finance income	236	167	109	100	17	17	17
Finance costs	(9,168)	(11,314)	(7,615)	(4,134)	(3,219)	(2,659)	(2,063)
<b>Net Finance Cost</b>	<b>(14,574)</b>	<b>(22,706)</b>	<b>8,446</b>	<b>(4,034)</b>	<b>(3,203)</b>	<b>(2,642)</b>	<b>(2,046)</b>
<b>Profit before Gain on Extinguishment of Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gain on extinguishment of debt	-	-	111,109	-	-	-	-
<b>Loss/Profit for the year</b>	<b>(14,574)</b>	<b>(22,706)</b>	<b>119,555</b>	<b>8,188</b>	<b>7,743</b>	<b>8,304</b>	<b>8,704</b>



### 6.3.2.3 Projected Cash flow Statement of Air Seychelles Limited

USD ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Net profit/(loss) for the year</b>	<b>(14,574)</b>	<b>(22,706)</b>	<b>119,555</b>	<b>8,188</b>	<b>7,743</b>	<b>8,304</b>	<b>8,704</b>
Depreciation – Property and equipment	2,692	2,725	2,594	2,720	3,196	3,199	3,265
Amortisation-Right of use of assets	7,116	6,675	6,382	6,070	6,070	6,070	5,564
Amortisation-Intangibles assets	1,637	71	86	86	86	86	78
Gain on disposal of property and equipment	(178)	(94)	(254)				
Impairment-property and equipment	445	-	(1,503)				
Impairment-Intangibles assets	8,922	-					
Impairment of non-current assets held for sale	-	34					
Staff terminal benefits during the year	718	1,120	483	935	327	336	346
Finance costs	9,260	11,205	7,459	4,134	3,219	2,659	2,063
Finance income	(236)	(167)	(109)	(100)	(17)	(17)	(17)
(Decrease)/Increase in inventory provision	316	(764)	323				
Reversal of allowance for credit losses	(3,038)	(1,787)	1,211	(363)	-	-	
Extinguishment of debt	-	5,874	(111,109)				
Currency translation differences	644	(196)	(153)				
Changes in:							
Amounts due from related parties	5,747	1,669	2,252				
Inventories	(925)	(367)	147	100	100	100	100
Trade and other receivables	4,844	415	(2,740)				
Trade and other payables	(7,499)	9,323	(12,341)	(1,000)	(1,000)	(1,000)	(1,000)
Contract liability	(4,229)	968	(476)	300	300	300	300
<b>Cash generated from operating activities</b>	<b>11,662</b>	<b>13,998</b>	<b>11,807</b>	<b>21,070</b>	<b>20,025</b>	<b>20,038</b>	<b>19,403</b>
Staff terminal benefits paid	(2,090)	(342)	(548)	(342)	(342)	(342)	(342)
<b>Net cash generated from operating activities</b>	<b>9,572</b>	<b>13,656</b>	<b>11,259</b>	<b>20,728</b>	<b>19,683</b>	<b>19,696</b>	<b>19,061</b>
<b>Cash flows from investing activities</b>							
Acquisition of property and equipment	(963)	(364)	(1,063)	(1,900)	(2,377)	(2,377)	(2,446)
Acquisition of software (net of transfers)	(122)	(151)	(11)				
Reclassifications to Right-of-use asset (pre-delivery costs)	(483)	-	38				
Proceeds from disposal of property and equipment	193	132	527	1,274			
Non-current assets reclassified to assets held for sale	(86)	-	-				
Deposits	(120)	-	-				
Interest received	236	167	109	100	17	17	17
<b>Net cash used in investing activities</b>	<b>(1,345)</b>	<b>(216)</b>	<b>(400)</b>	<b>(526)</b>	<b>(2,361)</b>	<b>(2,361)</b>	<b>(2,430)</b>
<b>Net increase in cash and cash equivalents</b>							
Proceeds from loans and borrowings	(629)	-	16,500	(2,410)	(2,568)	(2,736)	(2,915)
Payment of borrowings			(24,406)				
Amounts due to related parties	11,391	(286)	9,151	(1,274)	(600)		
Finance costs paid (excluding modification)	(7,262)	(11,314)	(7,451)	(4,039)	(3,219)	(2,659)	(2,063)
Repayment of principal portion of lease liabilities	(9,158)	(1,328)	(4,393)	(7,657)	(6,606)	(6,461)	(6,878)
<b>Net cash used in financing activities</b>	<b>(5,658)</b>	<b>(12,928)</b>	<b>(10,599)</b>	<b>(15,380)</b>	<b>(12,993)</b>	<b>(11,856)</b>	<b>(11,856)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,569</b>	<b>512</b>	<b>260</b>	<b>4,822</b>	<b>4,329</b>	<b>5,480</b>	<b>4,776</b>
<b>Movement in cash and cash equivalents</b>							
<b>At 1 January</b>	<b>9,418</b>	<b>11,343</b>	<b>12,051</b>	<b>12,464</b>	<b>17,190</b>	<b>21,519</b>	<b>26,999</b>
Net increase	2,569	512	260	4,822	4,329	5,480	4,776
Currency translation differences	(644)	196	153	(95)	-	-	
<b>At 31 December</b>	<b>11,343</b>	<b>12,051</b>	<b>12,464</b>	<b>17,190</b>	<b>21,519</b>	<b>26,999</b>	<b>31,775</b>

6.3.2.4 *Projected Capital Investment Plan of Air Seychelles Limited*

USD ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		
							2020	2021	2022		2023	2024	2025
<i>Major Capital Investments</i>													
Ground Service Equipment Building	Refurbishment of GSE building	Refurbished building	100,000	Cash in Bank	2025	Dec 2025	-	-	-	-	-	1,000	-
PV system	Roof Photovoltaic installation	PVs	231	Cash in Bank	2023	Dec 2024	-	-	-	-	231	-	-
Lounge	Refurbishment	Refurbished lounge		Cash in Bank	2023		-	-	-	500	-	-	-
ERP	Implementation of SAPB1	New accounting software	310		2020		170	140	-	-	-	-	-
<i>Replacements and upkeep of Assets (PPE)</i>													
Engine Overhaul	Twin Otter Engine Overhaul	Engine refurbishment	Continuous	Cash in Bank	Continuous	Continuous	-	-	-	1,350	1,000	1,500	1,200
Spares purchase	Aircraft spares upkeep		Continuous	Cash in Bank	Continuous	Continuous	-	-	-	300	300	300	300
Ground handling Equipment	Upkeep of ground equipment	New ground equipment	Continuous paid through a lease	Cash in Bank	Continuous	Continuous	-	-	-	1,300	1,200	800	600
<b>TOTAL</b>	-	-	-	-	-	-	<b>170</b>	<b>140</b>	-	<b>3,450</b>	<b>2,731</b>	<b>3,600</b>	<b>2,100</b>

**6.3.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies**  
**6.3.3.1 Tax Implications by the Operations of Air Seychelles Limited**

USD ('000)

Type of Tax (SCR)	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Business Tax	-	-	-	-	-	-	-
PIT	22,957	18,792,571	17,601,717	18,166	18,711	19,272	19,850
VAT	4,087	12,024	10,383	11,891	12,485	12,860	13,246

NB: Exempt from Business tax

**6.3.3.2 Anticipated Dividend Declarations By Air Seychelles Limited**  
 Negative retained earnings prevent payment of dividends currently.

**6.3.3.3 Debt Payments Forecasts By Air Seychelles Limited**

USD ('000)

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing							
				Actual Figures			Provisional	Forecast			
				2020	2021	2022		2023	2024	2025	2026
Loan 01 From Nouvobanq	Borrowings	To repay the Bondholders settlement of USD 28m	16,500	-	-	16,500	-	-	-	-	
	Interest for the Year		-	-	-	343	929	772	604	425	
	Repayment of Capital		-	-	-	770	2,410	2,568	2,736	2,915	
	Balance carried forward		-	-	-	15,730	13,319	10,751	8,015	5,101	
Loan 02 from EAP Partners Bonds	Borrowings	To repay debts to Etihad and purchase 2 Twin Otters	71,539	-	-	-	-	-	-	-	
	Interest for the Year		-	-	5,050	5,050	-	-	-	-	
	Repayment of Capital		-	-	-	-	28,200	-	-	-	
	Balance carried forward		-	-	71,539	71,539	-	-	-	-	
Loan 03 from Etihad Shareholder loan	Borrowings	To purchase 2 Twin Otters	25,000	-	-	-	-	-	-	-	
	Interest for the Year		-	-	352	-	-	-	-	-	
	Repayment of Capital		-	-	629	-	-	-	-	-	
	Balance carried forward		-	-	7,808	-	-	-	-	-	
Debt for Other PEs (Government of Seychelles)	Borrowings		-	-	-	70,233	13,000	-	-	-	
	Interest for the Year		-	-	-	-	-	-	-	-	
	Repayment of Capital		-	-	-	-	-	-	-	-	
	Balance carried forward		-	-	-	70,233	13,000	13,000	13,000	13,000	
<b>TOTAL</b>			<b>-</b>	<b>113,039</b>	<b>85,378</b>	<b>217,055</b>	<b>87,543</b>	<b>29,658</b>	<b>27,091</b>	<b>24,355</b>	<b>21,441</b>

### 6.3.3.4 Anticipated Subventions and Grants By Air Seychelles Limited

USD ('000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Subventions	Government									
	IMF									
	ADB									
	EU, etc									
Grants	Government	FA4JR to cover salaries	14,883	8,726	6,157	-	-	-	-	-
	IMF									
	ADB									
<b>TOTAL</b>			<b>14,883</b>	<b>8,726</b>	<b>6,157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 6.3.3.5 Contingencies of Air Seychelles Limited

Air Seychelles has no anticipated contingent liabilities

### 6.3.3.6 Assumptions used for the Financial Projections of Air Seychelles Limited

Route	Weekly Frequency (rotations, scheduled flights)			Exchange Rate	SCR/Currency
	2024	2025	2026		
Colombo	2	2	2	USD	14.00
Bombay	1.7	1.7	1.7	EUR	15.28
Mauritius	2.6	2.6	2.6		
Tel Aviv	1.8	1.8	1.8		
Johannesburg	2.9	2.9	2.9		
Praslin	17.4	17.4	17.4		

- No increase in SCAA overfly fees incorporated in the assumptions.
- ACMI operations with SAS (for the Afghanistan humanitarian operations) continue through to the end of 2026.
- No change in domestic and international fleet or routes.
- No competitor airlines entering our international routes including Edelweiss not applying 5<sup>th</sup> freedom rights between Seychelles and Mauritius.
- No port for ferries built at the Seychelles International Airport (otherwise profitability of domestic operations would reduce significantly)
- No pandemics or other international crisis
- Brent Crude oil at USD 90 per barrel and current Jet A1 crack spread applicable.
- No capping of domestic resident fares. Fares remain as is.
- No unplanned maintenance event/engine removal during period up to 2026.
- Structural salary cuts maintained

## 6.3.4 KPIs, Risk Management Strategy and Reporting Obligations

### 6.3.4.1 Key Performance Indicators of the Air Seychelles Limited

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
<b>Domestic</b>								
Yield (USD'cents)	Revenue/revenue passenger kms	91.12	154.7	199.1	187.1	190	192	194
Load Factor	Revenue passenger kms /Available seat kms	81%	74%	65%	63%	68.5%	69%	70%
RASK (USD'cents)	Revenue/ Available seat kms	73.5	114.18	128.96	118.42	131	133	136
CASK (USD'cents)	Cost/ Available seat kms	195.9	157.59	87.89	110.04	113	115	119
Margin (RASK-CASK) (USD'cents)	RASK-CASK	(122.4)	(43.41)	41.07	8.38	18	18	17
Aircraft Utilisation (BH/day)	Aircraft Block Hours Flown/day	1.66	1.57	2.29	2.24	2.6	2.6	2.6
<b>International</b>								
Yield (USD'cents)	Revenue/(revenue passenger kms)	9.12	6.23	9.34	8.48	8.31	8.4	8.48
Load Factor	Revenue passenger kms /Available seat kms	58%	46%	56%	60%	59.3%	59.9%	60.5%
RASK (USD'cents)	Revenue/ Available seat kms	5.32	2.87	5.27	4.47	4.9	5.0	5.1
CASK (USD'cents)	Cost/ Available seat kms	6.95	6.51	5.93	5.34	5.2	5.2	5.3
Margin (USD'cents)	RASK-CASK	(1.63)	(3.64)	(0.66)	(0.87)	(0.3)	(0.2)	(0.2)
Aircraft Utilisation	Aircraft Block Hours Flown/day	2.76	3.42	4.76	13.0	14.2	14.2	14.2
<b>Ground Handling</b>								
Number of flights handled	-	899	1,335	2,163	2,133	2,489	5,569	5,569
Revenue per flight \$	-	11,923	11,378	10,040	7,086	8,079	8,119	8,252
Total cost per flight \$	-	9,673	8,026	5,988	6,054	TBC	TBC	TBC
<b>Financial</b>								
Gearing	Debt/Equity	(184%)	(142%)	168%	97%	74%	53%	39%
Profit Margin	Profit/revenue	(30%)	(50%)	10.8%	10%	9%	10%	10%
Quick ratio	(Current assets – Inventory)/ Current liabilities	0.16	0.16	0.86	1.09	1.3	1.54	1.76

### 6.3.4.2 Risks and Resilience Plan of the Air Seychelles Limited

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
<b>Strategic Risks</b>	Competitor airlines coming onto our routes. Impact can be as much as USD 5-10m pa. Edelweiss 5th freedom alone carries a USD 3m risk	Keeping cost structure as minimal as possible. Signing partnerships, codeshare and interline agreements with potential competitors.
	Risk of losing specialized staff	Ensuring competitive salary package, succession planning and potential insourcing of consultants/expats to develop capacity
<b>Financial Risks</b>	SCAA fee increases. Risk factor USD 1.2-1.5m	Lobbying and trying to explain the negative financial and economic impacts
	Costlier than expected engine overhaul costs. Potentially USD 4m per engine needs to be provision (in addition to reserves to lessors). Engine overhauls most likely due between 2026-2027 but cannot be precisely predicted. An unplanned removal can happen anytime.	Keeping an internal cash reserve. Seeking more quotes as MROs come online. Engine wash rig bought to clean and better maintain engine. Cycling which aircraft is operating in the desert for the Afghan operations (as this is a harsh environment).
<b>Operational Risks</b>	Shortage of pilots and poaching by international carriers	Adjustment of salary package and intense training programme to upgrade pilots to cope with attrition.

	MRO availability	Seeking multiple quotes. Seeking contracts for engine transport beforehand
	Spare engine availability	Try to get a spare engine guaranteed access contract at an affordable rate, when this is available on the market again (probably will be available next year). Engine wash rig bought to clean and better maintain engine. Cycling which aircraft is operating in the desert for the Afghan operations (as this is a harsh environment).
<b>Compliance and Regulatory Risks</b>	Compliance to new PEMC act, companies act, employment act etc.	Recruiting head of legal
	Regular IOSA audits are critical to pass	Trainings
<b>Environmental and Social Risks</b>	Pilot and engineer unions.	Always seeking legal advice ensuring we are also compliant with employment act
<b>PESTEL</b>	Political: Pressure to reduce local resident fares and localize key posts	Communication to shareholder on negative impact
	Economic: SCR strengthening leads to higher payroll cost in terms of USD (HM earns mostly in USD) Economic weaknesses in source country can reduce air travel	Out of HM control. Ultimately we have to try to be as efficient as possible
	Technology: new advancement in aircraft can make current aircraft uncompetitive.	Continues review of aircraft choice
	Environmental: New carbon emission rules can result in HM needing to pay for carbon or offsets	Continue to find ways to reduce fuel burn (lighten aircraft, change aircraft type, wash engines regularly)
	Legal: New laws on consumer protection can increase disruption costs for HM. New regulation from EASA/SCAA can increase operational costs	Largely out of HM control.

### 6.3.4.3 *List of External Reporting's by the Air Seychelles Limited*

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Audited Financial Statements	Suppliers (lessors, Airbus, IATA etc), SRC, Ministry of Transport, PEMC, Nouvobanq	Financial Statements	Annual
Annual Report	Suppliers, SRC, Ministry of Transport, PEMC, Nouvobanq	Financial Statements, mission, vision, values, Chairman/CEO report, business summaries and statistics	Annual
Draft Financial Statements	PEMC	Financial Statements	Quarterly
Management Reports	Nouvobanq	Detailed P&L	Quarterly
Annual Return	Registrar	Shareholding pattern, charges, directors etc.	Annual
Request for Information	Organized Crime Unit (Seychelles Police)	Evidence for prosecution and judicial proceedings	Occasional
Request for Information	ACCS	Evidence for prosecution and judicial proceedings	Occasional
Flight Handling Report	All scheduled airlines	Providing a full overview of the flight.	An hour after flight departure. Daily
Flight Handling Statistics for international and domestic	SCAA, Internally to HM	Details of passengers in and out for all flights, including cargo and mail details.	Monthly
Investigation of complaints by airlines related to their flight	Respective airline	Summary of the investigation from the nature of the complaint	When required
Specific airline reports pertaining to flight handling such as TRC checklists	Respective airline	Flight monitoring information	Daily
Perishable tonnage	SCAA	All carrier-import	Monthly
Statistics summary	SCAA	For all carrier	Monthly
Summary mail	SCAA	For all carrier	Monthly
Statistic for HM	SCAA	per sector	Monthly
Praslin statistics summary	SCAA	Praslin statistics summary	Monthly

## **6.3.5 Stakeholder Engagement**

### **6.3.5.1 Statement by CEO**

As the CEO of Air Seychelles, I would like to reaffirm my unwavering dedication to establishing clear objectives and executing strategic directives and performance benchmarks as stipulated by our esteemed Board of Directors. My commitment to achieving excellence in all aspects of our organisation remains steadfast.

In order to drive Air Seychelles to new heights, all stakeholders must be aligned with the vision and mission of the company working in harmony. The pride associated with the success of national airline airlines is fueled by passion. Dedication, where a good working relationship with the board is essential to the effective running of the business. We must continuously innovate and collectively identify new opportunities with an adaptive and flexible mindset while being vigilant through a robust risk management approach, mitigating risks and prominent challenges. By doing so, we will position ourselves to ensure success in an ever-changing business landscape.

Air Seychelles is fully committed to optimising resource allocation for maximal gains and will continue to ensure effective resource management, which is crucial for maximizing our potential and achieving our key performance indicators (KPIs). By carefully evaluating and allocating our resources, we will ensure that we are utilizing them efficiently and effectively to support our strategic objectives. Having been previously subjected to complex financial challenges, Air Seychelles has adopted a robust Business Review programme and weekly reports to its directors, stakeholders and PEMC. We are committed to overcoming challenges through innovative solutions and a culture of continuous improvement. By fostering an environment where creativity and collaboration thrive, we will be better equipped to seize opportunities and overcome obstacles.

Our focus remains on delivering exceptional results and exceeding expectations, positioning ourselves as the employee of choice where people are motivated to contribute to the success of the company. With the support of our dedicated team, we will work diligently to establish and achieve our objectives while surpassing the performance benchmarks set by the Board of Directors.

I want to express my gratitude to all our shareholders for your continued trust and support. Together, we will navigate the complexities of the ever-changing business landscape, optimize our resource allocation, and drive our organization towards sustained success. It is, therefore our collective responsibility to ensure the success of our national airline, and we must ensure we keep the wind under its wing and continue to be one of the most valuable entities to the people of Seychelles.

### 6.3.5.2

#### *Foreword by Chairperson*

Historically Air Seychelles has been directed by the Government to fulfill the economic needs of the country which included opening direct routes to Europe and Asia with expensive wide body aircraft, capping domestic resident fares and avoiding non-tourism related charter/ACMI work. This, in combination with the certain financial and operational decisions by Etihad to that end, led Air Seychelles to an unsustainable debt of over USD 140m and a heavily loss making operation.

A strategic shift began in 2017, where sustainability of the company was placed in the forefront. The company exited the heavily loss making wide body aircraft, loss making European/Asian routes, switched to more economic A320 NEO narrowbody aircraft, exited overly expensive contracts, restructured salaries, increased resident domestic fares to sustainable levels and through the Company reorganization process reduced its debt by over 66%. This has allowed the company to generate a USD 8.4m profit in 2023.

It is important to continue focusing primarily on profitability and the economic benefits will then follow from that through sustainable routes and employment. Even if profitability is the primary objective, Air Seychelles will endeavor to provide economic benefits to Seychelles as a secondary objective. This includes connecting Seychelles to thinner tourism, labour and medical markets such as South Africa, Colombo, Bombay, Tel Aviv and Mauritius which are not connected by other airlines. If profitable and feasible Air Seychelles will endeavor to connect Seychelles with stronger source markets further afield such as Italy, Austria, Russia and Germany through the A321 XLR aircraft. Unlike the previous strategy of using a large expensive wide body aircraft to Europe, the A321 XLR is much smaller, lower risk and more economic with technology advancement allowing this to be the longest ranged narrowbody aircraft.

Air Seychelles aims to continue providing over 620 jobs to the local economy including many high value jobs to improve the standard of living for Seychellois with over 99% of the employees currently being Seychellois.

Air Seychelles will also continue to ensure ground, cargo, technical and lounge services to other airlines are provided at a high level while maintaining the profit levels. Simultaneously, Air Seychelles will continue to provide domestic services as an alternative to the ferry and continue to find ways to maintain affordability of the service and improve the quality. Air Seychelles is reexamining its domestic fleet to this end.

### 6.3.5.3

#### *Statement by the Responsible Minister*

Air Seychelles assumes a pivotal role in the advancement of our aviation sector. The Seychellois government places the utmost importance on fostering consistent consultation and collaboration among government agencies, airlines, local communities, and all relevant stakeholders. This collaborative endeavor aims to facilitate proactive decision-making concerning route development, market opportunities, and overarching societal objectives. By engaging multiple stakeholders, our overarching goal is to optimize connectivity and fortify the competitiveness of Seychelles' aviation sector.

Our unwavering commitment lies in nurturing the sustainability and resilience of Air Seychelles and all airlines operating within our nation. Our initiatives are multifaceted, addressing environmental impact, economic viability, and operational resilience. To this



end, we actively champion fuel efficiency, explore sustainable aviation technologies, and provide essential financial and regulatory support.

Central to our aviation industry's growth is the steadfast dedication to fostering fair competition and ensuring equitable market access. We are resolute in our mission to create a level playing field within the aviation industry, thereby acting as a catalyst for innovation and enhanced service delivery. Our approach is thoughtfully calibrated to distinguish between international scheduled airlines and local operators to accommodate their unique needs.

Air Seychelles stands as a linchpin, seamlessly providing both international and domestic air services. We wholeheartedly acknowledge the significant social responsibilities vested in Air Seychelles, particularly its mandate to offer affordable travel to our residents on domestic flights. Our government's unwavering commitment is to uphold the airline's competitiveness and sustainability while harmonizing these objectives with its essential role in international connectivity.

National airlines, epitomized by Air Seychelles, possess a unique set of advantages deeply rooted in their local expertise, regional knowledge, and tailored services. Our profound understanding of the intricacies of our local market, including the diverse demands of serving our archipelago, sets us apart. We remain cognizant of the dynamic nature of the aviation industry, as underscored by the recent global pandemic. Consequently, we have adeptly tailored our strategy, with a renewed focus on charter services to underserved markets. In this niche, we have discovered an arena where our expertise and agility can truly shine.

Sustaining a robust presence in the domestic aviation market, Air Seychelles ensures convenient travel for both tourists and our local residents. Our role in facilitating travel to various islands, including the second-largest, Praslin, remains of paramount importance.

In Seychelles, our aviation landscape thrives on diversity, boasting three domestic airlines, each offering specialized services tailored to distinct segments of our tourism and connectivity needs. Air Seychelles, Zil Air, and the Island Development Company (IDC) synergize with one another, collectively enriching Seychelles' aviation ecosystem.

We strongly advocate for a robust collaboration between Air Seychelles and the Island Development Company (IDC). By fostering such collaboration, we aim to enhance operational efficiencies, thereby propelling the comprehensive development of Seychelles' aviation sector. Collaborative endeavors, including the sharing of maintenance facilities, pooling engineering expertise, and optimizing fleet management, hold substantial potential for cost savings and environmental sustainability.

In conclusion, I reiterate our unwavering commitment to Air Seychelles and the broader aviation sector. Our dedication remains steadfast as we persistently endeavor to ensure that our policies and strategies promote sustainability, fairness, and excellence within our aviation industry. Together, we shall continue to elevate Seychelles as a beacon of excellence in the global aviation arena.

## 6.4 Seychelles Civil Aviation Authority (SCAA)



### 6.4.1 Strategic Overview

#### 6.4.1.1 *Mandate*

The Seychelles Civil Aviation Authority (SCAA) was established under the Civil Aviation Authority Act, 2005, as an administrative and financial body corporate to provide for the services, facilities and regulation of civil aviation activities in Seychelles with the power to do anything for the purpose of discharging or facilitating the discharge of its functions. The SCAA and its affairs are administered by a CEO reporting to a Board of Directors appointed by the Minister responsible for Civil Aviation.

The development of Civil Aviation in Seychelles started in 1972 with the opening of the Seychelles International Airport. Seychelles became a Contracting State to the International Civil Aviation Organisation (ICAO) Chicago Convention in 25th May 1977.

And as a Contracting State, Seychelles operates within the established privileges and obligations of the Chicago Convention articles, annexes and applicable standards.

The Authority has the following functions:

- to maintain and manage the Authority's aerodromes providing for the necessary services and facilities.
- to provide air traffic services within the Seychelles Flight Information Region.
- to provide for search and rescue within the Seychelles Search and Rescue Region.
- to provide fire fighting and rescue services and facilities at the Authority's aerodromes.
- to regulate and promote the development of air transport.
- to advise government on all matters relating to civil aviation.
- to represent Seychelles internationally as the national body in all matters relating to civil aviation.
- to perform any other function as delegated by the Minister under the Civil Aviation Act.

#### 6.4.1.2 *Vision*

To deliver on our promise of highest standards in safety, security and quality of service for the customer

#### 6.4.1.3 *Mission*

A leading organisation, bringing excellence to your aviation experience

#### 6.4.1.4 *Strategic Priorities for 2024-2026*

This SCAA Medium-Term Financial Strategy is guided by the renewed Organization's vision 'A leading organization bringing excellence to your aviation experience' which sets the strategic priorities for SCAA, being:

- Safety and Security First
- Innovation and Modernisation
- Business Acumen and Financial Sustainability
- People at the Centre of our Development
- Five (5) Star Level Service

The goals and strategic objectives for the next (3) years are derived from these five (5) priority areas. Note that all objectives and activities to be outlined within this document will be executed on the principle that we minimize the adverse environmental effects of civil aviation activities, through adoption of smart infrastructure, operations, and services in line with sustainable environment development.

The priority areas as established will essentially ensure availability of resources for efficient, safe and sustainable operations have led to the following strategic goals and objectives:

##### **1) Financial Sustainability**

- To have a more commercially oriented, as well as efficient and cost-effective SCAA operation that creates more returns and value for its shareholder.

##### **2) Operations and service excellence.**

- To improve services provided to our customers, and in particular, airlines and passengers.
- To improve the operating environment, capacity and efficiency of airport operations through modern infrastructure and specialized facilities.
- To create a more cohesive work environment, develop our talents, lead exceptionally, and engage our employees.

##### **3) Safety and Security Compliance**

- To be compliant with regulatory guidelines and meet all aviation and airport operating standards, ensuring the continued safety, security and efficiency of civil aviation

#### 6.4.1.5 *Key Challenges*

Details not Provided

## 6.4.2 Outlook of Financial Strategy

### 6.4.2.1 Projected Financial Position of Seychelles Civil Aviation Authority

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Assets</b>							
<b>Non-Current Assets</b>							
Property, Plant & Equipment	359,491	326,155	323,107	431,726	451,486	537,865	621,165
Investment Property	56,231	52,683	49,135	45,587	42,039	38,491	34,943
Capital Work in Progress	8,045	44,303	92,219	28,251	73,063	89,134	87,014
Deferred Tax Asset	24,444	25,092	-	-	-	-	-
Long Term Deposit	-	-	-	-	-	-	-
	<b>448,210</b>	<b>448,233</b>	<b>464,461</b>	<b>505,564</b>	<b>566,588</b>	<b>665,491</b>	<b>743,122</b>
<b>Current Assets</b>							
Inventory	6,359	6,359	7,662	9,194	9,010	8,830	8,653
Trade and Other Receivables	64,099	86,881	113,184	97,119	98,435	102,373	107,507
Current Tax Receivables	18,976	5,594	6,311	(975)	1,233	(1,732)	(1,150)
Cash and Bank Balances	167,423	149,454	223,672	248,322	238,053	203,246	193,925
	<b>256,857</b>	<b>248,288</b>	<b>350,829</b>	<b>353,661</b>	<b>346,732</b>	<b>312,717</b>	<b>308,935</b>
<b>TOTAL ASSETS</b>	<b>705,067</b>	<b>696,521</b>	<b>815,290</b>	<b>859,224</b>	<b>913,320</b>	<b>978,207</b>	<b>1,052,056</b>
<b>Reserves</b>							
Capital Reserve	184,908	184,908	184,908	184,908	184,908	184,908	184,908
Retained Earnings	456,121	413,928	501,182	561,896	627,385	700,367	786,007
	<b>641,029</b>	<b>598,836</b>	<b>686,090</b>	<b>746,804</b>	<b>812,293</b>	<b>885,275</b>	<b>970,915</b>
<b>Liabilities</b>							
<b>Non-Current Liabilities</b>							
Borrowings	-	17,302	33,992	34,166	20,629	5,572	5,890
Gratuity and Compensation	2,772	4,703	3,377	4,487	4,311	4,939	5,063
Deferred Tax Liabilities	-	-	1,344	(3,677)	(3,309)	(2,949)	(2,596)
	<b>2,772</b>	<b>22,004</b>	<b>38,714</b>	<b>34,976</b>	<b>21,631</b>	<b>7,562</b>	<b>8,356</b>
<b>Current Liabilities</b>							
Borrowings	-	13,275	13,144	12,308	13,845	15,574	-
Gratuity and Compensation	12,627	11,864	10,547	13,460	12,934	14,817	15,188
Accrued Leave	9,737	10,066	11,194	5,597	5,037	4,534	4,080
Trades & Other Payables	38,902	40,475	55,602	46,079	47,579	50,445	53,518
	<b>61,266</b>	<b>75,680</b>	<b>90,486</b>	<b>77,445</b>	<b>79,396</b>	<b>85,370</b>	<b>72,786</b>
<b>Total Equity &amp; Liabilities</b>	<b>705,067</b>	<b>696,521</b>	<b>815,290</b>	<b>859,224</b>	<b>913,320</b>	<b>978,207</b>	<b>1,052,056</b>

## 6.4.2.2

*Projected Statement of Comprehensive Income of Seychelles Civil Aviation Authority*

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Aeronautical Revenue	188,668	256,425	425,188	449,467	465,469	486,708	510,904
Non- Aeronautical Revenue	21,545	35,659	48,214	55,230	58,862	59,641	62,448
Other Income	674	1,259	846	513	325	341	359
	<b>210,887</b>	<b>293,343</b>	<b>474,248</b>	<b>505,209</b>	<b>524,656</b>	<b>546,690</b>	<b>573,711</b>
Less: IATA Charges	(3,297)	(2,521)	(5,107)	(6,253)	(6,873)	(7,229)	(7,606)
<b>Total Operating Income</b>	<b>207,589</b>	<b>290,822</b>	<b>469,141</b>	<b>498,957</b>	<b>517,783</b>	<b>539,461</b>	<b>566,105</b>
Employment Benefit Costs	211,054	195,336	215,557	243,997	244,704	250,910	257,381
Other Operating Overheads	69,921	62,209	78,210	109,982	118,061	115,917	119,753
	<b>280,975</b>	<b>257,544</b>	<b>293,767</b>	<b>353,979</b>	<b>362,765</b>	<b>366,828</b>	<b>377,134</b>
Exchange Movements	(60,399)	33,946	3,213	873	829	(538)	(1,183)
Earnings Before Depreciation, Interest, ECL & Tax	(12,986)	(668)	172,160	144,104	154,188	173,171	190,153
Depreciation	41,227	40,630	38,044	39,769	41,580	43,481	45,478
Expected Credit Loss (ECL)	1,757	3,918	(2,467)	(1,293)	(1,572)	351	161
Finance Income	(4,805)	(3,853)	(2,470)	(2,440)	(3,383)	(3,587)	(3,802)
Finance Costs	-	1,478	2,740	4,584	3,712	2,416	931
<b>Profit/(Loss) Before Taxation</b>	<b>(51,165)</b>	<b>(42,841)</b>	<b>136,314</b>	<b>103,484</b>	<b>113,852</b>	<b>130,510</b>	<b>147,386</b>
Business Tax	28,647	648	(34,059)	(25,771)	(28,363)	(32,528)	(36,746)
<b>Profit/(Loss) for the Year and Total Comprehensive Income/(Expense)</b>	<b>(22,518)</b>	<b>(42,193)</b>	<b>102,254</b>	<b>77,713</b>	<b>85,489</b>	<b>97,983</b>	<b>110,639</b>
Dividend Payment	(20,000)	-	(15,000)	(17,000)	(20,000)	(25,000)	(25,000)
<b>Retained Profit</b>	<b>(42,518)</b>	<b>(42,193)</b>	<b>87,254</b>	<b>60,713</b>	<b>65,489</b>	<b>72,983</b>	<b>85,639</b>

## 6.4.2.3

## Projected Cash flow Statement of Seychelles Civil Aviation Authority

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Cash Flows from Operating Activities</b>							
Profit/Loss Before Taxation	(51,165)	(42,841)	136,314	103,484	113,852	130,510	147,386
Adjustments							
Depreciation Property and Equipment	41,227	40,630	38,044	39,769	41,580	43,481	45,478
Loss/(Profit) from Disposal Property and Equipment	(91)	(171)	(388)	-	-	-	-
Write off Adjustment (WIP)	1,168	-	-	-	-	-	-
Provision for Expected Credit Losses	1,757	3,918	(2,467)	(1,293)	(1,572)	351	161
Leave Accrued	1,337	329	1,128	(5,597)	(560)	(504)	(453)
Gratuity and Compensation Charged	13,519	13,795	9,221	14,564	12,759	15,445	16,299
Interest Receivable/Payable	-	-	(2,470)	(1,582)	(1,676)	(1,778)	(1,887)
Exchange difference on Cash and Bank Balances	(41,508)	29,101	4,653	1,641	(1,429)	(2,756)	(2,674)
<b>Movements in Working Capital</b>	<b>(33,756)</b>	<b>44,762</b>	<b>184,035</b>	<b>150,986</b>	<b>162,955</b>	<b>184,750</b>	<b>204,309</b>
(Increase)/Decrease in Inventories	(727)	(1)	(1,302)	(1,532)	184	180	177
(Increase) /Decrease in Trade & Other Receivable	56,670	(26,700)	(24,085)	13,270	2,299	(2,151)	(3,055)
Increase/(Decrease) in Accounts Payable	(30,027)	1,573	15,127	(9,523)	1,500	2,865	3,073
<b>Net Cash Generated from Operation</b>	<b>(7,840)</b>	<b>19,634</b>	<b>173,774</b>	<b>153,201</b>	<b>166,938</b>	<b>185,645</b>	<b>204,504</b>
Net Tax Received/(Paid)	(9,104)	13,382	(8,341)	(18,485)	(30,571)	(29,563)	(37,328)
Gratuity and Compensation Paid	(8,769)	(12,627)	(11,864)	(10,541)	(13,460)	(12,934)	(15,805)
<b>Net Cash Outflow from Operating Activities</b>	<b>(25,713)</b>	<b>20,389</b>	<b>153,569</b>	<b>124,175</b>	<b>122,907</b>	<b>143,148</b>	<b>151,371</b>
<b>Cash Flows from Investing Activities</b>							
Addition to Property & Equipment	(7,506)	(4,019)	(12,108)	(17,979)	(18,450)	(17,370)	(18,879)
Addition to Work In Progress	(20,108)	(36,571)	(67,300)	(62,893)	(84,154)	(125,013)	(104,230)
Proceed from Disposal	91	755	433	-	-	-	-
Interest Received	-	-	2,718	-	-	-	-
Additions to Short Term Investment	(2,881)	(4,317)	(2,652)	1,241	(3,289)	(3,969)	(4,847)
Receipt of long Term Deposit	25,000	-	-	-	-	-	-
<b>Net Cash Outflow from Investing Activities</b>	<b>(5,404)</b>	<b>(44,151)</b>	<b>(78,910)</b>	<b>(79,630)</b>	<b>(105,894)</b>	<b>(146,353)</b>	<b>(127,956)</b>
<b>Cash Flows from Financing Activities</b>							
Loan Receipts/(Repayment)	-	33,349	18,810	(351)	(12,308)	(13,845)	(15,574)
Exchange Movement on Borrowings	-	(2,773)	(2,250)	(310)	308	517	317
Dividend Paid	(20,000)	-	(15,000)	(17,000)	(20,000)	(25,000)	(25,000)
<b>Net Cash Outflow from Financing Activities</b>	<b>(20,000)</b>	<b>30,576</b>	<b>1,560</b>	<b>(17,661)</b>	<b>(32,000)</b>	<b>(38,328)</b>	<b>(40,257)</b>
<b>Net Increase/Decrease in Cash &amp; Equivalent</b>	<b>(51,117)</b>	<b>6,814</b>	<b>76,219</b>	<b>26,884</b>	<b>(14,987)</b>	<b>(41,533)</b>	<b>(16,842)</b>
Movement in Cash and Cash equivalents							
January 1	108,107	98,497	76,210	147,777	173,020	159,461	120,684
Increase/Decrease	(51,117)	6,814	76,219	26,884	(14,987)	(41,533)	(16,842)
Exchange difference on Cash and Bank Balances	41,508	(29,101)	(4,653)	(1,641)	1,429	2,756	2,674
<b>Cash as at 31st December</b>	<b>98,497</b>	<b>76,210</b>	<b>147,777</b>	<b>173,020</b>	<b>159,461</b>	<b>120,684</b>	<b>106,516</b>
Fixed Deposit	68,926	73,243	75,896	75,303	78,592	82,562	87,409
<b>Net Cash &amp; Equivalent</b>	<b>167,423</b>	<b>149,454</b>	<b>223,672</b>	<b>248,322</b>	<b>238,053</b>	<b>203,246</b>	<b>193,925</b>

6.4.2.4 *Projected Capital Investment Plan of Seychelles Civil Aviation Authority*

SCR ('000)

Project Name	Project Purpose and Description	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		
						2020	2021	2022	2023	2024	2025	2026
<b>Major Capital Investments</b>												
Modernisation of ANS Facilities & Telecom Equipments	1. Implementation of SAAB ADS-B Surveillance. 2. Virtual Tower (Praslin) 3. Installation of new Instrument Landing System	56,585	Capital Reserves	2022	-	-	-	2,265	-	9,897	27,902	16,520
Communications Projects (HF & VHF Equipment)	1. New VHF Cabin at Grand Fond + Mast Foundation. 2. 3 VHF mast + Shipping. 3. Architectural, Structural Design, BOQ, MEP, Project Management of sites and building (earthwork, perimeter fence installation).	33,334	Capital Reserves	2022	-	-	-	831	2,860	4,980	6,943	17,720
Concourse Current Improvement Works -Civil	-	12,828	Capital Reserves	2022	2024	-	-	5,018	5,187	2,623	-	-
Departure Expansion	Extension of International Passenger Terminal (Arrival/Dep)	19,369	Capital Reserves	2023	-	-	-	-	1,106	300	8,436	9,526
Domestic Terminal - Praslin	Remodelling of Praslin Domestic Terminal (First Floor) Ex-touch Down	7,000	Capital Reserves	2024	2025	-	-	-	-	6,825	175	-
International Apron, Pavements & Perimeter Repair Works	1. Pavement Surface Repairs - Bay 6. 2. Resurfacing of Extended Apron. 3. ULD Stillage Storage + Civil Works. 4. Primary Taxiway - Mandatory Instruction Signage Equipment.	35,272	Capital Reserves	2022	-	-	-	916	5,356	8,000	9,000	12,000
Airfield Ground Lighting	1. Advanced Visual Docking Guidance System (AVDGS). 2. Mobile Flood Light	6,850	Capital Reserves	2023	-	-	-	-	850	2,000	2,000	2,000
Praslin Airside & related Infrastructure Works	Resurfacing of DVOR road	7,550	Capital Reserves	2023	-	-	-	-	750	1,500	2,000	3,300
NPA, Runway, Flood, Approach Lighting	1. SIA Flood Light. 2. Runway Lights Replacements. 3. Threshold/Approach Light Replacement.	13,196	Capital Reserves	2023	2025	-	-	1,023	73	3,550	8,550	-
Airport Technical Buildings & Offices	1. Fire Service Appliance Bay. 2. Praslin DR Site Server Room Project.	4,002	Capital Reserves	2022	-	-	-	275	-	900	707	2,121
AVSEC Security Facility	AVSEC Offices	6,400	Capital Reserves	2024	2025	-	-	-	-	3,000	3,400	-
Video Surveillance, Intrusion Detection & Access Control	1. Fencing & Sea-side Barrier. 2. Rehabilitation of landside/Airside airport fencing (clearing, repairs, replacement & New)	12,000	Capital Reserves	2024	-	-	-	-	-	3,500	4,500	4,000
Water Reticulation	1. Storm Water Drain System & Hydrological Survey. 2. Sewerage System Rehabilitation	7,400	Capital Reserves	2024	-	-	-	-	-	2,438	2,085	2,878

<b>Major Asset Replacement</b>													
ATM Modernization	1. New ATM System (ADACEL). 2. Aireon ADS-B Surveillance Data Service. 3. RESA Airport Systems Integration	62,844	Capital Reserves	2021	2025		20,382	27,207	14,759	16,642	4,235	-	
Aerodrome Simulator	Replacement of current Aerodrome Simulator.	7,000		2026	-	-	-	-	-	-	-	-	7,000
Purchase of Fire Tenders Mahe/Praslin	1. Scania 4x4 2. Scania 6x6	37,584		2022	-	-	-	3,295	21,339	2,590	6,475	3,885	
Purchase of Fire Rescue Boat	1. Sea Ranger Jet ski - Rescue Boat 3. 2. Rescue Boat 5 ( With Jet Engine). 3. Rescue Boat (Praslin)	5,463		2023	-	-	-	-	663	-	1,650	3,150	
EOC/AVSEC/Flaim Virtual Fire Fighting Training Simulator	1. Virtual Fire Fighting Training Simulator. 2. Establishment of EOC. 3. AFRS Virtual Training Programme	3,629		2026	-	-	-	-	-	-	-	-	3,629
SIA Chiller/Air Condition System Replacement	1. SIA Chiller System Replacement. 2. Custom Air Conditioning	6,100		2024	2025	-	-	-	-	1,206	4,894	-	
New PA - SIA/Praslin	New PA System	1,972		2023	2025	-	-	-	1,122	-	850	-	
Specialised Airport Vehicles	1. Tractor. 2 .Articulated Boom Truck. 3. Specialised Fire Service Command Vehicle	6,815		2023	2025	-	-	-	1,095	3,320	2,400	-	
2 IT UPS	Uninterrupted Power Supply	2,435		2023	2023	-	-	-	2,435	-	-	-	
Sage Software & Server (Finance)	New Accounting Software + Integration with Departments(Sage 300 Licenses & Training)	2,300		2023	2024	-	-	-	1,208	1,092	-	-	
X-ray Screening Machine Replacement	1. X-ray Screening Machine (Int'l Hold Baggage Screening + Gate2/Departure Terminal). 2. Explosive Body Scanner. 3. Walk Through Screening Machine. 4. Explosive Trace Detector	38,669		2023	-	-	-	-	2,502	5,554	17,924	12,689	
VHF & UHF Portable Radio Systems	-	3,575		2025	-	-	-	-	-	-	894	2,681	
Display Advertisement Project	-	4,525		2024	-	-	-	-	-	1,131	2,263	1,131	
Parking Management System Upgrade	-	1,914		2022	2025	-	-	20	-	631	1,263	-	
Document Management System and Digital Signature	-	1,500		2025	2025	-	-	-	-	-	1,500	-	
Praslin VSS Project Phase 3	-	4,479		2023	2025				679	950	2,850	-	
Land and Building							6	-	1,435	-	-	-	-
Plant/Machinery & Equipment	-	-	-	-	-	3,803	2,952	4,378	4,211	4,650	4,320	5,400	
Telecom, IT Equipment & Sec Surveillance	-	-	-	-	-	1,525	477	4,522	4,222	4,900	4,725	5,198	
Utility Vehicles	-	-	-	-	-	1,135	-	488	5,100	5,000	5,000	5,000	
Other Assets	-	-	-	-	-	1,037	590	1,285	4,446	3,900	3,325	3,281	
<b>Total Capital Costs</b>						<b>7,506</b>	<b>24,401</b>	<b>52,958</b>	<b>79,964</b>	<b>101,079</b>	<b>140,265</b>	<b>123,109</b>	



## 6.4.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

### 6.4.3.1 Tax Implications by the Operations of Seychelles Civil Aviation Authority

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Business Tax	(28,647)	(648)	34,059	25,771	28,363	32,528	36,746
PIT	17,701	17,407	18,052	21,935	22,318	22,876	23,448
VAT	2,269	4,235	6,518	7,817	8,358	8,440	8,836
PSF levy	5,788	8,587	14,673	18,295	20,376	21,396	22,466
Net tax in SCR	2,888	29,580	73,303	73,819	79,415	85,239	91,495
Disembarkation fee	530	2,146	3,927	4,158	4,290	4,751	5,226

- 2020 and 2021 tax outcome is the result of SCAA restating its financial statements to IFRS and was also facing losses (COVID). The deferred tax losses was adjusted in 2021 financial statement where SRC owed SCAA a net amount of SCR5.5 million. The amount is yet to be settled.
- The business tax computation is after adjusting tax capital allowance (assets under the value of SR100k completely amortised as per business tax and deferred tax on non-cash provision. Prevailing business tax rate is used. 2023 onwards is at 25%.
- PIT: The average rate of PIT on actual total Salary as at 2022 is 10%. Thus the forecasted rate is then set at 11% to take into account recruitment of employees above senior position where their marginal tax rate could be above 15%.
- PSF Levy: This is forecasted based off resident departing passengers at a rate of SR400 as the PSF Regulation.
- Disembarkation Levy: This is forecasted based off arriving passengers including children at a rate of US\$10. The fee is yet to be enacted

### 6.4.3.2 Anticipated Dividend Declarations By Seychelles Civil Aviation Authority

SCR ('000)

Nature of Dividend	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Dividends in Cash	20,000	-	15,000	17,000	20,000	25,000	25,000
Dividends in lieu of Cash	-	-	-	19,037	22,073	28,230	27,147
Custom Rental	-	-	-	600	600	600	600
Xray Screening (Replacement)	-	-	-	-	-	1,120	-
Air Seychelles Met Office Land Lease	-	-	-	1,334	1,368	1,402	1,437
GOS - Inad Facility	-	-	-	102	105	108	110

#### Dividend in Cash

- Dividend is forecasted based on net profit after tax and taking the amount of capital investment program over the years. Net retained profit should not be lower than SR50m after paying all the contributions to government.
- Dividend proposed for the next 3 years has been revised downward compared to 2023-2025 forecast. This is due to an anticipated increased in Air Navigations Services (ANS) fees, that has not materialised. To be prudent the forecast 2024-2026 does not include revised ANS fees.

#### Dividend in Lieu of Cash

- Customs Rental of Cargo Building: Supposed to charge SRC SR50,000 per month. Provisional amount for the year 2023-2026 includes inflation increase at 2.5% pa.
- Xray Screening (Replacement): The xray machine at Cargo to be replaced in 2025 at estimated cost of SR1.1 million.
- Met Office: Land Lease (Area: 295m2@ SR350/- per m2 SCR103,250.00 per month). Provisional sum increase at a rate of 2.5% pa to cater for inflation.
- GOS: Inad Facility: In providing the service to the Government of Seychelles which is estimated at SR103K in 2023 and forecasted to increase by 2.5% pa (to cater inflation).

## 6.4.3.3

*Debt Payments Forecasts By Seychelles Civil Aviation Authority*

SCR ('000)

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Loan 01 From Nouvobanq	Borrowings	Financing Infrastructure Projects and Purchase of Other Assets	\$5,000	-	\$2,082	\$2,130	\$787	-	-	-
	Interest for the Year			-	R1,478	R1,479	R1,480	R1,481	R1,482	R1,483
	Repayment of Capital			-	R30,577	R47,137	R46,475	R34,474	R21,147	R5,890
	Balance carried forward			-	\$2,082	\$3,350	\$3,325	\$2,450	\$1,481	\$406

## 6.4.3.4

*Anticipated Subventions and Grants By Seychelles Civil Aviation Authority*

SCAA does not anticipate in obtaining any subventions or grants.

## 6.4.3.5

*Contingencies of Seychelles Civil Aviation Authority*

SCR ('000)

Nature of Contingencies	Purpose	Total Liability Amount	Realized Guarantees						
			Actual Figures			Provisional	Forecast		
			2020	2021	2022	2023	2024	2025	2026
Guarantees	SCAA Separation - SSR seed fund	-	-	-	-	-	-	-	-
	SAHC - Seed fund (USD)	-	-	-	-	1,300	-	-	-
	ADAC - Airport Development Costs	-	-	-	-	-	-	-	-
Potential Payments Due to Legal Actions by 3 <sup>rd</sup> Parties	Kankan- Litigation following damage of shop in Terminal during repair work. (SCR)	1,085	-	-	-	542	-	-	-
	GIBBS	-	-	-	-	-	-	-	-
	Other litigation (SCR)	-	-	-	-	-	100	100	100

**Other litigations:** The amount is only a provision in case we have an incident or accident to passengers or meter and greeter at the terminal. While such is mitigated under insurance, there may be cases where SCAA pays to alleviate insurance costs.

**Aeronautical Revenue:****Landing Fees**

The assumption is based on the total flight movement, type of aircraft and its maximum take-off weight. For International Scheduled Landings, an average of 60 flights per week is assumed from commercial flights. The fees also include parking fees and a night surcharge for aircraft with long layovers over six hours parked and those landings and take-offs between 1700hrs to 0530hrs. The same principle is applied for Adhoc flights and is charged in USD.

**Passenger Service Fees**

A total of 410,716 International paying passengers expected to depart at the Seychelles International Airport of which expected visitors is 359,775 and the remaining 50,941 being residents. The forecast is based on actual data and stats collected, past trends and new developments provided by airlines (i.e., increase in frequencies or cancellations) is factored in the assumptions.

**Air Navigation Fees**

The fee is calculated on any aircraft (except those who have been granted exemptions) trespassing to and from the the Seychelles Flight Information Region (FIR). The fees are classified into Scheduled FIR at Seychelles International Airport (SIA), scheduled overflights, and non-scheduled flights and are calculated on the distances, a fixed rate and MTOW of an aircraft when entering and exiting the Seychelles Airspaces. Scheduled commercial flights at SIA are based on the flight schedules, overflights are assumed on the current movements and any changes in the region are considered and non-scheduled a calculated based on the trending and regional factors which may affect or increase revenue.

**Non- Aeronautical Revenue:**

Revenue generated from this service will continue to increase with the surge in passenger movements and contributions from airport operators. Cargo Concessions: Substantial increase over 100% as result of increase in rates from SR0.10cts to SR0.15cts. Advertising:, further increase is anticipated with the implementation of Digital advertising which is currently ongoing.

**Operating Expenses**

Increase as result of anticipated recruitments for replacement, promotions and creation of post of staff as well as salary review aimed to attract, retain competent and talented workforce . Additionally with the expected separation of SCAA there may be additional cost to implement the separation including Uniforms, additional promotional marketing etc. Additional cost is for the continued maintenance of the existing ageing infrastructure. ICT cost is expected to increased with additional recruitment, for new as new software license is required. With the ATM Modernization project almost completed, new subscription of more than SCR9m for Aireon continues to increase Aeronautical Telecommunication cost annually.

## 6.4.4

## KPIs, Risk Management Strategy and Reporting Obligations

## 6.4.4.1

## Key Performance Indicators of the Seychelles Civil Aviation Authority

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
Air Transport Planning	Average No. of Weekly Flights operating into SEZ.	-	-	54	58	60	-	-
	International Passenger Throughput.	-	-	795,634	869,842	923,478	-	-
	New Routes.	-	-	1	1	1	-	-
	Growth in Aeronautical Revenue.	-	-	66%	3%	11%	-	-
Business Development	New Airport Business Ventures.	-	-	2	2	1	-	-
	Average Spending per passenger.	-	-	USD 29	USD 27.7	USD 27.5	-	-
	% increase in non-aeronautical Revenue.	-	-	26%	10%	11%	-	-
Marketing & Customer Experience	Way Finding.	-	-	-	25	20	-	-
	Recorded Complaints.	-	-	51	30	25	-	-
	Website Traffic.	-	-	-	1,000	2,000	-	-
	Stakeholder Engagement Meetings.	-	-	0	2	4	-	-
	Passenger Satisfaction.	-	-	-	75%	80%	-	-
	Social Media followers.	-	-	4,423	5,500	7,000	-	-
	Social Media reach.	-	-	6600	8000	10,000	-	-
	Corporate Communication	Number of media communications.	-	-	44	48 (4 per month) + consistent annual adverts and monthly pages.	52 + consistent annual adverts and monthly pages.	-
Social Media followers (facebook).		-	-	9103	11,000	15,000	-	-
Airport Management	First Bag on Belt.	-	-	16 mins	<14mins	≤12	-	-
	Luggage Delivery Efficiency.	-	-	6.8	6.2	>7.0	-	-
	Average clearance time of all passengers.	-	-	41	≤45	≤40	-	-
	Deviation from SOBT (Standard off Block Time).	-	-	-100%	Mean: <3	Mean: ≤0	-	-
Airport Infrastructure & Contract	Feedback to airport stakeholders for airport works application within 14 days of receiving application.	-	-	57% of the time	85% of the time	86% of the time	-	-
	Providing initial response to Planning Authority applications with 10 days of receiving applications.	-	-	71% of the time	85% of the time	86% of the time	-	-
	Timely renewals/updating of airport service contracts and formalizing new service contracts as required by the airport within contractual framework.	-	-	n/a	80% of the time	80% of the time	-	-
	Management of project cost to remain within planned value (within budget).	-	-	50% of the time	50% of the time	55% of the time	-	-
Electrical & Technical Services	Electrical Power.	-	-	100%	100%	100%	-	-
	Availability of airfield Lighting.	-	-	100%	99.90%	99.90%	-	-
	Availability of water supply.	-	-	100%	100%	100%	-	-
	Availability of Fire Tender for CAT 9 operations.	-	-	99.90%	99.90%	99.90%	-	-
Fire & Rescue Services	Category 9 Fire Cover at SIA.	-	-	99.90%	99.90%	99.90%	-	-
	Category 3 Fire at PRA.	-	-	99.90%	99.90%	99.90%	-	-
Air Navigation Services	No. of ATS incidents /accidents (Occurrence reports).	-	-	0	0	0	-	-
	Reliability of Communications (Loss of Contact).	-	-	99.90%	99.90%	99.90%	-	-

	Reliability of Navigational Facilities.	-	-	100%	100%	100%	-	-
	Reliability of Data Link.	-	-	99.90%	99.90%	99.90%	-	-
	Number of data errors identified and fixed.	-	-	99.90%	99.90%	99.90%	-	-
	Accuracy and data rates in data sets.	-	-	99.90%	99.90%	99.90%	-	-
	Quantitative measure of data completeness, consistency, integrity and timeliness.	-	-	100%	100%	100%	-	-
Safety & Security Regulation	ICAO USOAP overall safety oversight compliance rating.	-	-	42.14%	75%	78%	-	-
	Number of safety audits and inspections to be conducted during 2022-2024 (minimum).	-	-	77	Increase by 10%	Increase by 10%	-	-
	ICAO USAP overall security oversight compliance rating.	-	-	58%	Above 85%	above 90%	-	-
	No. of audited areas below 60%.	-	-	6	50% Decrease	50% Decrease	-	-
Safety Management	Number of Aircraft Accident.	-	-	0	0	0	-	-
	Number of Near misses/10,000 movements where avoiding actions are required.	-	-	0%	0 (50% improvement over previous year)	0%	-	-
	Number of RWY incursions where avoiding actions are required.	-	-	0	0	0	-	-
	Number of RWY incursions where no avoiding actions were required.	-	-	1.35	0.675 (50% improvement over previous year)	50% improvement over previous year	-	-
	Number of Failures of ATS NAVAID function.	-	-	0.27	0	0	-	-
	Number FODs (including animal carcasses) resulting in a hazardous or potentially hazardous situation.	-	-	24	17.64 (25% improvement over previous year)	25% improvement over previous year	-	-
	Number Animal activities resulting in a hazardous or potentially hazardous situation.	-	-	17.03	12.77 (25% improvement over previous year)	25% improvement over previous year	-	-
Finance	Annual Revenue Growth Rate.	-	-	60%	9%	17%	-	-
	Profit Margin.	-	-	21%	19%	25%	-	-
	Annual Return on Investment.	-	-	0	0	0	-	-
	Liquidity Ratio.	-	-	5.7:1	04:01	05:01	-	-
	Debt Ratio.	-	-	13%	Below 30%	Below 30%	-	-
	Minimum Cash Reserve.	-	-	100 million	100 million	100 million	-	-
Corporate Strategy	Preparation of Performance Reports as per the SCAA Planning & Reporting Framework.	-	-	50%	100%	100%	-	-
Internal Audit	Ensure completion of audits as per the annual audit plan.	-	-	93%	95%	95%	-	-
Human Resources & Administration	Injuries.	-	-	12	<3	<3	-	-
	Labour Turnover.	-	-	8.48%	<10%	<10%	-	-
	Number of staff disciplined due to absenteeism and lateness.	-	-	11	<10	<10	-	-
	Key positions filled internally as per Succession Plan.	-	-	11	100%	100%	-	-
ICT	Availability of ICT Core infrastructure services.	-	-	-	97%	97%	-	-
	Customer Satisfaction Survey.	-	-	-	70%	70%	-	-
Infrastructure Projects	Ratio of Earned Value (EV) to Planned Value (PV).	-	-	1.15	0.70	0.80	-	-
	Ratio of Earned Value (EV) to Actual Cost (AC)	-	-	1.30	0.85	0.95	-	-

## 6.4.4.2

*Risks and Resilience Plan of the Seychelles Civil Aviation Authority*

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Ratio of Earned Value (EV) to Actual Cost (AC) Delays in implementation of infrastructure projects leading to capacity constraints, could negatively impact the passenger experience, impact operational efficiency, and cause financial and reputational damage. Delays in implementation of infrastructure projects leading to capacity constraints, could negatively impact the passenger experience, impact operational efficiency, and cause financial and reputational damage.	Defined procedures in place to manage infrastructure projects, ensuring that they are closely monitored and delivered within budget and specified timeframe.
	Constraints on revenue could lead to a weaker financial position and impact on SCAA's financial sustainability. Our current and future operating decisions and /or capital investment plans are not supported by key stakeholders, leading to an inability to deliver on our corporate strategy and/or capital investment Programme. Funding of unplanned projects beyond SCAA's mandate.	Cost containment strategies. Commercial strategy for diversification of revenue. Review of fees. Engage and maintain ongoing dialogue and consultations with stakeholders in relation to key plans and developments, and our mandate.
	Decline in service levels leading to loss of customer.	Maintain focus on improving service offerings. Participation in the ACI Accreditation Programme. Promoting a Service Excellence Culture in SCAA and the Airport Community. Airport Surveys and complaint handling system. Customer Relationship Management Strategy/System.
Financial Risks	Fluctuating interest rates, exchange rates, credit risks and liquidity risks. Failure to deliver the planned sources of funding would have a significant negative financial impact on the delivery of SCAA capital investment plans	Strong focus on cost containment. Reserves Management Strategy. Strong financial control systems with regular operational cash flow and cash balance position reporting.
Operational Risks	Disruptions to operational activities could result in a significant financial/reputational impact on SCAA.	Put in place well-developed business continuity plans and ensure resilience in our key systems and processes to ensure optimal response to any business continuity events and minimise the impact of the disruption.
	Safety and Security incidents at the airport, impacting on airport operation.	Strong safety culture with supporting processes and procedures in place. Safety and Security systems and processes are subject to inspections and audits by the regulator. Testing and ongoing improvement of Airport Emergency Response and Contingency Plans.
	IT Failure/Cyber Security	Development of ICT Business Continuity Plan to manage significant disruption from a failure of ICT systems and preventive ICT security management. Investment in ICT infrastructure, network, and IT professionals.
	Ageing Airport Infrastructure & airport/aviation equipment/systems becoming obsolete.	Prioritization of funding of business-critical investment areas e.g. departure lounge, ATM modernization, passenger and cargo security screening machine and airside projects. Finalization of Airport Master Plan Review and implementation plan. Asset Replacement plan.
	Failure to attract and/or retain critical and scarce talent in the aviation industry.	Development of the Staff Retention Policy and review of the Remuneration Framework.
Compliance and Regulatory Risks	Ineffective aviation safety and security oversight, and administration, resulting in non-compliance with ICAO SARPS.	Closure of the ICVM CAP and Universal Security Audit Programme (USAP) Continuous Monitoring Approach (CMA) Corrective Actions. Recruitment & Training of qualified personnel Technical Cooperation with other states.
Environmental and Social Risks	Non-compliance with regulations and standards related to climate change and environmental sustainability.	Development of Roadmap to implement mitigation measures under CORSIA for period 2023-2025. Implement New Environment Policy for the Airport Authority. Ensure aviation-related environmental activities are consistent with the ICAO and UN system environmental protection policies and practices.
PESTEL	Global economic uncertainty, resulting in a reduction in passengers, rising fuel and energy costs, supply chain issues and significant currency fluctuations. These could have potential adverse impact on our business and operations.	Close monitoring of the economic environment to ensure macroeconomic risk factors are well understood and mitigated where possible.

## 6.4.4.3

*List of External Reporting's by the Seychelles Civil Aviation Authority*

<b>Name / Title of the Report</b>	<b>Frequency and Timing of the Report</b>
Annual Budget	4 months prior to the commencement of the preceding financial year.
Annual Report	Within 5 months from the end of every financial year.
Audited Financial Statements	Within 5 months from the end of the financial year.
Quarterly Reporting (Statement of the financial position, showing changes in cash position and operational performance of the public enterprise during that Quarter, including details of debt performance)	Within 20 days after the end of every quarter of the financial year.
Statement of Corporate Intent (Note that this has been merged with the MTFS)	One month after the start of the financial year. End of January.
Statement of Financial and Operational Performance	20 days after the end of every month.
Estimates of the Profit & Loss, Capital Expenditure, Cash flow and Balance sheet projections.	As may be determined by the commission.

## 6.4.5 Stakeholder Engagement

### 6.4.5.1 *Statement by CEO*

We are pleased to set out the SCAA's Medium Term Financial Strategy (MTFS) for the years 2024-2026. The MTFS sets out in financial terms SCAA's plan for achieving its objectives and priorities, balancing available funding and spending ambitions over the next three years.

- It also seeks to link spending to the Authority's strategic priorities.
- It highlights the underlying financial strategy, financial assumptions, and financial risks.
- It summarises the financial projections for income and expenditure.

As part of the SCAA's Financial Planning process, the MTFS informs the annual Budget (2024) and sets parameters to guide SCAA's deployment of resources and management of finances to ensure that a balanced budget and sustainable financial position is maintained. This plan also considers the rate of inflation, international regulatory requirements, and the low activity period in 2020 and 2021, which has impacted on the cost and areas that require critical attention. It also considers the costs associated with the impending separation of the SCAA, into two separate entities.

SCAA's focus for the three years ahead will be to maintain the continuity of operations, through targeted investment in key business critical areas, including replacement of ageing equipment. A key element of the Authority's growth strategy will be to ensure there is considerable investment in airport infrastructure and timely provision of facilities to accommodate increased activity levels. This will also allow opportunities for the business community to partake in new commercial opportunities, contributing to the country's economy. Excellence in customer service will remain as a core priority further emphasizing SCAA's commitment to ensuring a positive and pleasant customer experience. There will be continued emphasis on safety and security to ensure our readiness to protect public safety, prevent unlawful interference and provide a safe environment at our airports.

Being a highly regulated industry, compliance with regulations remains critical for SCAA to effectively execute its mandate. Enforcement and strengthening of the Authority's capabilities and efforts towards achieving this objective will remain in the forefront. The required budgetary support will be allocated towards activities aimed at achieving the SIA Aerodrome certification.

To note that the Authority has declared the year 2024 theme as Employee Happiness. This is in line with one of our strategic priorities. A dedicated program towards this theme will be deployed throughout the year, targeting implementation of organisation wide efforts and initiatives to improve employee wellbeing and promote engagement.

Over the next three years, several fee reviews are being planned for implementation namely for Air Navigation, Passenger Service Fee, landing and parking. Revenue diversification is also an important element of the Authority's commercial strategy, to reduce reliance on traditional revenue sources, mitigate risks and enable business continuity through diversification.

Under the stewardship of its Board, the SCAA remains committed to delivering on the plans laid out whilst ensuring that we maintain a financially sustainable financial position and continue reaping maximum returns for its shareholders.



#### **6.4.5.2 Foreword by Chairperson**

Building upon the achievements of 2023, the financial strategy set out in this MFTS ensures that SCAA's finances are aligned to the delivery of its strategic objectives through the coming years and presents a clear route which – if followed carefully – will secure a much-improved financial position in future years. It also enhances the process of deepening the transparency and inclusivity of our strategic financial planning.

With its renewed financial strength, the SCAA is now in a better position to re-energise its business, and to deliver on its strategic objectives which are Financial Sustainability, Service and Operations excellence and Safety and Security compliance. The investments planned for the next three years will ensure that key risks such as the airport's ageing infrastructure are addressed and will support the increased capacity demand for the air transport industry.

The aviation industry will always face challenges, which if not addressed in good time, impedes our ability to deliver quality products and services and achieve set targets. A persisting challenge is the recruitment and retention of qualified staff, and implementation of major projects required and critical for continued smooth and safe operation of the airports. We will be putting forward a staff retention strategy, inclusive of a review of our remuneration framework to tackle our human capital challenges. We will also endeavor to modernize our operations and venture into alternative forms of investments as will be further detailed in our updated investment plan.

Despite unforeseen delays for the separation of the SCAA, the process is expected to be completed in 2024. This separation will allow the new Civil Aviation Authority and the Airport Authority to renew their vision, further strengthen their mandate and pave ahead with plans to modernise the civil aviation industry and continued success for the future. Government is also expected to pronounce on a concrete way forward for implementation of the Airport development project as per the Master Plan Review.

Whilst we acknowledge that there are several risks associated with the medium-term financial forecast as clearly future events cannot be accurately predicted, and the economic outlook can change quickly, the Authority remains aware of these risks and will actively be managing them.

The Board remains committed to ensuring that SCAA continues to improve its financial sustainability, remain a high performance by the organization, improve its service delivery & enhance passenger experience through more efficient, smooth, and safe operations.

#### **6.4.5.3 Statement by the Minister Responsible for Transport**

The MFTS of SCAA has not yet been presented to and discussed with the Minister responsible for Transport.

## 6.5 Seychelles Port Authority (SPA)

### 6.5.1 Strategic Overview

#### 6.5.1.1 *Mandate*

The purpose of Seychelles Ports Authority is to develop, maintain operate ports in the country with reliable and sufficient resources to facilitate international and domestic marine transportation in a secured marine environment free of pollution while maintaining financial sustainability and ensuring human resources in the entity is well trained to achieve its intended objectives.

#### 6.5.1.2 *Vision*

To continuously transform and sustain Port Victoria as a viable maritime hub.

#### 6.5.1.3 *Mission*

To safeguard the maritime gateway to the Seychelles socio-economy by providing adequate and reliable port infrastructure and efficient services.

#### 6.5.1.4 *Strategic Priorities for 2024-2026*

- a) Develop, maintain and operate effective safe and secured sustainable infrastructure and related services, to facilitate international and domestic marine transportation and growth of blue economy at the appropriate levels at low operational cost that enhance Customer Value. Following are priorities for 2024-26.
  - Extension of existing Mahe Quay by 300 Mts and renovating the existing quay suitably
  - Moving of administrative complex out of the port premises in accordance with ISPS code and demolishing of existing warehouses to facilitate more container handling area.
  - Replacement of aged fleet of tugboats and pilot boats with a modernized fleet
  - Digitalization of port operation to enhance timely reliable sharing of information
  - Construction of passenger terminal La Digue.
- b) Maintenance of financial sustainability in terms of liquidity, profits and asset utilization to support the core objective stated above.
- c) Develop a competent workforce that ensures functional excellence, developed leadership skills, through establishing a learning, innovating, corporate culture which is integrated to deliver customer value.
- d) Become a self-defendant government entity delivering corporate social responsibility in compliance with regulatory framework.

#### 6.5.1.5 *Key Challenges*

- a) Developing and modernization of port infrastructure to be in abreast with changes in maritime transportation to facilitate handling of larger vessels and cargo more efficiently reducing congestions in terminals.
- b) Upgrading of the its marine fleet to deliver uninterrupted services to vessels with more secured efficient manner in a timely manner.
- c) Upgrading competency of workforce in compliance with regulatory framework with well-trained human resources with adequate maritime qualification and retaining them.
- d) Sourcing of funds at lower cost in order to finance above key challenges through equity or borrowings.
- e) Land resources to facilitate more container warehousing with increasing cargo inflow over mid- term time horizon

## 6.5.2

## Outlook of Financial Strategy

## 6.5.2.1

## Projected Financial Position of Seychelles Port Authority

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>ASSETS</b>							
<b>Non-current assets</b>	<b>294,700</b>	<b>289,800</b>	<b>304,300</b>	<b>395,600</b>	<b>835,700</b>	<b>1,079,500</b>	<b>1,352,800</b>
Property and equipment	276,100	266,200	283,700	375,100	814,700	1,057,600	1,329,900
Investment property	18,400	17,200	16,100	14,900	14,900	14,900	14,900
Intangible assets	200	400	200	1,200	1,700	2,700	3,700
Deferred Tax Assets	-	6,000	4,300	4,300	4,300	4,300	4,300
<b>Current assets</b>	<b>275,100</b>	<b>224,800</b>	<b>264,000</b>	<b>271,400</b>	<b>324,500</b>	<b>320,300</b>	<b>377,400</b>
Inventories	3,200	3,300	3,000	4,400	4,900	4,900	4,900
Investment in financial asset at amortization	23,500	-	25,000	35,000	35,000	35,000	35,000
Trade and other receivables	44,000	31,400	39,800	42,000	21,200	38,300	39,900
Cash and cash equivalents	204,300	190,100	196,200	190,100	263,400	242,100	297,600
<b>Total assets</b>	<b>569,800</b>	<b>514,600</b>	<b>568,300</b>	<b>667,000</b>	<b>1,160,200</b>	<b>1,399,800</b>	<b>1,730,200</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity and reserves</b>							
Capital reserve	9,500	8,400	7,500	7,500	7,500	7,500	7,500
Retained earnings	507,400	475,100	519,900	587,900	658,500	763,700	869,600
	<b>516,800</b>	<b>483,500</b>	<b>527,300</b>	<b>595,300</b>	<b>666,000</b>	<b>771,100</b>	<b>877,100</b>
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Borrowings	13,000	8,200	7,500	48,800	455,900	598,300	821,400
Deffered Tax Liabilities	500	-	-	-	-	-	-
Retirement benefit obligations	5,200	4,600	9,000	12,200	12,500	13,200	13,900
	<b>18,700</b>	<b>12,900</b>	<b>16,400</b>	<b>61,000</b>	<b>468,400</b>	<b>611,500</b>	<b>835,300</b>
<b>Current liabilities</b>							
Retirement benefit obligations-Current	5,600	4,700	1,300	600	900	900	900
Tax liability	16,000	5,100	13,000	2,300	10,500	2,200	2,200
Trade and other payables	12,600	8,400	10,300	7,700	14,400	14,000	14,600
	<b>34,200</b>	<b>18,300</b>	<b>24,600</b>	<b>10,700</b>	<b>25,800</b>	<b>17,200</b>	<b>17,800</b>
<b>Total liabilities</b>	<b>53,000</b>	<b>31,100</b>	<b>41,000</b>	<b>71,700</b>	<b>494,200</b>	<b>628,600</b>	<b>853,100</b>
<b>Total equity and liabilities</b>	<b>569,800</b>	<b>514,600</b>	<b>568,300</b>	<b>667,000</b>	<b>1,160,200</b>	<b>1,399,800</b>	<b>1,730,200</b>

## 6.5.2.2

*Projected Statement of Comprehensive Income of Seychelles Port Authority*

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>INCOME</b>							
Port related services	158,900	150,300	168,700	189,500	240,700	284,100	293,500
Hire of boats	800	800	1,000	500	700	800	800
Rental income	12,200	14,300	35,000	34,300	34,800	35,600	36,400
Other income	400	200	300	3,200	1,000	1,100	1,100
<b>Gross income</b>	<b>172,300</b>	<b>165,600</b>	<b>205,000</b>	<b>227,600</b>	<b>277,200</b>	<b>321,500</b>	<b>331,700</b>
Cost of services	(11,300)	(18,600)	(19,400)	(27,400)	(29,100)	(29,100)	(30,600)
<b>Net Income</b>	<b>161,000</b>	<b>147,100</b>	<b>185,700</b>	<b>200,200</b>	<b>248,100</b>	<b>292,400</b>	<b>301,200</b>
<b>EXPENSE</b>	-	-	-	-	-	-	-
Employee costs	(74,200)	(70,000)	(73,500)	(96,900)	(101,000)	(103,500)	(106,100)
Premises costs	(6,300)	(3,000)	(2,800)	(2,300)	(1,900)	(1,900)	(2,000)
<b>Operating overheads</b>	<b>(13,100)</b>	<b>(9,600)</b>	<b>(9,900)</b>	<b>(16,600)</b>	<b>(18,900)</b>	<b>(19,400)</b>	<b>(19,700)</b>
Depreciation	(14,700)	(21,600)	(22,900)	(24,000)	(33,100)	(31,000)	(36,200)
Expected Credit Loss	(13,600)	200	500	-	-	-	-
Operating Expenses	(121,900)	(103,900)	(108,600)	(139,900)	(154,900)	(155,800)	(164,000)
<b>Operating Profit</b>	<b>39,100</b>	<b>43,200</b>	<b>77,100</b>	<b>60,300</b>	<b>93,200</b>	<b>136,600</b>	<b>137,200</b>
Foreign exchange gain/(Loss)	90,900	(74,000)	(13,400)	8,400	(1,500)	(1,500)	(1,500)
Profit on Disposal of Assets	-	-	-	20,100	-	-	-
Finance Income	1,300	800	200	100	-	-	-
Finance Cost	(100)	(100)	-	(800)	(3,100)	(3,300)	(2,900)
<b>Profit/(Loss) before tax</b>	<b>131,200</b>	<b>(30,100)</b>	<b>63,900</b>	<b>88,200</b>	<b>88,700</b>	<b>131,800</b>	<b>132,800</b>
Taxation charge	(13,500)	(2,100)	(19,100)	(20,200)	(18,000)	(26,700)	(26,900)
<b>Profit/(Loss) for the year and other comprehensive income</b>	<b>117,700</b>	<b>(32,200)</b>	<b>44,800</b>	<b>68,000</b>	<b>70,600</b>	<b>105,200</b>	<b>105,900</b>

6.5.2.3 *Projected Cash flow Statement of Seychelles Port Authority*

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Cash Flows from Operating Activities</b>							
Profit before taxation	131,200	(30,100)	63,900	88,200	88,700	131,800	132,800
<i>Adjustments for:</i>							
Depreciation of property and equipment	14,700	21,600	22,900	24,000	33,100	31,000	36,200
Expected Credit Loss	13,600	(200)	(500)	-	-	-	-
Retirement benefit obligation charge	7,500	5,900	7,300	9,200	10,500	10,800	11,000
Loss on disposal	-	-	-	(20,100)	-	-	-
Bad Debts written off	200	-	-	-	-	-	-
Prior year adjustment	4,500	-	-	-	-	-	-
Interest accrued	(900)	-	(200)	(100)	2,000	2,200	1,700
VAT Credit Refund	(8,500)	-	-	-	-	-	-
Prior year adjustment - Others	(300)	(200)	-	-	-	-	-
Currency translation differences on borrowings	5,200	(4,800)	(800)	300	-	-	-
Currency translation differences	(90,900)	74,000	12,700	-	-	-	-
	<b>76,300</b>	<b>66,300</b>	<b>105,300</b>	<b>101,500</b>	<b>134,300</b>	<b>175,700</b>	<b>181,700</b>
<i>Changes in working capital:</i>							
(Increase)/Decrease in inventories	100	(100)	400	(1,400)	(600)	-	-
Decrease/(Increase) in trade and other receivables	1,700	12,900	(8,000)	(4,500)	20,700	(17,100)	(1,600)
Increase/(Decrease) in trade and other payables	2,400	(4,200)	1,900	(900)	6,400	(400)	500
	<b>80,600</b>	<b>74,900</b>	<b>99,600</b>	<b>94,700</b>	<b>160,900</b>	<b>158,200</b>	<b>180,600</b>
Tax paid	(22,100)	(19,300)	(9,600)	(30,900)	(9,800)	(35,000)	(26,800)
Gratuity and compensation paid	(5,100)	(7,400)	(6,300)	(5,900)	(9,800)	(10,000)	(10,300)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>53,300</b>	<b>48,200</b>	<b>83,700</b>	<b>57,900</b>	<b>141,300</b>	<b>113,200</b>	<b>143,500</b>
<b>Cash flows from investing activities</b>							
Purchase of property and equipment	(143,300)	(11,700)	(40,000)	(116,900)	(467,600)	(253,500)	(275,300)
Sale of property & Equipments	-	-	-	22,200	-	-	-
Purchase of investment property	-	-	-	-	-	-	-
Purchase of intangible assets	(100)	(200)	-	-	-	-	-
Purchase of investment in financial assets	(23,500)	-	(25,000)	(9,900)	-	-	-
Proceeds from redemption of investment in financial asset	-	-	-	-	-	-	-
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(166,900)</b>	<b>11,600</b>	<b>(65,100)</b>	<b>(104,700)</b>	<b>(467,600)</b>	<b>(253,500)</b>	<b>(275,300)</b>
<b>Cash flows from financing activity</b>							
Interest Received	-	-	200	100	1,000	1,100	1,100
Borrowings received	-	-	-	42,300	412,300	177,100	276,100
Borrowings Repaid	-	-	-	(1,400)	(5,200)	(34,700)	(52,900)
Interest Payment	-	-	-	(1,200)	(8,500)	(24,500)	(37,000)
Net Cashflow from financing activities	-	-	200	39,900	399,600	118,900	187,200
Increase/(Decrease) in cash and cash equivalents	(113,600)	59,800	18,800	(6,800)	73,300	(21,300)	55,500
1 January,	227,000	204,300	190,100	196,200	190,100	263,400	242,100
Increase/(Decrease)	(113,600)	59,800	18,800	(6,100)	73,300	(21,300)	55,500
Currency translation differences	90,900	(74,000)	(12,700)	-	-	-	-
<b>31 December,</b>	<b>204,300</b>	<b>190,100</b>	<b>196,200</b>	<b>190,100</b>	<b>263,400</b>	<b>242,100</b>	<b>297,600</b>

### 6.5.2.4 Projected Capital Investment Plan of Seychelles Port Authority

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		SCR ('000) Anticipated Risks	
							2020	2021	2022	2023	2024	2025	2026	
<b>Major Capital Investments</b>														
Port Victoria Rehabilitation & Expansion Project (PVREP)	Extention of Quay length by 300 Mtr and renovation of Existing Quay with limted dredging	Extra space for Container Handling, facilitation of modern ships with higher draught	1,034,000	EIB/A FD	2018	Dec-27	3,800	3,400	3,300	10,400	371,700	218,900	226,800	Exchange Rate Risk due to upward movemnt in Euro and Interest Cost due to movement of EURIBOR and any Environment risk during construction period
Praslin -New Passenger Terminal Building	Development of New Passenger Terminal EROS	Relocation of passenger Terminal with more facilities	25,000	Equity	2020	Dec-24			7,300	10,800	4,500			Environmental risk due to climate changes in sea levels
Praslin -New Jetty Eve Island							2,800	200						
LaDigue -Sea Wall alignment/Dredging & Exten-Phase I	Development of New cargo Terminal and Dredging	More space for Cargo handling	28,400	Equity	2022				14,400	9,300	4,700			Environmental impact on Marine life
LaDigue -Sea Wall alignment/Dredging & Exten-Phase II-Tarosa	Development of Breakwater Extn and Dredging	More space for boat movements	7,500	Equity						7,500				Environmental impact on Marine life
LaDigue -Passenger Terminal	New Terminal with better coverage to replace the shed	Better facilities for Passengers	15,000	Equity							4,000	6,000	5,000	Sufficiency of Passenger Fees to recover investment
LaDigue/Praslin - Mooring Buoy Project	Installation Buoys-Praslin/LaDigue	More locations for Berthing of Local Vessels	8,000	Equity	2025	Dec-26						2,000	6,000	Number of berthings
BelOmbre - Pontoon Install. & Development	Development of the Bel Ombre Jetty related area	More space for boat berthing &	3,000	Equity	2025	Dec-26						2,000	1,000	Number of berthing/visitors

		Toursit Attraction												
Inter-Island Quay	Car Park/Cargo Yard	More facility for Passengers and space for cargo manoeuvring	6,100	Equity	2024	Dec-24					6,100			Location related objections
Port Victoria Management Information System	Digitalization of Port Operational Activities linking with Customs, LML, and Shipping Agents	Compliance with IMO requirements and creating a single maritime window	10,000	Equity	2022	Mar-24					6,500			lack of Stakeholders Active participation
Moving HQ to IDC Premises	Moving of Administrative Offices to IDC premises facilitate PVREP Project		6,000	Equity	2023	Dec-23					6,000			Timing is depended upon movement of IDC
HQ Building Construction	Construction of HQ	Locate Administration Offices away from ISPS zone and excess space to be used for renting	30,000	Equity	2022							10,000	20,000	Construction cost escalation due to material and labour prices.
Acquisition of Tugboat - Memmelles	Facilitate efficiency of port by replacing aged fleet	Faster reliable response to ship calls securing interpretations , minimizing risks to human life	45,200	Equity/ Nouvo banq	2022	Dec-24			9,900	35,300				Exchange Rate Risk due to upward movemnt in Euro and Interest Cost due to movement of EURIBOR
Acquisition of Tugboat New	Facilitate efficiency of port by replacing aged fleet	Faster reliable response to ship calls securing interpretations , minimizing risks to human life	76,400	Equity	2025	Dec-26					22,900	53,500		Liquidity Risk on existing Cashflow
Acquisition of Tugboat	Acquisition of Tugboat St Anne	Faster reliable response to ship calls	119,500	Equity	2020	Dec-21	119,500							Exchange Rate Risk due to upward movemnt

		securing interpretations , minimizing risks to human life												in Euro and Interest Cost due to movement of EURIBOR
Acquisition of Pilot Boat X2	Facilitate efficiency of port by replacing aged fleet	Faster reliable response to ship calls securing interpretations , minimizing risks to human life	26,300	Nouvo banq	2023	Oct-24				7,000	19,200			Exchange Rate Risk due to upward movemnt in Euro and Interest Cost due to movement of EURIBOR
Drydocking of Tugboats/Pilot Boats	Drydocking of for classification requirements	Uninterrupted service with regulatory compliance	43,000	Equity	2025	Dec-26				10,000	-	26,000	5,000	
										<b>126,100</b>	<b>3,600</b>	<b>34,900</b>	<b>102,800</b>	<b>433,100</b>
														<b>318,400</b>
														<b>263,800</b>
<b>Replacements and upkeep of Assets (PPE)</b>														
Building Improvements	-	-	-	-	-	-	100	1,400			7,200	2,000	2,000	
Plant, Machinery & Equipment	-	-	-	-	-	-	1,600	1,900	600	300	-	-	-	
Nav Aids & Equipment Vehicles	-	-	-	-	-	-	-	-	-	6,000	9,400	2,000	2,000	
Furnitures & Fittings	-	-	-	-	-	-	-	-	700	600	2,000	1,000	1,000	
Office Equipments & Computer Accessories	-	-	-	-	-	-	200	100	200	1,000	500	500	500	
Software Other Assets	-	-	-	-	-	-	1,600	400	400	2,100	4,100	2,000	2,000	
-	-	-	-	-	-	-	-	-	-	300	400	1,000	1,000	
-	-	-	-	-	-	-	700	700	400	3,300	10,900	3,000	3,000	
-	-	-	-	-	-	-	<b>4,200</b>	<b>4,500</b>	<b>2,300</b>	<b>13,600</b>	<b>34,500</b>	<b>11,500</b>	<b>11,500</b>	
<b>TOTAL</b>							<b>130,300</b>	<b>8,100</b>	<b>37,200</b>	<b>116,400</b>	<b>467,600</b>	<b>329,900</b>	<b>275,300</b>	



### 6.5.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

#### 6.5.3.1 Tax Implications by the Operations of Seychelles Port Authority

SCR ('000)

Type of Tax	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Business Tax	13,500	2,100	19,100	20,200	18,000	26,700	26,900
PIT	4,800	5,400	5,200	6,300	6,500	6,700	6,900
Withholding Tax	100	-	-	300	300	300	300
Deduction at Source	200	100	-	-	-	-	-
CSR	400	200	-	-	-	-	-
VAT*	2,050	2,380	5,980	5,830	5,920	6,050	6,180
<b>TOTAL</b>	<b>21,000</b>	<b>10,100</b>	<b>30,200</b>	<b>32,700</b>	<b>30,800</b>	<b>39,800</b>	<b>40,300</b>

\*This include total VAT liability irrespective of deducting VAT recoverable amounts on domestic payments or set off

#### 6.5.3.2 Anticipated Dividend Declarations By of Seychelles Port Authority

- No dividend in Cash will be declared during 2023-2026 period in view of the cash flow due to PVREP project and other projects that has been planned in Praslin, & La Digue.
- A methodology is being developed for Dividend in lieu of cash to recognize social responsibility carried out by the PE to cater the needs of shareholder, the Government which will be informed after a careful study and with the concurrence of the board.

#### 6.5.3.3 Debt Payments Forecasts By Seychelles Port Authority

SCR ('000)

Lending Organization	Description	Purpose of Borrowings	Total Borrowings and Debt Servicing						
			Actual Figures			Provisional	Forecast		
			2020	2021	2022	2023	2024	2025	2026
Loan 01 From AFD	Borrowings	Finance PVREP	400,500	-	-	300	392,800	-	-
	Interest for the Year		-	-	-	-	4,500	17,300	16,100
	Repayment of Capital		-	-	-	-	-	24,500	24,500
	Forex Adjustment		-	-	-	-	-	-	-
	<b>Balance carried forward</b>		13,000	8,200	7,500	48,800	400,600	376,100	351,700
Loan 02 From EIB	Borrowings	Finance PVREP	300,400	-	-	-	-	177,100	123,300
	Interest for the Year		-	-	-	-	-	4,000	12,800
	Repayment of Capital		-	-	-	-	-	4,100	13,400
	Forex Adjustment		-	-	-	-	-	-	-
	<b>Balance carried forward</b>		-	-	-	-	-	<b>173,000</b>	<b>282,900</b>
Loan 03	Borrowings	Finance PVREP	183,400	-	-	-	-	-	152,800
	Interest for the Year		-	-	-	-	-	-	5,300
	Repayment of Capital		-	-	-	-	-	-	8,900
	Forex Adjustment		-	-	-	-	-	-	-
	<b>Balance carried forward</b>		-	-	-	-	-	-	<b>143,900</b>

Loan 04 From Nouvobanq	Borrowings		74,200	-	-	42,300	19,500		
	Interest for the Year		-	-	-	1,200	3,000	3,200	2,800
	Repayment of Capital	Purchase of Tugboats & Pilot Boats	-	-	-	1,400	5,200	6,200	6,200
	Forex Adjustment		-	-	-	-	-	-	-
	<b>Balance Carried Forward</b>		<b>39,900</b>	<b>48,000</b>	<b>56,800</b>	<b>55,300</b>	<b>55,300</b>	<b>49,100</b>	<b>42,900</b>

#### 6.5.3.4 Anticipated Subventions and Grants By Seychelles Port Authority

SCR ('000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Grants	EIB	-	-	-	-	-	-	-	76,400	-

#### 6.5.3.5 Contingencies of Seychelles Port Authority

SCR ('000)

Nature of Contingencies	Funding Agency	Purpose	Total Liability Amount	Realized Guarantees						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Potential Payments Due to Legal Actions by 3 <sup>rd</sup> Parties	Case 01	LT Cases	7,400				2,900			

#### 6.5.3.6 Assumptions used for the Financial Projections of Seychelles Port Authority

- a) Inflation rate is assumed to be 2.5% per annum YOY and accounted as monthly gradual increases in expenses. Transactions denominated in forex is stated at following constant exchange rates:

USD	14.0000
EURO	15.2841
GBP	17.6360

- b) Revenues were projected based on the following growth rates on analysis of past trends and adjusted for future prospects and challenges. However change in maritime industry is highly depended on international sector, domestic consumption of goods, developments in fishing industry, actions of nearby other competitive ports and internal socio-political climate.

Growth rates	CAGR%
Ship Calls	4.0%
Container Handling	0.2%
Fish & Reefer Tonnage landing/Transshipment	1.8%
Cruise Passengers Embarking/Disembarking	38.0%
Inter-Island Passengers 2024	41.0%
Inter-Island Passengers 2025 & 2026*	5.0%

- c) Port Victoria Rehabilitation and Expansion Project, expected to be commenced in 2024 and complete in 2027 at a total cost of Euro 64 Mn [SCR 1034 Mn] including dredging. However, no firm determination as to the development design with detail reliable estimate of total cost of the project. Therefore, any changes on the date of commencement of the project and any variation on the cost of the project shall have bearing in cash flow forecasts, capitalization of assets.

- d) Funding for investment of the project is from European Investment Bank (EIB) and of Agence Française De Développement (AFD) and a European grant. The committed amounts of funding as per existing borrowing agreements signed between parties is Euro 29 Mn and a grant of Euro 5 Mn from EIB.
- e) However, after discussions with EIB has stated that in principal they may agree for Euro 51 Mn funding. In the absence of firm agreements signed as to which portion of additional funding is from which party the additional amount is treated as borrowings contributed by each party at the proportion of the committed borrowing at the existing terms and conditions.
- f) As per requirements further funding of Euro 12 Million is to be negotiated with any other local/foreign bank or financial institution on need basis and interest is assumed to be at 6.17%. However, cost of borrowing projected may vary based on source of borrowing and interest rates and exchange rates prevailed at the time of borrowing.
- g) Details of funding structure is enunciated below:

	Euro	SCR
AFD Mn	12.5	191.0
EIB Mn	16.5	252.0
<b>Committed Borrowings</b>	<b>29.0</b>	<b>443.0</b>
AFD Mn	9.7	148.0
EIB Mn	7.3	112.0
<b>Facility under discussion</b>	<b>17.0</b>	<b>260.0</b>
<b>Additional Facilities to be negotiated</b>	<b>12.0</b>	<b>183.0</b>
<b>Total Borrowings Projected</b>	<b>58.0</b>	<b>886.0</b>
EIB Grant	5.1	143.0
<b>TOTAL FUNDING PROJECTED</b>	<b>63.1</b>	<b>1029.0</b>

- h) Cash flow projections were made based on the above funding structure and any changes in funding structure and related terms and conditions shall have a bearing on the cash flow projections.
- i) Interest cost on funding by EIB and AFD is estimated at 3 months EURIBOR rate of 3.95% prevailed as of Sept,2023 and a margin of 1.03% per annum as per the agreements. Any variation in EURIBOR rate, conversion of the facility to fixed terms on the basis of agreement on a future date will have an effect on cash flows and borrowing costs.
- j) Facility of Euro 4.86 [SCR 74.2 Mn] has been obtained from Nouvobanq repayable over a period of 10 years to finance a Tugboat and Two Pilot boats at the variable interest rate of Euribor 3 Months+4% [Currently 6.17%]. Any variation in EURIBOR rate will have an effect on this facility and projected cash flows and interest costs. However, loan agreement include a clause to convert this facility to a Seychelles Rupee based option during the tenor of the loan to mitigate any risk factors in the longer run due to volatility of forex rates. Any conversion utilizing such option will have an impact on cash flows projected.

- k) It is planned to sell off existing two tug boats for which useful life period is over and negotiating with prospective buyers. It is anticipated deals to be completed by February 2024. Income of such sale is accounted in February 2024. However, if finalization of such deals expedited or delays such changes affect the related maintenance and fuel costs projected.
- l) Direct operational Costs were projected based on probable maintenance requirements of tugboats, quays and jetties and fuel costs estimated by the relevant technical requirements assessed by the technical team.
- m) It is planned to move the administration offices to IDC premises to allow for Port Development project and also in compliance with ISPS code to locate administration out of the demarcated ISPS zone to enhance security. This is expected to be completed by end of 2023. However, if the current occupant of the premises, IDC moving get delayed, planned expenses on this may be shifted to 2024. Further construction of a building out of the ISPS zone for administrative requirements is planned in 2025.
- n) Exchange Gains/(Losses) are indeterminable in the absence of a comprehensive independent forecasts. In order to ensure prudence expected forex losses accounted as a notional figure purely expecting a low volatile exchange rate regime as prevailed in 2023 first half. Any volatility in forex rates may alter the profit and cash flow forecasts significantly.
- o) Gratuity and Retirement Benefit payments for budgetary purposes was taken at 19% of the total remuneration and 6% of the Gratuity and Retirement Benefits projected to be outstanding as of the end of period.
- p) No any cash flows due to revision of Stevedoring and Terminal Handling Charges Regulations is taken as it is being still under discussion stage. However, in order to ensure Return on Equity at the current average after accounting for depreciation on quay development and borrowing cost on funding it is quintessential for such revision early in the envisaged period.

#### 6.5.4 KPIs, Risk Management Strategy and Reporting Obligations

##### 6.5.4.1 Key Performance Indicators of the Seychelles Port Authority

Title of Key Performance Indicators	Achievements of KPIs						
	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Financial Results</b>							
ROE	23%	-7%	8%	11%	11%	14%	12%
<b>Business Growth</b>							
Container Throughput	78,300	70,200	85,650	90,650	90,822	90,995	91,168
<b>Human Resources Development, Learning &amp; Growth</b>							
Training Expenses/Employee	1,302	7,361	5,216	6,252	13,029	13,354	13,688
<b>Business Process Efficiency</b>							
Admin Cost (Excluding Depn.)/Total Revenue	66%	55%	46%	56%	44%	39%	39%
<b>Financial Indebtness &amp; Liquidity</b>							
Gearing Ratio	0.02	0.02	0.01	0.08	0.41	0.5	0.5
Liquidity Ratio	16.64	28.19	22.96	11.76	13.27	20.34	23.32

## 6.5.4.2

*Risks and Resilience Plan of the Seychelles Port Authority*

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
<b>Strategic Risks</b>	Change Risk: SPA's venturing into rehabilitation of the existing quay itself is a threat as the volumes expected may not realize over the time due to restrictions by socio-political culture on tariffs thus marginalizing the return on investment	SPA attempts to enhance its service component with more facilities on offer for ship calls and continuous dialog with stakeholders to thwart competition by regional ports and influencing regulators for tariff review every 2 years in line with global inflationary effects to be embodied in the regulations.
	Economic Risk: The global and domestic economic trends affect the ports performance and specially any new pandemic will cause threat to cruise line business and any low harvest in fish also greatly affect performance of the port.	BOD and Management monitor economic trends closely and Standard Operating Procedures are implemented to early detection of such threats
	Climate Risk:	Discussed under Environment & Social Risk
<b>Financial Risks</b>	Exchange Rate Risk: While some income is generated from forex some imports of tugboats and spares are made on forex. Further borrowing for port development is on forex where repayments need to be in forex. Any depreciation of local currency against forex will have a greater impact on profitability	SPA is attempting to match its forex based income and expenses on loan repayments, cost of borrowing of tugboats and related spares imported to minimize conversion risk of forex. Some borrowing agreements include options to convert to local currency at the option of SPA in order to circumvent any continuous increase in forex rates and EURIBOR.  Further, discussions are on the way for forex swapping based on the rate movements to mitigate the risk of holding forex in a single currency as and when rates are favorable.
	Interest Rate Risk: Borrowings on variable rates pose a threat to any volatility in EURIBOR/LIBOR affecting the cost of borrowing.	Borrowings with AFD/EIB contains clause to convert to fixed rate after certain threshold of disbursement and this will be used in conjunction with close monitoring of forex rates.
	Liquidity Risk: Investment in Port Development pose a risk on liquidity as the return of such investments are generated over a longer term time horizon. Further any disruption in economy such as pandemic and war situation creates liquidity risks	SPA strictly adhered to funding long term assets with longer term borrowing range from 10-30 years thus minimizing liquidity risk and it is determined to hold minimum Sr.200-300 Mn in liquid funds in order to meet emergency situations
<b>Operational Risks</b>	Safety and security encompass all operations, including marine, port, cargo, and others, that take place within the port limits. Furthermore, it includes addressing emergencies that are inherent to ports and terminals. There exist numerous risk variables that have an impact on the safety and security of ports.	The SPA demonstrates adherence to local laws and regulations, and under the oversight of the SMSA, ensures compliance with pertinent international standards established by organisations such as the International Maritime Organisation (IMO), the International Labour Organisation (ILO), and other relevant regulatory entities to ensure safe and secure operations.
	Human Resources: Lack of qualified personnel for specific and specialized job portfolios and the SPA's incapacity to offer the high remunerations offered for such individuals on the private employment sector impedes the SPA's ability to hire the most qualified candidates for the available positions.	The Seychelles Port Authority (SPA) aims to enhance the skills and expertise of its present-day port operating staff to higher levels to meet up the challenges. This will be achieved through collaboration with the Seychelles Maritime Academy and with foreign institutes when necessary, facilitating their participation in internationally recognized training programs. New hires are selected based on their fulfilment of the necessary requirements. Collaboration with other government entities such as Seypec on Human resource sharing is also in progress.
	Limitations of berth capacities: At present Main SPA berths are limited in ways of space/length, depth and strength/conditions of present Quays and jetties to handle ships and heavy machinery and unavailability of shore cargo gear. This creates congestion specially related to fishing vessel, cruise and container traffic. This can cause lost opportunities that may create long-term negative effect on the Ports controlled by SPA.	SPA do careful planning to accommodate maximum fleet with minimum delays to maximize the available berthing spaces. In addition, SPA is embarking on port development project to increase enhancing of quay length and maximizing port efficiency.
<b>Compliance and Regulatory Risks</b>	Non-compliance with Seychelles Laws and Regulations  Noncompliance of IMO and other regulatory instrument for International bodies.	Close interaction maintained out with local law makers and including SMSA to ensure changes in local regulations. Operations team liaise with industry advice through Classification Society and other legitimate

		sources to ensure compliance within International regulatory framework.
	Seychelles Revenue Commission & Customs	Regular reporting & ensuring compliance with statues and overlooking by Risk Management Committee
	Compliance with Financial Reporting to PEMC, MOF, Ministry of Transport	Monitoring by Risk Management Committee
<b>Environmental and Social Risks</b>	Climate Change : Rising Sea Level has a long term effect on quay construction if the current level of sea with expected level of sea during the lifetime of quay is not considered	Human Resources qualified in Environmental area is deployed on port development project and necessary environmental impact analysis being made to address mitigating environmental risks
	Environmental Pollution	Ensure compliance with MARPOL convention and abreast with relevant updates. Further advance information is sought on ship calls to restrict any hazardous events to sea such as oil spillage etc
<b>PESTEL</b>	Critical Political, Economic, Social, Technological, Legal and Environmental issues that may contribute to risk	Discussed in above topics and embedded therein. However, detail discussions on these topics being continued for refining mitigating activities

#### 6.5.4.3 *List of External Reporting's by the Seychelles Port Authority*

<b>Name/Title of the Report</b>	<b>Recipients of the Report</b>	<b>Description of the purpose, content and inclusion of the report</b>	<b>Frequency and Timing of the Report</b>
Audited Financial Statements	Ministry of Transport	Financial Results, Financial Position and Cash flow for the year	Annually
	Ministry of Finance		
	PEMC		
Annual Report	Ministry of Transport	Operational & Financial Performance	Annually
	Ministry of Finance		
	PEMC		
Mid Term Financial Strategy	Ministry of Transport	Financial Plan for next 3 years	Annually
	Ministry of Finance		
	PEMC		
Quarterly Financial Statements	PEMC	Financial Performance per Quarter	Quarterly

#### 6.5.5 **Stakeholder Engagement**

The MTFs is in draft mode and yet to be approved by the BoDs and the responsible Minister for Transport. As such, the statement of commitments by the CEO, BoDs and the responsible minister is not included.



## 6.6 Seychelles Public Transport Corporation (SPTC)

### 6.6.1 Strategic Overview

#### 6.6.1.1 *Mandate*

Established in December 1977 as a body corporate under the Seychelles Public Transport Corporation Decree, CAP 221, the primary function of the Seychelles Public Transport Corporation (SPTC) is: “the corporation shall exercise its powers so as to provide, or secure or promote the provision of an efficient, adequate, and economical system of public transport within Seychelles for the general public, consistent with a reasonable and adequate level of fares being charged” Section 15 (1).

SPTC is fully owned by the Seychelles’ Government. The SPTC’s public bus service operates everyday: 7 days a week 5:10 AM with last bus leaving the terminal at 7:00 PM from Monday to Saturday and at 6.30pm on Sunday on Mahe. On Praslin bus services is from 5.50am to 7.30pm.

In the pursuit of financial independence from government subvention, SPTC has diversified into additional services: Marketing: Advertise on travel cards, billboards and pillars of the Terminals, buses, PA system, website, mobile App and branded products as SPTC taps into most of the country’s commuters. Mechanical: Full maintenance and breakdown services to the general public.

#### 6.6.1.2 *Vision*

“To operate a modern and sustainable public transport system that furthers the development and aspirations of our country.”

#### 6.6.1.3 *Mission*

To be a proud public transport operator that embraces innovation in the industry supported by modern and robust infrastructure. Enhance customers travel experience through the provision of a safe, reliable and effective service. Capacity building, development and empowerment of our most valuable asset; our people. To operate a sustainable business, availing of adequate resources so as to ensure self-sufficiency. Develop an organizational culture of engagement, professionalism and commitment. Engage all partners and stakeholders through meaningful and effective communication. Socially responsible and environmentally friendly public transport operator.

#### 6.6.1.4 *Strategic Priorities for 2024-2026*

SPTC is operating in line with its Sector Strategic Plan 2021-2025 which is now being updated up until 2028. Focus of this plan revolves around 4 main Strategic Choice as follows;

#### **Strategic Choice 1: Infrastructure rehabilitation and modernization of facilities for effective and safe operation.**

- 1) Construction of new bus depot on ILE Eve, Praslin;
- 2) Construction of added facilities on our depot at Barbaron;
- 3) Construction of Expatriate staff House;
- 4) Construction of driver’s rest room at Port Launay;
- 5) Expansion of Baie Lazare Bus Depot;
- 6) Maintain and Upgrade bus fleet;

- 7) Install CCTV on Buses; and
- 8) Update the Accident and Emergency Response including disaster plan

**Strategic Choice 2: Unsatisfactory service delivery and customer travel experiences.**

- 1) Customer Service Re-Branding;
- 2) Adopt Customer Centric Approach of service delivery;
- 3) Develop/Adopt/implement Digitalisation work flow process & Paperless programme;
- 4) Setting standard by KPI and implementing result base management; and
- 5) Implement modern passenger Information System (Onboard, Terminal and or Main Bus Stops).

**Strategic Choice 3: Identify and take measures to address issues affecting operations and people performance in SPTC.**

- 1) Improve the internal management, control and people performance at all levels of SPTC.
- 2) Undertake review and streamlining of the organization structure to remove bureaucracy, inefficiency and redundant posts and functions;
- 3) Provide technical training and leadership training and programmes to SPTC's staff to address identified development gaps, needs and skills shortages;
- 4) Develop a succession plan; and
- 5) Train and strengthen the role of the Inspector Team or opt for the privatization of this function for more effective inspection and control.

**Strategic Choice 4: Fiscal Risk management and performance of the corporation to create sustainable financial growth and independence.**

- 1) Prepare a Commercialization Plan per department so as to focus on generating additional revenue;
- 2) Develop a Business Plan for the corporation focusing on both medium term as well as long term plans;
- 3) Develop a Funding Plan with clear funding strategies including other potential sources of revenue from its operations;
- 4) Assess the effectiveness of the procurement plan and project management framework established to ensure more effective capital expenditure and implementation of capital projects;
- 5) Invest in renewable energy systems like solar panels across SPTC through Public Private Partnership;
- 6) Review bus fares to align with market value or seek compensation for the difference in bus fare set by the government and the true economic tariff calculated; and
- 7) Seek to expand space for business within the existing SPTC Depots, terminal and infrastructure to boost income.



## 6.6.1.5

**Key Challenges**

<b>Challenges</b>	<b>Description</b>
Ageing workforce especially driver groups.	Large percentage of our drivers are in the upper age group and the Corporation had to resolve in employing expatriate drivers.
Inadequate Talents & Skills.	
Appealing salary packages.	Inability to pay competitive salaries
Financing	Unable to implement projects as per actual requirement so as to improve and maintain infrastructures, fleet as well as required technologies.
Ability to maintain service delivery level especially with available resources.	Difficulty to acquire as well as maintain quality products.
Organization culture	General tendency is not geared towards efficiency and cost savings.
Accelerated depreciation to fleet due to saline.	The aesthetics of our fleet as well as other mechanical components gets affected more than factory standards.
Ticket Fair price control by GoS and the inability of SPTC to adjust to real price according to changes in market conditions.	Rising cost and same revenue level which could result in cash flow issues
Road conditions including lack of safe turning points.	Unable to deliver good services to our commuters
Increased Traffic congestions.	Enhanced delays in our service delivery
Customer increased expectations.	Unable to maintain with the global trend which also impact our customers' expectations
Geographical locations of infrastructures/set-ups	Bus depots are spread across Mahe and Praslin making it difficult for effective management
Topography hence limiting type of buses and or buses to cater for special needs.	Unable to meet certain specific needs such as for the elders as well as people with disabilities

**6.6.2 Outlook of Financial Strategy**  
**6.6.2.1 Projected Financial Position of Seychelles Public Transport Corporation**

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>ASSETS</b>							
<b>Non-current asset</b>							
Property and equipment	94,766	81,373	71,203	110,718	190,853	242,553	297,253
<b>Current assets</b>	<b>58,362</b>	<b>51,275</b>	<b>70,903</b>	<b>37,280</b>	<b>13,983</b>	<b>(20,529)</b>	<b>(61,099)</b>
Inventories	23,215	21,590	24,368	18,624	14,768	17,090	19,535
Investment in financial assets	22,869	16,088	16,023	15,945	-	-	-
Trade and Other receivables	6,272	6,462	8,437	9,134	10,434	12,288	10,182
Cash and Cash equivalents	6,005	7,135	22,076	(6,424)	(11,219)	(49,907)	(90,816)
<b>Total assets</b>	<b>153,129</b>	<b>132,648</b>	<b>142,106</b>	<b>147,998</b>	<b>204,836</b>	<b>222,025</b>	<b>236,155</b>
<b>RESERVES AND LIABILITIES</b>							
<b>Reserves</b>	<b>106,255</b>	<b>89,557</b>	<b>101,071</b>	<b>101,779</b>	<b>155,434</b>	<b>175,622</b>	<b>193,314</b>
Capital grants	84,974	71,970	60,398	108,342	206,777	276,777	349,777
Retained earnings	21,282	17,587	40,672	(6,562)	(51,343)	(101,155)	(156,463)
<b>LIABILITIES</b>							
<b>Non-current liability</b>							
Retirement Benefit Obligations	30,065	29,858	27,462	29,857	28,041	28,041	28,041
<b>CURRENT LIABILITIES</b>	<b>16,809</b>	<b>13,233</b>	<b>13,574</b>	<b>16,362</b>	<b>21,361</b>	<b>18,362</b>	<b>14,800</b>
Bank Overdraft	138	-	-	-	-	-	-
Trade and Other Payables	16,670	13,233	13,574	16,362	21,361	18,362	14,800
<b>Total Liabilities</b>	<b>46,873</b>	<b>43,091</b>	<b>41,035</b>	<b>46,219</b>	<b>49,402</b>	<b>46,403</b>	<b>42,841</b>
<b>Total Reserves and Liabilities</b>	<b>153,129</b>	<b>132,648</b>	<b>142,106</b>	<b>147,998</b>	<b>204,836</b>	<b>222,025</b>	<b>236,155</b>

**6.6.2.2 Projected Statement of Comprehensive Income of Seychelles Public Transport Corporation**

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Revenue	97,902	103,447	175,454	183,242	183,202	184,166	184,447
Operating expenses	(46,731)	(50,287)	(57,899)	(56,343)	(53,857)	(55,677)	(57,555)
<b>Operating profit</b>	<b>51,171</b>	<b>53,161</b>	<b>117,555</b>	<b>126,899</b>	<b>129,345</b>	<b>128,488</b>	<b>126,892</b>
Administrative expenses	(140,232)	(127,043)	(128,550)	(154,637)	(176,634)	(180,883)	(184,957)
Charge for allowance for credit losses	-	(1,676)	1,120	-	-	-	-
Interest income – banks	1,090	412	126	-	-	-	-
Other income	84,208	72,652	29,147	10,373	2,508	2,583	2,757
<b>Profit / (Loss) before foreign exchange movement</b>	<b>(3,763)</b>	<b>(2,494)</b>	<b>19,397</b>	<b>(17,365)</b>	<b>(44,781)</b>	<b>(49,812)</b>	<b>(55,308)</b>
Foreign exchange movements	1,191	(1,201)	3,688	-	-	-	-
<b>Profit / (Loss) for the year</b>	<b>(2,572)</b>	<b>(3,694)</b>	<b>23,085</b>	<b>(17,365)</b>	<b>(44,781)</b>	<b>(49,812)</b>	<b>(55,308)</b>
<b>Other comprehensive income:</b>							
<i>Items that may be reclassified subsequently to Statement Profit Or Loss:</i>							
Grant received during the year	1,607	1,955	3,228	-	-	-	-
Release to statement of profit or loss							
- Depreciation charge and assets scrapped	(17,194)	(14,959)	(14,799)	-	-	-	-
<b>Total other comprehensive expense for the year</b>	<b>(15,587)</b>	<b>(13,004)</b>	<b>(11,571)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (income) / expense for the year</b>	<b>(18,159)</b>	<b>(16,698)</b>	<b>11,513</b>	<b>(17,365)</b>	<b>(44,781)</b>	<b>(49,812)</b>	<b>(55,308)</b>

## 6.6.2.3

*Projected Cash flow Statement of Seychelles Public Transport Corporation*

SCR ('000)

Description	Actual Figures			Provisional		Forecast	
	2020	2021	2022	2023	2024	2025	2026
<b>Cash flows from operating activities</b>							
(Profit / (Loss) for the year	(2,572)	(3,694)	23,085	(17,365)	(44,781)	(49,812)	(55,308)
<b>Adjustments for:</b>							
Depreciation on property and equipment	17,453	17,459	16,561	29,966	18,300	18,300	18,300
Purchase of property and equipment through capital grant	(1,607)	(1,955)	(3,228)	(26,470)	(98,435)	(70,000)	(73,000)
Exchange movement on financial assets	(1,001)	903	78	-	-	-	-
Accrued interest	(239)	(54)	(35)				
Charge of provision for credit impairment	2,103	1,676	(1,120)	-	-	-	-
Write off	-	-	61	-	-	-	-
Release of depreciation charge	(17,194)	(14,959)	(14,799)	-	-	-	-
Grants related to assets received	1,607	1,955	3,228	26,470	98,435	70,000	73,000
Charge for retirement benefit obligations	5,979	4,506	3,022	-	4,823	-	-
(Gain) / loss on sale of motor vehicle	(3)	-	(302)	-	-	-	-
	<b>4,527</b>	<b>5,837</b>	<b>26,551</b>	<b>12,601</b>	<b>(21,658)</b>	<b>(31,512)</b>	<b>(37,008)</b>
<b>Changes in working capital</b>							
- Decrease / (Increase) in inventories	(4,313)	1,626	(2,778)	5,360	3,857	(2,323)	(2,445)
- Decrease / (Increase) in trade and other receivables	915	(1,866)	(855)	(366)	(1,300)	(1,854)	2,106
- Increase / (Decrease) in trade and other payables	1,353	(3,438)	341	8,192	5,000	(3,000)	(3,562)
	<b>2,482</b>	<b>2,159</b>	<b>23,258</b>	<b>25,786</b>	<b>(14,101)</b>	<b>(38,688)</b>	<b>(40,909)</b>
Retirement benefit obligation paid	(3,165)	(4,713)	(5,418)	-	(6,639)	-	-
<b>Net cash inflow / (outflow) from operating activities</b>	<b>(683)</b>	<b>(2,554)</b>	<b>17,840</b>	<b>25,786</b>	<b>(20,740)</b>	<b>(38,688)</b>	<b>(40,909)</b>
<b>Cash flow from investing activities</b>							
Purchase of property and equipment	(5,090)	(2,326)	(3,275)	(26,470)	(98,435)	(70,000)	(73,000)
Proceeds from sale of motor vehicle	3	-	353	-	-	-	-
Refund on Work in Progress	-	216	-	-	-	-	-
Purchase of investment in financial assets	(619)	(217)	(32)	-	-	-	-
Proceeds from redemption of investment in financial assets	4,684	6,149	54	-	15,945	-	-
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(1,022)</b>	<b>3,822</b>	<b>(2,900)</b>	<b>(26,470)</b>	<b>(82,490)</b>	<b>(70,000)</b>	<b>(73,000)</b>
<b>Cash flow from investing activities</b>							
<b>Capital grant received</b>	-	-	-	-	98,435	70,000	73,000
<b>Net cash inflow / (outflow) from operating activities</b>	-	-	-	-	<b>98,435</b>	<b>70,000</b>	<b>73,000</b>
<b>Net increase / (Decrease) in cash and cash equivalents</b>	<b>(1,705)</b>	<b>1,268</b>	<b>14,940</b>	<b>(684)</b>	<b>(4,795)</b>	<b>(38,688)</b>	<b>(40,909)</b>
<b>Movement in cash and cash equivalents</b>							
At January 1,	7,572	5,867	7,135	(5,740)	(6,424)	(11,219)	(49,907)
Increase / (Decrease) during the year	(1,705)	1,268	14,940	(684)	(4,795)	(38,688)	(40,909)
<b>At December 31</b>	<b>5,867</b>	<b>7,135</b>	<b>22,076</b>	<b>(6,424)</b>	<b>(11,219)</b>	<b>(49,907)</b>	<b>(90,816)</b>

## 6.6.2.4

## Projected Capital Investment Plan of Seychelles Public Transport Corporation

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast			
							2020	2021	2022	2023	2024	2025	2026	
<b>Major Capital Investments</b>														
Vehicles/Buses	Govt										25,500	22,500	500	
Workshop Infrastructure Upgrade	Govt							332		1,000	3,650	3,500	2,000	
Special Tools & Equipments	Govt							1,122		110	1,500	500	500	
Integrated Operational Software	Govt													
IT infrastructures	Govt									122				
Computer / Accessories	Govt									143	275			
IT equipments	Govt									500	1,850	500		
ITS development	Govt									1,500	2,190	1,000		
Building infrastructure / Expansion	Govt						252				40,000	30,000	70,000	
Building infrastructure/ Renovation	Govt						233	1,623	48		9,800			
Install CCTV on SPTC premises	Govt													
TMU Machines for new buses	Govt									2,804				
TMU Machines for new buses	Govt									1,500				
TMU Machines for new buses	Govt										2,000			
POS Machines	Govt										200			
Destination Boards / Tools	Govt										970			
ERP System	Govt									2,500	1,500	500		
Development of Praslin depot (Ile Eve)	Govt									1,500	2,000	1,500		
Barbarons	Govt									2,000	2,000	1,500		
Baie Lazare depot	Govt									2,500	2,500			
Ile Du Port Depot infrastructure	Govt									1,500	2,000	3,000		
Other depots	Govt									500	500	500		
Changing (Victoria/Anse aux Pins)	Govt									500		5,000		
Buses	Indian Grant									10,970				
<b>TOTAL</b>								<b>1,607</b>	<b>1,955</b>	<b>3,228</b>	<b>26,470</b>	<b>98,435</b>	<b>70,000</b>	<b>73,000</b>

Details Not Included

### 6.6.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

#### 6.6.3.1 Tax Implications by the Operations of Seychelles Public Transport Corporation

R ('000)

Type of Tax	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Business Tax	-	-	-	-	-	-	-
PIT	5,898	5,614	6,072	4,318	7,158	7,342	7,545
VAT	-	-	-	-	-	-	-

#### 6.6.3.2 Anticipated Dividend Declarations By Seychelles Public Transport Corporation

SPTC does not anticipate in declaring any dividend

#### 6.6.3.3 Debt Payments Forecasts By Seychelles Public Transport Corporation

SPTC does not anticipate any debt obligations.

#### 6.6.3.4 Anticipated Subventions and Grants By Seychelles Public Transport Corporation

SCR ('000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Subventions	Government	-	-	77,797	70,000	26,000	8,138	44,000	53,000	55,000
	IMF	-	-	-	-	-	-	-	-	-
	ADB	-	-	-	-	-	-	-	-	-
	EU,	-	-	-	-	-	-	-	-	-
Grants	Government	-	-	1,607	1,955	3,228	25,470	98,435	70,000	73,000
	IMF	-	-	-	-	-	-	-	-	-
	ADB	-	-	-	-	-	-	-	-	-
	EU,	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>		-	-	<b>79,404</b>	<b>71,955</b>	<b>29,228</b>	<b>33,608</b>	<b>142,435</b>	<b>123,000</b>	<b>128,000</b>

#### 6.6.3.5 Contingencies of Seychelles Public Transport Corporation

SPTC does not anticipate any contingent liabilities

#### 6.6.3.6 Assumptions used for the Financial Projections of Seychelles Public Transport Corporation

##### Revenue Assumptions

1. Pax ranged between 48,000 to 52,000 pax per day, is forecasted using historical data incorporating seasonal trends and cashless projections. This range is expected to be constant for the budgeting period.
2. Planned that SPTC goes 100% cashless since July 2023 therefore a leakage recovery of 6% expected.
3. cashless ticket fare SR 10/- is used in revenue predictions and different rates are applied for special categories. The rates are expected to be constant and no fare revisions are expected.
4. Special Hires / Rental incomes are predicted based on the existing rates of contracts in 2022 and renewal terms.

5. Fixed deposits are proposed to be redeemed in 2024 therefore no Interest income predicted.
6. Private jobs incomes are predicted based on the recurrent services and prospective business schedules.

#### **Cost Assumptions**

1. Operating expenses mainly includes direct running costs of bus schedules, such as Fuel, Tyre, Lubricants, spare parts and consumables, predicted based on scheduled running KMs and consumption averages.
2. Administrative expenses mainly include Salaries & wages, predicted based on staffing budget, scheme of service, average salaries, costs of increment plans and HR budgets of contracts renewals.
3. The operational maintenance related expenses are predicted based on forecasted operational levels mainly derived from divisional budgets.
4. The operational requirements of existing service levels such as adequacy of insurance cover, security services etc. are considered for the predictions of incremental costs and add-ons of service contracts.
5. General price inflations are predicted to be 2.5% per year. This assumption affects cost projections of fuel, Tyres, Lubricants, spare parts, Salaries & wages, raw materials, stores, service charges and utilities etc.
6. Provision of Retirement Benefit Obligations are derived from Compensation scheme formulated by Human Resource according to the Government circulars.

#### **CAPEX**

1. CAPEX includes Technical, IT, Corporate and operational requirements such as infrastructure upgrades, fleet replacement, Depot expansion programs, Property renovations, ERP systems and special tool requirements etc. Derived from divisional budgets, assessed and approved by the Management and Board.
2. The 95% of capex finances are expected to flow from Government Grants

#### **WORKING CAPITAL ASSUMPTIONS**

1. Average holding periods of Inventories are expected to be increased between the range of 14% - 21%. This is due to increase in spare parts for new fleets and slow moving old spare parts.
2. Average Trade receivables are expected to increase between 2% - 23% due to invoicing cycles and predicted new contracts during the budget period.
3. Average Trade payables are expected to increase for 2023 via procurement plans for new fleets and expected negotiations of longer credit periods. However expected to decline in the subsequent years.
4. The shortfall of Cash & Equivalent for each year from 2023 to 2026 are expected to accumulate. This is assumed to be funded through revenue grants.

## **6.6.4 KPIs, Risk Management Strategy and Reporting Obligations**

### **6.6.4.1 Key Performance Indicators of the SPTC**

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
Operated KM	-	5,877,643	5,479,926	5,982,602	5,400,000	5,868,000	5,928,000	5,988,000
Operated Trips	-	-	-	-	462,300	462,300	462,300	462,300
PAX per KM	-	2	2	2	2	3	3	3
Cost Per KM	-	25	35	35	31	34	34	35
Fuel Consumption	-	2,632,288	2,512,228	2,701,649	2,347,826	2,819,852	2,848,684	2,877,517

#### 6.6.4.2

#### *Risks and Resilience Plan of the Seychelles Public Transport Corporation*

<b>Risk Category</b>	<b>Potential Risks Identified</b>	<b>Risk Mitigation Strategies</b>
<b>Strategic Risks</b>	Infrastructure developments delayed or not undertaken, altogether	Legal contracts and Insurance policies for the construction
<b>Financial Risks</b>	Unanticipated financial losses and major fiscal risk to SPTC	Financial and fiscal risks assessment framework Periodic revisions in Management meetings Enhanced Risk reporting and monitoring strategies
<b>Operational Risks</b>	Proposed revenue generating activities are not carried out as planned	Define financial targets Devise and assess alternative plans Promote a diversified market research
	Lack of internal management and control lead to losses, frauds, and consequently poor performance	Establish information system, control and evaluation systems and competent staff to monitor the implementation Set performance targets and measure them
	Negative net cash flows and drain of reserves	Assess short terms fund surplus Devise short term investment plans Build long term financial assets
<b>Environmental and Social Risks</b>	Traditional organization culture and change averse workforce	Training on value creating activities Enhance employee performance metrics Promote team works

#### 6.6.4.3

#### *List of External Reporting's by the Seychelles Public Transport Corporation*

<b>Name/Title of the Report</b>	<b>Recipients of the Report</b>	<b>Description of the purpose, content and inclusion of the report</b>	<b>Frequency and Timing of the Report</b>
Audited Financial Report	Board of Directors/Parent Ministry/M.O.F/PEMC	This report provides an opinion on the accuracy, completeness, and fairness of the FS. As well as the adequacy of internal controls and compliance with accounting standards and regulations	Per annum – (beginning of 2 <sup>nd</sup> quarter)
Annual Report	Board of Directors/Parent Ministry/M.O.F/PEMC	This report provides an overview of the main activities of the Corporation during the year as well as its achievements	Per annum – (beginning of 2 <sup>nd</sup> quarter)
Access To Information Annual Report	Information Commission	Summary of Information Request received during the respective year	Per annum – (beginning of 2 <sup>nd</sup> quarter)

## **6.6.5 Stakeholder Engagement**

### **6.6.5.1 *Statement by CEO***

SPTC is driven by its strategic plan that is established by the Board of Directors. The plan is adopted over a five-year period and at the beginning of each year an operational plan is prepared in line with the 5-year strategic plan. It lists all objectives to be achieved for the respective year and each department is given specific objectives under the responsibility of its Head of Department.

This set up ensures that the Corporation’s strategic plan is translated across each and every single person in the organization and even more so now, with the successful implementation of the Result Based Management system which we have adopted in 2023.

We have well aligned our work efforts towards achieving both short and long term objectives of the Corporation. While we make headways in improving our service delivery, we face numerous challenges both financial as well as non-financials. With the spectrum of skills sets across our Executive team we address these challenges head-on and implement mitigation strategies as well as engage key stakeholders to partake in achieving common goals. Given the nature of our service achieving such common goals are indeed of national interest.

We made a bold move in 2023 to go ‘cashless’ on our buses and this is paving the way for more exciting modernization as well as digitalization across the Corporation’s work processes. While this move is having a positive impact on our cash takings we also have an array of opportunities which we remain committed to exploit for the benefit of the Corporation.

We are putting together our business plan that is meant to put into perspective all opportunities we are to capitalize upon as well as highlight key areas for improvement especially in terms of cost reduction and or enhanced productivity.

Despite the COVID pandemic our milestone achievements of our strategic plan is remarkable all thanks to the hard work and devotion of our team. We remain engaged to achieve fully all the plans of the Corporation.

### **6.6.5.2 *Foreword by Chairperson***

“Touzour La” is the motto we had adopted to celebrate 45 years of operations of service in December 2022. This moto is a reminder to all our staff as well as our stakeholders on the role SPTC has been playing in the economy since its creation in 1977. With a clear mandate of providing or secure or promote the provision of an efficient, adequate and economical system of public transportation within Seychelles, this very same moto “Touzour La” is also a commitment we make to the nation at large of our service delivery.

It is therefore not a coincident that our 5-year sector strategic plan of 2021-2025 has placed massive emphasis on the general enhancement of service delivery as the ultimate goal. This will remain a focus in our revised plan of 2024-2028.

While our economy experience continued growth, our commuters increasingly requires that our transport infrastructure and facilities are expanded and modernized so that we can continue not only to fulfill our mandate but also to address their evolving needs. We are vital in the socio-economic development of our country and we are not only proud of the prospect we have to our country but we remain unbending in fulfilling our role.



For this very reason, key strategies to be reiterated in our updated sector strategic plan 2024-2028, will cover the following areas;

- To improve the business environment and operation through modern infrastructure and facilities
- To improve customer service delivery in SPTC
- To improve travel experiences of people using the SPTC services and facilities
- To improve the internal management, control and people performance at all levels of SPTC
- To strengthen financial and fiscal risk management and reporting
- To have a more commercially oriented, as well as efficient and cost-effective operation that creates more returns and values for its shareholder.

The CEO of the Corporation with the support of its Executive team will be tasked to implement specific and target projects that will be geared towards the attainment of these key strategies, to ensure that SPTC achieve its vision which is **“To operate a modern and sustainable public transport system that furthers the development and aspirations of our country”**

This Medium Term plan will be an extract from our 5-year strategic plan and will inherently therefore have the Board of Directors Oversight.

#### **6.6.5.3**

##### ***Statement by the Responsible Minister***

The MTFS has not yet been presented to and responsible Minister responsible for transport.

## 6.7 Seychelles Petroleum Company Group Ltd. (SEYPEC)



### 6.7.1 Strategic Overview

#### 6.7.1.1 *Mandate*

Fulfilling the country's energy requirements through the supply of fuel.

#### 6.7.1.2 *Vision*

SEYPEC's vision is to become the leading oil company in the Western Indian Ocean, making Seychelles a regional and strategic hub for petroleum-related activities.

#### 6.7.1.3 *Mission*

SEYPEC's mission is to ensure the security of supply of petroleum for Seychelles energy needs and in doing so, provide its customers with fast, responsive and reliable services and quality products. SEYPEC engages directly or indirectly in all petroleum-related activities that adds value to its business.

#### 6.7.1.4 *Strategic Priorities for 2024-2026*

##### **Expand SEYPECs customer base in the regional markets:**

- 1) Map out regional requirements for petroleum products
- 2) Assess market opportunities for high sea bunkering and onshore supply
- 3) Develop a joint venture with a shipping company for charter
- 4) Promote offshore bunkering services
- 5) Promote onshore supply in the region
- 6) Reassess the bulk product supply chain to optimise the company's market competitiveness

##### **Promote health, safety, security and environmental awareness to stakeholders:**

- 1) Raise awareness of health and safety policies inclusive of ISO 45001, Emergency Evacuation Plan and Fire Policy at all levels within the company
- 2) Develop and implement education programmes and forums to ensure employees understand their individual roles and responsibilities within the health and safety strategy
- 3) Develop a health and safety communication plan for its stakeholders
- 4) Systematically review all incidents to determine root causes and apply corrective actions
- 5) Develop the competencies of employees to identify hazards and ensure that risks are effectively controlled within their area of work
- 6) Raise awareness of best practices in personal health to promote an optimal work life balance
- 7) Ensure that industry approved tools are available for use in all department

##### **Mitigate negative impacts of the company's operations on the environment:**

- 1) Ensure the supply of products that promote cleaner emissions into the environment
- 2) Ensure that all waste are disposed in an environmentally safe manner
- 3) Improve control measures across the company's operations to minimise the risks of spillages
- 4) Purchase environmentally friendly goods and service

**Develop an effective public relations and communication policy to enhance our corporate image:**

- 1) Ensure that staff are well informed about developments within the company
- 2) Expand the remit of the BP meetings to include the dissemination of information regarding company services and activities
- 3) Promote forums of communication between line managers, supervisors and subordinates
- 4) Enhance the public relations of the company to maximize engagement of stakeholders
- 5) Develop a greater presence across social media platforms
- 6) Showcase the successes of SEYPEC as a reputable business and employer
- 7) Enhance the company's presence in the community through donations
- 8) Enhance SEYPEC's image through Modernisation of its brand
- 9) Introduce appropriate attire across all service stations to ensure a standardized company image
- 10) Engage regularly with customers to ascertain customer satisfaction for continuous improvement

**Consolidate talent management to build synergies and improve business performance**

- 1) Determine present and future requirements of the organization to ensure efficient staff establishment
- 2) Ensure continuous implementation of the training and development plan to improve capacity building in the workplace
- 3) Institutionalize performance management of employees to achieve company objectives
- 4) Continue to develop an equitable staff recognition Programme

**Enhance the company's asset management philosophy:**

- 1) Implement a defined vehicle management plan
- 2) Assess and implement options for feasible tanker fleet replacement
- 3) Upgrade operational equipment to align the company to modern industry standards and practices
- 4) Reinforce the management of LPG cylinder stock through the use of RFID
- 5) Maintain an efficient and secure IT support for the organisation
- 6) Enforce a robust preventive maintenance schedule for all operational assets
- 7) Integrate energy efficient methodologies across the company's operations to reduce negative impact on the environment

**Manage the Company's Finances to Optimize Shareholder's Wealth:**

- 1) Enhance credit control procedures to minimise risk of financial losses
- 2) Improve the control and management of budget at operational level
- 3) Explore investment opportunities available in the market to maximize financial returns
- 4) Modernize financial transactions to maximize the use of digital platforms and promote efficiency
- 5) Establish and execute an internal audit Programme

### 6.7.1.5

#### **Key Challenges**

##### **Health and Safety:**

- 1) Adapting to ISO 45001 standards for health and safety.
- 2) Need to shift from safety being a stand-alone function to involving all employees.
- 3) Engaging the workforce at all levels in health and safety matters.

##### **Viability of Tanker Fleet:**

- 1) Aging fleet (10-18 years) requires replacement strategy.
- 2) Competing with newer, more fuel-efficient tankers.
- 3) Larger cargo sizes demand larger tankers.

##### **Depot Assets/Operational Equipment:**

- 1) Need for investment in technology for bunkering.
- 4) Marketing strategy for the Indian Ocean region requires improvement.
- 5) Equipment upgrades for safety and operational efficiency.

##### **LPG Management:**

- 1) Transition from steel to composite cylinders causes shortages.
- 2) Proper disposal strategy needed for scrapped steel cylinders.

##### **Petrol Stations:**

- 1) Non-compliant practices by station operators affect SEYPEC's standards.
- 2) Need to reinforce operator education for compliance.

##### **Communication:**

- 1) Need for more extensive communication through mainstream and social media.
- 2) Proactive public relations approach for timely engagement.

##### **Human Resources:**

- 1) Moderate attrition rate necessitates more spending on training and development.
- 2) Focus on improving retention strategies and recognition.
- 3) Address attendance issues and abuse of sick leave.

##### **Cybersecurity:**

- 1) Vulnerabilities identified in IT system require updates, upgrades, and monitoring.
- 2) Installation of a robust firewall system.

##### **Payment and Credit Control:**

- 3) Need for a more robust collection process and synchronization with ERP.
- 4) Encourage digital payment methods to boost efficiency and reduce health risks.

##### **Government Control:**

- 1) Government-imposed social policies affecting financial sustainability.
- 2) Subsidies, price controls, and salary increases may strain company finances.

##### **Cost of Fuel - World Market Movements:**

- 1) Fluctuations in global fuel prices impacting foreign currency requirements and competitiveness.
- 2) Challenges for smaller entities in Seychelles due to economies of scale.

##### **Multiple Currency Trading:**

- 1) Trading in two base currencies (SCR and US\$) with currency fluctuation risks.
- 2) Potential impact on financial performance if currency values deviate significantly from the optimal point.

## 6.7.2 Outlook of Financial Strategy

### 6.7.2.1 Projected Financial Position of SEYPEC

USD ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	345,761	321,522	176,187	184,162	170,094	152,855	137,047
Right-of-use assets	2,702	2,316	2,217	2,152	2,107	2,062	2,018
Intangible Assets	-	1,372	1,526	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	-	-
Investment in financial assets	3	4		5	5	5	5
	<b>348,466</b>	<b>325,213</b>	<b>179,930</b>	<b>186,319</b>	<b>172,207</b>	<b>154,922</b>	<b>139,069</b>
<b>Current assets</b>							
Inventories	12,100	19,371	34,413	22,975	22,975	22,975	22,975
Investment in financial assets	6,788						
Trade and other receivables	19,479	35,200	34,345	26,052	26,052	26,052	26,052
Cash and cash equivalents	21,757	35,385	81,901	87,585	102,454	120,817	137,284
	<b>60,124</b>	<b>89,955</b>	<b>150,659</b>	<b>136,611</b>	<b>151,480</b>	<b>169,844</b>	<b>186,310</b>
Non-current asset held for sale		4,610					
	<b>60,124</b>	<b>94,566</b>	<b>150,659</b>	<b>136,611</b>	<b>151,480</b>	<b>169,844</b>	<b>186,310</b>
<b>Total assets</b>	<b>408,590</b>	<b>419,779</b>	<b>330,589</b>	<b>322,931</b>	<b>323,687</b>	<b>324,766</b>	<b>325,380</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Capital and reserves</b>							
Share capital	8,595	8,595	3,299	3,299	3,299	3,299	3,299
Other reserves	216,599	254,529	223,312	220,824	220,824	220,824	220,824
Retained earnings	129,107	99,760	19,297	42,544	43,377	44,640	45,424
	<b>354,301</b>	<b>362,885</b>	<b>245,908</b>	<b>266,668</b>	<b>267,501</b>	<b>268,764</b>	<b>269,548</b>
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Lease liabilities	1,487	2,372	2,371	2,189	2,006	1,822	1,639
Deferred tax liabilities	24,646	7,669	5,182	5,182	5,182	5,182	5,182
Length of Service Provision	1,094	1,691	2,140	-	-	-	-
	<b>27,227</b>	<b>11,732</b>	<b>9,693</b>	<b>7,371</b>	<b>7,188</b>	<b>7,005</b>	<b>6,822</b>
<b>Current Liabilities</b>							
Lease liabilities	136	3	3	1	1	1	1
Trade and other payables	26,926	45,160	74,984	48,890	48,997	48,996	49,009
	<b>27,062</b>	<b>45,163</b>	<b>74,987</b>	<b>48,891</b>	<b>48,998</b>	<b>48,997</b>	<b>49,010</b>
<b>Total liabilities</b>	<b>54,289</b>	<b>56,895</b>	<b>84,681</b>	<b>56,263</b>	<b>56,186</b>	<b>56,002</b>	<b>55,832</b>
<b>Total equity and liabilities</b>	<b>408,590</b>	<b>419,779</b>	<b>330,589</b>	<b>322,931</b>	<b>323,687</b>	<b>324,766</b>	<b>325,380</b>

6.7.2.2 *Projected Statement of Comprehensive Income of SEYPEC*

USD ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Revenue	262,380	308,000	485,282	429,013	437,694	437,024	441,474
Cost of Sales	(246,868)	(299,743)	(461,865)	(397,388)	(400,612)	(402,920)	(405,578)
<b>Gross profit</b>	<b>15,512</b>	<b>8,257</b>	<b>23,417</b>	<b>31,624</b>	<b>37,082</b>	<b>34,105</b>	<b>35,896</b>
Selling & marketing expenses	(31)	(32)	(31)	(336)	(375)	(240)	(246)
Administrative expenses	(11,483)	(10,890)	(13,009)	(13,879)	(14,937)	(14,588)	(14,763)
Other income	7,999	7,925	11,753	3,874	3,432	3,432	3,432
Reversal/(charge) of credit impairment	-	(629)	318	3,223	-	-	-
Other gains/(losses)-Net	46,949	(38,607)	2,733	-	-	-	-
	<b>58,946</b>	<b>(33,976)</b>	<b>25,182</b>	<b>24,507</b>	<b>25,202</b>	<b>22,707</b>	<b>24,318</b>
Finance costs	-	(229)	(222)	(341)	(223)	(223)	(223)
Finance income	230	290	9	-	-	-	-
<b>Profit / (loss) before taxation</b>	<b>59,177</b>	<b>(33,916)</b>	<b>24,970</b>	<b>24,166</b>	<b>24,978</b>	<b>22,484</b>	<b>24,095</b>
Taxation (charge) / credit	(23,737)	22,123	(2,573)	(6,151)	(6,785)	(6,773)	(6,927)
<b>Profit/(loss) for the year</b>	<b>35,439</b>	<b>(11,793)</b>	<b>22,397</b>	<b>18,016</b>	<b>18,193</b>	<b>15,711</b>	<b>17,168</b>

6.7.2.3 *Projected Cash flow Statement of Seychelles Petroleum Company Ltd.*

USD ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Cash flows generated from operations</b>							
Cash generated from/(used in )							
operations	87,858	(17,094)	61,489	33,674	45,186	43,737	45,431
Finance income	251	290	9	245	-	-	-
	<b>88,109</b>	<b>(16,805)</b>	<b>61,499</b>	<b>33,919</b>	<b>45,186</b>	<b>43,737</b>	<b>45,431</b>
Tax paid	(5,783)	(10,450)	(4,472)	(577)	(6,678)	(6,774)	(6,914)
Retirement benefit obligations paid	(386)	(155)	(544)	(280)	(280)	(280)	(280)
<b>Net cash generated /(used in )from operating activities</b>	<b>81,940</b>	<b>(27,410)</b>	<b>56,483</b>	<b>33,062</b>	<b>38,228</b>	<b>36,683</b>	<b>38,237</b>
<b>Cash flows from investing activities</b>							
Purchase of property and equipment	(2,667)	(3,949)	(2,596)	(9,895)	(5,815)	(3,232)	(4,928)
Proceeds from sale of equipment	25	27	5,894	-	-	-	-
Repayment of lease liability	(183)	(3)	(1)	-	-	-	-
Addition to financial assets	(7,473)	-	-	-	-	-	-
Redemption of financial assets	4,371	10,106	-	-	-	-	-
Finance costs	(21)	(229)	(222)	-	-	-	-
<b>Net cash generated from investing activities</b>	<b>(5,949)</b>	<b>5,952</b>	<b>3,075</b>	<b>(9,895)</b>	<b>(5,815)</b>	<b>(3,232)</b>	<b>(4,928)</b>
<b>Cash flows from financing activities</b>							
Dividends and Net cash used in financing activities	(10,467)	(16,496)	(17,175)	(17,483)	(17,544)	(15,088)	(16,842)
<b>Net increase /(decrease )in cash and cash</b>	<b>65,523</b>	<b>(37,954)</b>	<b>42,383</b>	<b>5,684</b>	<b>14,869</b>	<b>18,364</b>	<b>16,466</b>
Movement in cash and cash equivalents							
At January 1,	23,230	21,757	35,385	81,901	87,585	102,454	120,817
Increase /(Decrease )	65,523	(37,954)	42,383	5,684	14,869	18,364	16,466
Foreign exchange differences	(66,996)	51,582	4,132	-	-	-	-
<b>At December 31</b>	<b>21,757</b>	<b>35,385</b>	<b>81,901</b>	<b>87,585</b>	<b>102,454</b>	<b>120,817</b>	<b>137,284</b>

6.7.2.4 *Projected Capital Investment Plan of Seychelles Petroleum Company Ltd.*

SCR '000

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional		Forecast	
							2020	2021	2022	2023	2024	2025	2026
<b>Major Capital Investments</b>													
3 hmt unideck internal floating roofs tanks	<b>Details were not Included</b>			Internal		31-03-20	1,518						
99kw pv system installation for victoria				Internal		31-03-20	1,683						
Pipeline fishing port bunker pipeline				Internal		30-06-20	2,692						
Concreting of interior of tank 22, 23 & 24 bundwall				Internal		30-06-20	5,006						
Boundary wall project at south tank farm				Internal		30-09-20	1,377						
Automatic tank guaging system installation for airport depot				Internal		31-12-20	2,200						
Coriolis meters on bunker pipeline network				Internal		31-03-21		2,483					
BELOMBRE RE-fuelling STATION				Internal		30-09-21		6,683					
Renewal of bund wall and concreting of interior at north Tank Farm (Tanks 1-15)				Internal		30-09-21		16,335					
Parking shed for tanker trucks at Victoria depot				Internal		30-09-21		1,986					
Tanks gauges and alarms upgrade for port victoria				Internal		31-01-22			4,605				
Filing carousel lpg depot new port				Internal		31-01-22			3,409				
Lpg filling plant modifications - newport - lpgplt-mod				Internal		31-03-22			1,734				
BEAUVALLON PETROL STATION & Tank Replacement at BVSS				Internal		30-09-22			9,795				
Installation 85kw photo-voltaic system at victoria depot				Internal		30-09-22			1,776				
Replacement of firefighting pipeline (red colour) and vertical pipes for fuel tanks 26, 27 & 28				Internal		30-09-22			1,300				
Inspection and testing of jet a1 transfer pipeline and airport hydrant				Internal	2022	2023			4,000	1,700			
Epicoat tanks 23 interior floor at port victoria depot (cont 2022)				Internal	2022	2023			1,200	350			
Relocation of sea water pumping sation at the commercial port				Internal	2023	Mar-25				200	5,800	3,000	
Install electrical pump and alter pipelines for jet a1 sampling system at pvd (cont				Internal	2022	Feb-24			200	50	50		
Lpg consumer tanks ( 1 x 40 feet container load)				Internal	2023	2023				1,400			
Renew deluge pipeline to four storage tanks on praslin depot (cont 2022)				Internal	2022	2023			1,100	400			
Install jet a1 filtration unit on tanker discharge at port victoria depot (cont 2022)				Internal	2022	2023			900	125			
Construct drain field at airport depot				Internal	2023	Apr-24				300	150		
New lubricant shed for port victoria depot			Internal	2023	Jun-24				1,700	1,750			
Repair of rock armouring and backfill at La Digue Petrol Station			Internal	2023	Mar-24				2,000				
Marine fuel station for baie ste. Anne praslin jetties			Internal	2023	Nov-24				5,175	4,500	350		

Dredging at bel ombre marine refuelling station channel
Replacement of Tank No4 bottom plate
Repair works to rock armouring on Praslin Depot
Replace gasoil pipeline from commercial port to fishing port
Construct shed for spray booth on Victoria depot
Ground improvement at pump house no. 5
Replacement 110m of 20" firefighting pipeline in front of LPG bullet tanks
Replace two sets of stairs and rails and manufacture two new sets for the four LPG tanks on Praslin Internal
Divert tanker loading and discharge points and pipelines at commercial port
Workshop and meeting room praslin depot
Refuel pontoon for la digue petrol station
Tyre store for airport petrol station
Parking for lpg tank trailers
Re-locate baie lazare petrol station *
Re-locate anse royale petrol station
Replace roofs at victoria south petrol station shops
Replace 110 lm of foam line in front of ware house at port victoria depot
Re-roofing of lpg truck parking shed port victoria depot
Renovation of staff quarters at port victoria depot
Road, kerb repairs and walkway at port victoria depot
Re-surface forecourt of la digue petrol station
Repair boundary and bund walls at the la digue petrol station
Office for warehouse manager at port victoria depot
Re-concrete area outside admin building port victoria depot
Testing ramp for composite lpg cylinders port victoria depot
Atg (radar type) on 2 lpg tanks at port victoria depot
Concrete bundwall interior at airport depot
Boundary wall on frontage of praslin depot
Alter security bund praslin depot
Portable hot stamp machine for composite cylinders
Replace chain link fencing with block wall along animal feed
Weight resetting scale for port victoria lpg depot
Replace filter vessel at loading gantry pvd
Automatic tanks gauging for praslin depot

Internal	2023	Jul-05				1,500			
Internal	2023	Mar-24				2,100	1,200		
Internal	2023	2026				2,500	2,000	150	
Internal	2023	2023				1,200			
Internal	2024	Jul-24					1,500		
Internal	2023	Jul-05				150			
Internal	2023	2023				900			
	2023	2023				163			
Internal	2024	Jun-26					3,000	5,000	2,000
Internal	2024	Feb-25					2,500		
Internal	2024	Nov-24					2,200	110	
Internal	2024	Dec-24					750		
Internal	2024	Jul-24					150		
Internal	2024	Dec-25					2,000	4,000	300
Internal	2024	Dec-25					2,000	6,000	475
Internal	2024	Jul-24					325		
Internal	2024	Oct-24					900		
Internal	2024	Sep-24					350		
Internal	2024	Aug-24					500		
Internal	2024	Nov-24					1,000		
Internal	2024	Sep-24					1,500		
Internal	2024	Jun-24					500		
Internal	2024	Apr-24					400		
Internal	2025	2025						1,200	
Internal	2025	2025						800	
Internal	2025	2025						1,200	
Internal	2025	2025						3,600	
Internal	2025	2025						2,400	
Internal	2025	2025						250	
Internal	2025	2025						175	
Internal	2025	2025						2,500	
Internal	2025	2025						500	
Internal	2025	2025						300	
Internal	2025	2025						3,200	



Office container for iphs	Internal	2025	2025						175	
Light post lpg depot	Internal	2025	2025						900	
Self service/card payment system for petrol stations	Internal	2025	2025						800	
Cctv to cover tank farm area airport depot	Internal	2025	2025						200	
Revamp cctv installation at port victoria especially cablings and fittings	Internal	2025	2025						700	
Replace one product pump port victoria depot	Internal	2025	2025						900	
Concrete interior of lpg tanks farm port victoria depot (phase 1)	Internal	2025	2025						1,500	
Automatic filling scales to replace semi-automated one at lpg depot port victoria	Internal	2025	2025						300	
Automate bulk loading gantry pvd	Internal	2025	2025						2,000	
Replace submersible pipeline fishing port to iphs	Internal	2026	2027							1,500
New office block praslin depot and upgrade existing	Internal	2026	2026							3,500
Replace hydrant pit box airport depot	Internal	2026	2026							1,000
Replace test rig airport depot	Internal	2026	2026							600
Card payment system for petrol stations	Internal	2026	2026							500
Internal floating roof for praslin unleaded mogas tank	Internal	2026	2026							950
Replace gate valves for 5 storage tanks pvd	Internal	2026	2026							500
Radar atg on two lpg tanks at port victoria depot	Internal	2026	2026							1,200
Road, kerb repairs and walkway at port victoria depot (phase 2)	Internal	2026	2026							600
Lay concrete in tanks farm lpg depot port victoria (phase 2)	Internal	2026	2026							1,500
Automatic filling scales to replace semi -automated at port victoria lpg depot	Internal	2026	2026							300
Replace gate valves for 5 storage tanks pvd	Internal	2026	2026							500
10 yearly storage tanks calibration for pvd	Internal	2026	2026							1,200
Replace lpg compressor under lpg depot pumps' house praslin depot	Internal	2026	2026							770
Replace existings and new hd cameras at petrol stations	Internal	2026	2026							800
Replace perimeter fence adjesecent to puc station b with solid wall	Internal	2026	2026							3,800
Install co2 sprinkler in server rooms and fussions rooms at depots and petrol stat internal		2026	2026							825
One bunker trolley for praslin depot	Internal	2026	2026							600

### 6.7.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

#### 6.7.3.1 Tax Implications by the Operations of Seychelles Petroleum Company Ltd.

USD ('000)

Type of Tax	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Business Tax	23,737	(22,123)	2,573	6,151	6,785	6,773	6,927

#### 6.7.3.2 Anticipated Dividend Declarations By Seychelles Petroleum Company Ltd.

SCR ('000)

Nature of Dividend	Actual Figures			Provisional	Forecast			Anticipated Risks
	2020	2021	2022	2023	2024	2025	2026	
Dividends in Cash	200,000	260,000	250,000	250,000	250,000	215,000	240,000	If tanker earnings drop then dividends will decrease

#### 6.7.3.3 Debt Payments Forecasts By Seychelles Petroleum Company Ltd.

SEYPEC does not have any anticipated debt obligations.

#### 6.7.3.4 Anticipated Subventions and Grants By Seychelles Petroleum Company Ltd.

SEYPEC does not anticipate in obtaining any subventions or grants.

#### 6.7.3.5 Contingencies of Seychelles Petroleum Company Ltd.

SEYPEC does not anticipate any contingent liabilities.

#### 6.7.3.6 Assumptions used for the Financial Projections of Seychelles Petroleum Company Ltd.

##### Forex

- USD Rate: 14.30 for 2023. 14.25 from 2024 - 2026

##### Sales

- Trends and forecasts by large companies have been used to create the 2023 & 2024 budgets, an increase of 1% per product per segment has been assumed on volumes for 2025 & 2026.

##### Prices

- Used prices as of End of August 2023, a constant current level of premium from the supplier has been assumed for all the years as it is very dependent on market conditions (backwardation/contango) which we cannot forecast. We have taken into account the expected margin which is based on the average margins received in 2023.

##### Tanker

- Average earnings used form 2023 with an increase based on current world events (Russia banning gasoil exports) and low fleet growth in coming years.

##### Expenses

- Expenses for the provisional 2023 and 2024 budget are based on requirements of the company. For 2025 a 2.5% increase was applied on certain expenses from 2024 and for 2026 a 2.5% increase was applied on certain expenses from 2025.

## 6.7.4 KPIs, Risk Management Strategy and Reporting Obligations

6.7.4.1 *Key Performance Indicators of the Seychelles Petroleum Company Ltd.*  
KPIs are to be designed and approved by the BoDs of SEYPEC.

6.7.4.2 *Risks and Resilience Plan of the Seychelles Petroleum Company Ltd.*  
Not Provided

6.7.4.3 *List of External Reporting's by the Seychelles Petroleum Company Ltd.*

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of thereport	Frequency and Timing of the Report
Balance of Payments Data	Staff from the Central Bank of Seychelles	A summary in terms of data tables of key inflows and outflows from the company as well as key movements in terms Debtors and Payables	Quarterly
Quarterly indicator	National Bureau of Statistics	Domestic and re-export data (both volumes & values)	Quarterly
SEYPEC Stats	Staff from the Central Bank of Seychelles	Domestic data, re-export data, Summary of fuel imports, Summary of FX purchases	Quarterly
Management accounts	PEMC	Profit and loss account, Balance sheet, cash flow position, Domestic and re-export data	Quarterly
Petroleum Supply & sales	Energy Commission	A summary of all imports and sales by sector and major consumers	Annual

## 6.7.5 Stakeholder Engagement

The MTFs is in draft mode and yet to be approved by the BoDs and the responsible Minister for Finance. As such, the statement of commitments by the CEO, BoDs and the responsible minister is not included.

## 6.8 Public Utilities Corporation (PUC)



### 6.8.1 Strategic Overview

#### 6.8.1.1 *Mandate*

Our primary mission is to guarantee the safe, dependable, and cost-effective provision of electricity, water, and sewerage services.

#### 6.8.1.2 *Vision*

To serve as an exemplary organization dedicated to fostering sustainable socio-economic development in Seychelles.

#### 6.8.1.3 *Mission*

- We envision a Seychelles where we provide an efficient, safe, and reliable supply of electricity and treated water, along with responsible wastewater management, all while prioritizing the well-being of the environment and our customers.
- We aspire to continuously adapt to technological advancements, striving to enhance our services in line with our vision for Seychelles.
- Our goal is to foster a workplace culture built on trust, where our employees feel a deep sense of belonging and loyalty to the organization, supporting their growth and development.
- We actively promote the sustainable development of renewable energy to reduce our dependence on imported fossil fuels, contributing to our envisioned future for Seychelles.
- Top of Form

#### 6.8.1.4 *Strategic Priorities for 2024-2026*

PUC's strategic objectives for 2024-2026 encompass four key perspectives, each with its own set of goals:

##### 1. **Financial Perspective:**

- **Facilitate Economic Growth:** Foster an environment conducive to economic growth.
- **Maintain Financial Strength:** Ensure a robust financial foundation.
- **Sustain Affordable Rates:** Keep utility service rates affordable for customers.

##### 2. **Customer Focus Perspective:**

- **Provide Safe, Reliable Utility Services:** Deliver utility services that are safe and reliable.
- **Promote Conservation and Efficient Use of Services:** Raise awareness about the importance of conserving and using utility services efficiently.
- **Enhance Customer Experience:** Improve the overall customer experience.

### 3. **Internal Processes Perspective:**

- **Ensure Employee Safety and Risk Management:** Prioritize employee safety and effectively manage risks.
- **Plan, Build, and Maintain Infrastructure:** Strategically plan, construct, and maintain infrastructure while acquiring necessary resources.
- **Responsible Resource Management:** Utilize resources responsibly and cost-effectively.
- **Drive Continuous Business Process Improvement:** Continuously improve internal processes.
- **Demonstrate Commitment to Environmental Sustainability:** Show dedication to environmental sustainability.

### 4. **Innovation and Growth Perspective:**

- **Attract, Develop, and Retain a Diverse and Skilled Workforce:** Attract, nurture, and retain a diverse and skilled workforce.
- **Adopt Technological Advances for Future Needs:** Embrace technological advancements to meet industry requirements in the future.

By addressing these objectives from these four perspectives, PUC aims to advance its mission and continue serving its stakeholders effectively in the years 2024-2026.

#### 6.8.1.5

#### ***Key Challenges***

PUC, a utility company in a small island state, faces numerous unique challenges that hinder its operations. Unlike larger utilities benefiting from regional network integration, PUC must strive for self-sufficiency across all operational aspects. Limited resources in terms of finances, infrastructure, and skilled personnel further complicate matters. As customer expectations continue to rise, PUC must shift its focus towards continuous improvement in service delivery, fostering stakeholder relationships, prioritizing customer needs, and enhancing its corporate image.

#### **Key Focus Areas and Challenges:**

1. **Cost Management and Tariff Enforcement:** Ensuring cost-effective operations and enforcing tariffs that recover economic costs.
2. **Asset Replacement and Refurbishment:** Sustaining security, reliability, and service levels by ongoing maintenance and upgrades in all sectors.
3. **Capacity Expansion:** Meeting the growing demand for utilities by expanding capacity.
4. **Business Process Improvement:** Enhancing operational efficiency through streamlined processes.
5. **Energy and Water Efficiency:** Implementing demand management, conservation, and sustainability initiatives.
6. **Customer Service Enhancement:** Improving customer service and care to meet rising customer expectations.

7. **Workforce Productivity:** Developing a more efficient and skilled workforce.
8. **Performance-Oriented Culture:** Cultivating a culture that values performance and respects external stakeholders, including regulators.
9. **Renewable Energy Transition:** Adapting to the changing landscape of energy production with a focus on renewable sources.
10. **Infrastructure Challenges:** Addressing issues related to wayleave access, easement agreements, and development in water catchment areas.
11. **Limited Service Corridors:** Overcoming limitations in accessing service corridors along main and secondary roads.
12. **Supply Chain Vulnerability:** Managing exposure to disruptions and challenges in the global supply chain.
13. **Renewable Plant Deployment:** Taking an exemplary role in deploying medium-sized renewable energy plants.

**Key Performance Drivers:**

1. **Health and Safety:** Prioritizing the safety of employees and the public.
2. **Stakeholder Engagement:** Engaging effectively with various stakeholders.
3. **Legislative and Environmental Compliance:** Adhering to legislative requirements and environmental obligations.
4. **Network Performance:** Ensuring efficient utilization and performance of utility networks.
5. **Stakeholder Engagement:** Engaging effectively with various stakeholders.
6. **Economic Conditions:** Adapting to macroeconomic conditions and economic growth forecasts in Seychelles.
7. **Regulatory Relationships:** Managing relationships with regulators and striving for favorable outcomes.
8. **Technological Advancements:** Leveraging technological advancements to enhance operations.
9. **Climate Change Commitments:** Meeting commitments related to climate change and sustainability.

In summary, PUC faces a complex set of challenges and performance drivers in its unique operating environment. By addressing these challenges and focusing on key areas of improvement, the corporation can work towards delivering better utility services and meeting the evolving needs of its stakeholders.

## 6.8.2 Outlook of Financial Strategy

### 6.8.2.1 Projected Financial Position of Public Utilities Corporation

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>ASSETS</b>							
<b>Non-Current Assets</b>	<b>3,672,130</b>	<b>3,701,634</b>	<b>3,837,998</b>	<b>4,194,947</b>	<b>4,951,955</b>	<b>5,241,776</b>	<b>5,366,132</b>
Property, plants and equipment	1,908,863	1,903,950	2,239,101	3,184,813	3,709,953	4,133,486	4,642,245
Intangible assets	8,674	4,809	2,436	169	4,375	33,539	23,957
Capital work in progress	1,748,974	1,791,658	1,595,354	1,008,754	1,236,311	1,073,331	698,407
Right-of-use assets	4,424	341	-	-	-	-	-
Trade and other receivables	1,194	875	1,107	1,211	1,315	1,419	1,523
<b>Current Assets</b>	<b>1,875,181</b>	<b>1,703,781</b>	<b>1,753,292</b>	<b>1,797,322</b>	<b>1,483,364</b>	<b>1,391,207</b>	<b>1,374,159</b>
Inventories	753,978	765,994	722,609	766,265	776,265	786,265	796,265
Trade and other receivables	233,317	244,837	269,123	480,885	391,861	408,172	414,375
Cash and cash equivalents	887,886	692,950	761,560	550,171	315,238	196,769	163,519
<b>Total Assets</b>	<b>5,547,311</b>	<b>5,405,415</b>	<b>5,591,290</b>	<b>5,992,268</b>	<b>6,435,319</b>	<b>6,632,983</b>	<b>6,740,292</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Assigned capital	1,439,744	1,439,744	1,439,744	1,439,744	1,439,744	1,439,744	1,439,744
Retained earnings / (revenue deficit)	729,173	1,218,731	1,420,797	1,591,869	1,809,874	2,043,194	2,302,003
<b>Total Equity</b>	<b>2,168,916</b>	<b>2,658,474</b>	<b>2,860,540</b>	<b>3,031,612</b>	<b>3,249,617</b>	<b>3,482,937</b>	<b>3,741,746</b>
<b>Non Current Liabilities</b>	<b>2,874,615</b>	<b>2,351,262</b>	<b>2,270,206</b>	<b>2,593,093</b>	<b>2,803,153</b>	<b>2,729,201</b>	<b>2,538,785</b>
Borrowings	1,748,706	1,266,952	1,175,814	1,522,363	1,759,534	1,723,046	1,551,297
Lease liability	1,237	-	-	-	-	-	-
Trade and other payables	40,421	43,719	48,437	49,150	49,863	50,576	51,289
Employee benefit liabilities	113,130	109,718	91,654	94,928	115,397	126,806	138,216
Deferred grants	971,121	930,873	954,300	926,652	878,360	828,772	797,983
<b>Current Liabilities</b>	<b>503,779</b>	<b>395,678</b>	<b>460,545</b>	<b>367,563</b>	<b>382,548</b>	<b>420,845</b>	<b>459,760</b>
Borrowings	124,452	94,058	110,510	84,413	56,542	89,328	123,268
Lease liability	3,598	491	-	-	-	-	-
Trade and other payables	260,091	187,936	243,056	161,504	198,509	197,841	196,438
Employee benefit liabilities	7,702	7,444	23,356	31,946	40,537	49,128	57,718
Deferred grants	107,937	105,749	83,622	89,699	86,960	84,548	82,337
<b>Total Liabilities</b>	<b>3,378,394</b>	<b>2,746,941</b>	<b>2,730,750</b>	<b>2,960,656</b>	<b>3,185,702</b>	<b>3,150,046</b>	<b>2,998,545</b>
<b>Total Equity and Liabilities</b>	<b>5,547,311</b>	<b>5,405,415</b>	<b>5,591,290</b>	<b>5,992,268</b>	<b>6,435,319</b>	<b>6,632,983</b>	<b>6,740,292</b>

## 6.8.2.2

*Projected Statement of Comprehensive Income of Public Utilities Corporation*

R ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Revenue:</b>	<b>1,625,601</b>	<b>1,811,621</b>	<b>2,044,322</b>	<b>1,977,646</b>	<b>2,564,493</b>	<b>2,686,695</b>	<b>2,766,740</b>
Revenue from operations	1,523,019	1,687,614	1,937,351	1,888,128	2,473,462	2,594,695	2,673,740
Other income	102,581	124,007	106,971	89,517	91,031	92,000	93,000
<b>Expenditure</b>	<b>1,872,907</b>	<b>1,325,456</b>	<b>1,837,159</b>	<b>1,802,643</b>	<b>2,307,865</b>	<b>2,407,229</b>	<b>2,467,760</b>
Direct operating expenses	779,641	1,016,533	1,197,953	1,019,606	1,375,696	1,422,315	1,457,873
Staff cost	283,842	250,403	273,256	322,650	369,896	379,143	388,622
Other operating overheads	187,246	264,162	225,482	242,571	366,267	345,424	354,060
Exchange difference	429,642	(402,160)	(51,612)	(8,541)	(26,878)	31,814	32,941
Depreciation of property, plant & equipment	180,623	186,956	186,749	221,538	218,668	220,782	220,989
Amortisation of intangible assets	8,278	3,865	2,373	2,268	794	4,166	9,583
Amortisation of right-of-use	5,435	3,035	341	-	-	-	-
Provision for/(reversal of) credit impairment	(1,800)	2,663	2,618	2,551	3,422	3,585	3,693
<b>Profit / (Loss) from operations before financing activities</b>	<b>(247,307)</b>	<b>486,165</b>	<b>207,163</b>	<b>175,003</b>	<b>256,628</b>	<b>279,466</b>	<b>298,980</b>
Finance income	11,451	13,423	11,568	11,284	16,489	15,760	16,128
Finance expense	(18,024)	(10,030)	(16,666)	(15,215)	(55,112)	(61,907)	(56,299)
<b>Profit for the year and total comprehensive income</b>	<b>(253,879)</b>	<b>489,558</b>	<b>202,066</b>	<b>171,072</b>	<b>218,005</b>	<b>233,320</b>	<b>258,809</b>



### 6.8.2.3 Projected Cash flow Statement of Public Utilities Corporation

R ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Operating activities</b>							
<b>Cash generated from operations</b>	<b>344,531</b>	<b>237,533</b>	<b>273,806</b>	<b>333,549</b>	<b>406,698</b>	<b>484,341</b>	<b>510,220</b>
Profit for the year	(253,879)	489,558	202,066	171,072	218,005	233,320	258,809
<i>Adjustment for:</i>							
Net gain on termination of leases	(75)	(139)	-	-	-	-	-
Amortisation of deferred grants	(102,506)	(123,640)	(106,867)	(89,517)	(91,031)	(92,000)	(93,000)
Fixed Asset written off		9,982	34				
Profit on disposal		(228)	(104)				
Finance income received	(11,451)	(13,423)	(11,568)	(12,131)	(20,165)	(19,436)	(19,804)
Finance expense	18,024	10,030	16,666	15,215	55,112	61,907	56,299
Strategic parts expense	9,012	24,540	15,739				
Depreciation of property plant and equipment	180,623	186,956	186,749	221,538	218,668	220,782	220,989
Amortisation of Intangible asset	8,278	3,865	2,373	2,268	794	4,166	9,583
Amortisation of right-of-use	5,435	3,035	341	-	-	-	-
Provision of obsolete inventory		6,319	299				
Provision of credit impairment	(1,800)	2,663	2,618	2,551	3,422	3,585	3,693
Foreign currency differences on borrowing	726,160	(595,531)	(80,587)	2,669	(27,871)	32,787	33,939
Employee benefit obligation charge	24,933	14,037	16,610	31,095	48,771	40,204	40,709
Exchange (losses)/gains on cash and cash equivalent	(258,223)	219,510	29,439	(11,210)	993	(973)	(998)
<b>Movement in working capital:</b>							
Trade and other receivables	147,415	(13,864)	(27,135)	(214,418)	85,498	(20,000)	(10,000)
Inventories	(78,803)	(18,335)	43,085	(43,656)	(10,000)	(10,000)	(10,000)
Movement in bank balances retained for letter of credit	(601)	948	9,163	-	-	-	-
Trade and other payables	56,303	(68,856)	59,837	(80,839)	37,718	44	(690)
	<b>468,845</b>	<b>137,428</b>	<b>358,757</b>	<b>(5,363)</b>	<b>519,914</b>	<b>454,385</b>	<b>489,529</b>
Interest received on overdue trade debtors	11,089	12,265	10,788	11,284	16,489	15,760	16,128
Employee benefit paid	(9,941)	(17,707)	(18,761)	(19,230)	(19,711)	(20,204)	(20,709)
<b>Net cash inflow from operating activities</b>	<b>469,993</b>	<b>131,985</b>	<b>350,783</b>	<b>(13,310)</b>	<b>516,691</b>	<b>449,941</b>	<b>484,948</b>
<b>Investing activities</b>							
Additions to property, plant and equipment	(42,187)	(27,743)	(33,364)	(9,752)	(11,000)	(8,000)	(10,000)
Proceeds from disposal of property, plant and equipment			104				
Additions in capital work in progress	(393,457)	(231,506)	(308,004)	(570,898)	(965,365)	(506,665)	(344,824)
Movement in term deposits	(3,562)	(25,730)	(10,549)				
Interest on term deposit	258	1,124	643	840	3,617	3,617	3,617
Interest on loan to employees	105	34	9	7	59	59	59
<b>Net cash outflow from investing activities</b>	<b>(438,844)</b>	<b>(283,821)</b>	<b>(351,160)</b>	<b>(579,803)</b>	<b>(972,690)</b>	<b>(510,990)</b>	<b>(351,148)</b>
<b>Financing activities</b>							
Proceeds from borrowings	28,483	183,252	83,995	419,976	353,025	128,337	-
Repayment of borrowings	(39,319)	(99,868)	(78,094)	(102,193)	(115,855)	(164,824)	(171,749)
Government and other grants received	86,407	81,204	108,168	67,946	40,000	40,000	60,000
Principal paid on lease liabilities	(5,252)	(3,157)	(491)	-	-	-	-
Interest paid	(18,024)	(10,030)	(16,666)	(15,215)	(55,112)	(61,907)	(56,299)
<b>Net cash inflow from financing activities</b>	<b>52,296</b>	<b>151,401</b>	<b>96,912</b>	<b>370,514</b>	<b>222,058</b>	<b>(58,394)</b>	<b>(168,048)</b>
<b>Net change in cash and cash equivalents</b>	<b>83,444</b>	<b>(435)</b>	<b>96,535</b>	<b>(222,599)</b>	<b>(233,940)</b>	<b>(119,442)</b>	<b>(34,248)</b>
Movement in cash and cash equivalents							
At Jan 1	525,791	867,458	647,741	761,560	550,171	315,238	196,769
Increase during the year	83,444	(207)	96,535	(222,599)	(233,940)	(119,442)	(34,248)
<b>Exchange gain/(losses) on cash and cash equivalent</b>	<b>258,223</b>	<b>(219,510)</b>	<b>(29,439)</b>	<b>11,210</b>	<b>(993)</b>	<b>973</b>	<b>998</b>
<b>At Dec 31 (Cash and cash equivalent as per AFS)</b>	<b>867,458</b>	<b>647,741</b>	<b>714,837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and bank balances as per SOFP</b>	<b>887,886</b>	<b>692,950</b>	<b>761,560</b>	<b>550,171</b>	<b>315,238</b>	<b>196,769</b>	<b>163,519</b>

### 6.8.2.4 Projected Capital Investment Plan of Public Utilities Corporation

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		
							2020	2021	2022	2023	2024	2025	2026
<b>Major Capital Investments</b>													
Electricity projects	Details Not Provided			Loan Financing Institutions, GoS and PUC		Details Not Provided	393,457	231,506	308,004	161,577	170,600	127,879	82,879
Water & Sewerage projects										207,258	245,835	157,180	213,145
Corporate projects										49,755	50,972	52,663	48,800
<b>GRAND TOTAL</b>							<b>393,457</b>	<b>231,506</b>	<b>308,004</b>	<b>418,590</b>	<b>467,407</b>	<b>337,722</b>	<b>344,824</b>

### 6.8.3 Projected TAX, Dividend, Debt Payments, Subventions, Grants and Contingencies

#### 6.8.3.1 Tax Implications by the Operations of Public Utilities Corporation

Type of Tax	Actual Figures			Provisional	Forecast			Anticipated Risks
	2020	2021	2022	2023	2024	2025	2026	
Business Tax	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
PIT	16,131	16,119	14,853	16,968	19,557	20,046	20,547	
VAT	47,319	40,308	28,980	53,273	161,156	43,566	44,977	Impacts/worsen the cashflow position
Withholding Tax	16,211	11,170	7,267	7,783	7,500	7,500	7,500	Overpayment or underpayment due to wrong interpretation of DTAs.

#### 6.8.3.2 Anticipated Dividend Declarations By Public Utilities Corporation

PUC's strategy towards surplus equity is to re-invest into infrastructure renovation and expansion.

## 6.8.3.3

## Debt Payments Forecasts By Public Utilities Corporation

EUR / SCR ('000)

Lending Organization	Purpose of Borrowings	Description	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Loan 01 From European Investment Bank	Project Neptune – Water & Sanitation	Borrowings	€ 26,737	-	-	-	-	-	-	-
		Interest for the Year		10,136	(1,587)	3,405	3,345	3,078	2,902	2,715
		Repayment of Capital		15,216	9,700	9,408	14,045	26,365	27,024	27,699
		<b>Balance carried forward</b>		<b>676,654</b>	<b>421,650</b>	<b>372,620</b>	<b>360,004</b>	<b>328,854</b>	<b>310,051</b>	<b>290,103</b>
Loan 02 From Agence De Francaise Development	Project Neptune – Water & Sanitation	Borrowings	€ 10,000	-	-	-	-	-	-	-
		Interest for the Year		3,866	(641)	1,297	1,237	1,088	985	879
		Repayment of Capital		20,562	13,108	11,876	12,021	11,757	12,051	12,352
		<b>Balance carried forward</b>		<b>246,743</b>	<b>144,185</b>	<b>118,760</b>	<b>107,238</b>	<b>94,056</b>	<b>84,356</b>	<b>74,113</b>
Loan 03 From Arab Bank for Economic Development in Africa	33 kV South Mahe	Borrowings	€ 11,000	5,045	17,141	13,207	14,796	5,869	-	-
		Interest for the Year		4,055	3,010	3,280	3,397	3,488	3,415	3,293
		Repayment of Capital		-	-	-	7,541	7,560	7,936	8,340
		<b>Balance carried forward</b>		<b>163,154</b>	<b>130,111</b>	<b>138,307</b>	<b>144,976</b>	<b>139,062</b>	<b>134,603</b>	<b>129,628</b>
Loan 04 From Saudi Fund	33 kV South Mahe	Borrowings	€ 20,000	1,707	23,009	21,176	29,226	16,554	-	-
		Interest for the Year		6,015	2,035	3,935	3,867	4,085	4,229	3,578
		Repayment of Capital		-	30,120	19,307	19,153	18,667	20,888	19,612
		<b>Balance carried forward</b>		<b>300,093</b>	<b>200,678</b>	<b>194,819</b>	<b>204,056</b>	<b>196,000</b>	<b>198,439</b>	<b>166,699</b>
Loan 05 From African Development Bank	Mahe Sustainable Water Augmentation	Borrowings	€ 20,600	69,719	52,978	41,921	24,709	5,886	-	-
		Interest for the Year		8,079	747	7,723	8,125	7,881	7,442	6,875
		Repayment of Capital		8,158	12,987	16,573	19,864	20,495	21,008	21,533
		<b>Balance carried forward</b>		<b>253,896</b>	<b>215,793</b>	<b>232,830</b>	<b>236,694</b>	<b>215,190</b>	<b>199,562</b>	<b>183,018</b>
		Borrowings	€ 8,500	31,756	3,775	4,953	5,439	-	-	-

Loan 06 From Abu Dhabi Fund for Development	Ile de Romainville Solar Park	Interest for the Year		3,197	2,383	2,272	2,259	2,141	2,026	1,910
		Repayment of Capital		-	-	-	8,135	7,928	8,126	8,329
		<b>Balance carried forward</b>		<b>163,780</b>	<b>117,179</b>	<b>117,619</b>	<b>114,404</b>	<b>103,144</b>	<b>97,596</b>	<b>91,706</b>
Loan 07 From Nouvobanq	Desalination extension II - Providence	Borrowings	<b>R 159,351</b>	-	84,351	-	-	-	-	-
		Interest for the Year		1,665	8,089	9,668	8,188	6,721	4,805	2,730
		Repayment of Capital		6,164	21,772	20,046	21,543	23,083	24,999	27,074
		<b>Balance carried forward</b>		<b>68,836</b>	<b>131,415</b>	<b>111,369</b>	<b>89,826</b>	<b>66,743</b>	<b>41,744</b>	<b>14,671</b>
Loan 08 From Nouvobanq	2 x 8 MW Generator sets	Borrowings	<b>R 329,700</b>	-	-	-	184,716	134,317	10,667	-
		Interest for the Year		-	-	-	4,108	14,854	19,156	17,707
		Repayment of Capital		-	-	-	-	-	22,703	26,218
		<b>Balance carried forward</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>184,716</b>	<b>319,033</b>	<b>306,997</b>	<b>280,780</b>
Loan 09 From Financing source to be determined	Praslin 3x2 MW Generator Sets	Borrowings	<b>€ 14,000</b>	-	-	-	60,564	78,400	60,270	-
		Interest for the Year		-	-	-	270	10,367	12,347	11,317
		Repayment of Capital		-	-	-	-	-	20,090	20,592
		<b>Balance carried forward</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>60,564</b>	<b>137,200</b>	<b>180,810</b>	<b>164,738</b>
Loan 10 From Financing source to be determined	Photovoltaic - La Digue & Praslin	Borrowings	<b>€ 12,000</b>	-	-	-	-	112,000	57,400	-
		Interest for the Year		-	-	-	-	1,411	4,600	5,295
		Repayment of Capital		-	-	-	-	-	-	-
		<b>Balance carried forward</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,000</b>	<b>172,200</b>	<b>176,505</b>
Debt for Other PEs (Please Specify the Name of the PE)		Borrowings		-	-	-	-	-	-	-
		Interest for the Year		-	-	-	-	-	-	-
		Repayment of Capital		-	-	-	-	-	-	-
		Balance carried forward		-	-	-	-	-	-	-
<b>TOTAL</b>			<b>2,068,496</b>	<b>1,643,988</b>	<b>1,476,371</b>	<b>1,774,311</b>	<b>1,916,241</b>	<b>1,774,430</b>	<b>1,519,230</b>	

### 6.8.3.4 Anticipated Subventions and Grants By Public Utilities Corporation

SCR ('000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Subventions	Government	-	-	-	-	-	-	-	-	-
	EIB	-	-	-	-	-	-	-	-	-
	AfDB (AWF)	-	-	-	-	-	-	-	-	-
Grants	Government	Capital Projects	-	40,000	60,000	60,000	60,000	40,000	40,000	60,000
	EIB	-	-	-	-	-	-	-	-	-
	AfDB (AWF)	-	-	10,000	4,000	-	3,000	-	-	-
<b>TOTAL</b>				<b>50,000</b>	<b>64,000</b>	<b>60,000</b>	<b>63,000</b>	<b>40,000</b>	<b>40,000</b>	<b>60,000</b>

### 6.8.3.5 Contingencies of Public Utilities Corporation

SCR ('000)

Nature of Contingencies	Funding Agency	Purpose	Total Liability Amount	Realized Guarantees						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Guarantees	Government									
	Guaranteed for other PEs									
Potential Payments Due to Legal Actions by 3 <sup>rd</sup> Parties	Government									
	PUC	Litigation by third parties		2,299	15,000	-	-	4,500		
<b>TOTAL</b>				<b>2,299</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>4,500</b>		

### 6.8.3.6 Assumptions used for the Financial Projections of Public Utilities Corporation

Financial Projections Assumptions for Public Utilities Corporation:

1. Consistent Implementation of Fuel-Related Tariff Changes:  
Assumption: Fuel-related tariff changes will be consistently implemented as prescribed under the PUC Act.
2. Tariff Increase:  
Assumption: A tariff increase of 9.2% for all utility services has been factored in, as proposed in the 2022/23 Tariff Study.
3. Fuel Price Projections:  
Assumption: Fuel prices have been projected at 10.70 SR/ltr for HFO and 14.27 SR/ltr for LFO, based on information from SEYPEC.
4. Tariff Adjustment:  
Assumption: A tariff adjustment of 50 cents for all electricity tariffs will be implemented as of January 2024.
5. Modest Growth Rates:  
Assumption: Modest growth rates for the demand of electricity, water, and wastewater are assumed, based on pre-COVID levels.

6. **Inflation Rate:**  
Assumption: An inflation rate of 2.5% has been assumed.
  
7. **Exchange Rate Assumptions for 2024 and Beyond:**  
Assumption: Exchange rates for 2024 are as follows, and will grow by an inflation rate of 2.5% per annum from 2025 to 2026:  
  
USD: 14.0000  
EURO: 15.2841  
GBP: 17.6360.
  
8. **Capital Investment and Borrowings:**  
Assumption: Capital investment and borrowings are not constrained by national debt ceiling limits.
  
9. **Access to Development Grants:**  
Assumption: PUC will continue to have access to development grants from the Government for capital projects.
  
10. **Exclusion of Extraordinary Events:**  
Assumption: The potential impact of unforeseen extraordinary events, such as natural disasters, pandemics, or other Force Majeure events, on the Corporation's financial and operational performance has not been factored into the projections.
  
11. **Monopoly Ownership of Regulated Transmission Networks:**  
Assumption: PUC will continue to be the sole owner of regulated transmission networks.
  
12. **Consideration of Changes in International Financial Reporting Standards (IFRS):**  
Assumption: Any known changes in international financial reporting standards (IFRS) that may impact the Corporation's financial reporting and disclosures have not been taken into account.

These assumptions provide the foundation for the financial projections of the Public Utilities Corporation.

## 6.8.4 KPIs, Risk Management Strategy and Reporting Obligations

### 6.8.4.1 Key Performance Indicators of the Public Utilities Corporation

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
<b>FINANCIAL PERFORMANCE TARGETS</b>								
Financial Metrics	Revenue from Operations	1,523,019,225	1,687,613,847	1,937,351,306	1,888,128,482	2,473,462,099	2,594,694,692	2,673,740,222
Financial Metrics	Net Profit	(253,879,046)	489,557,976	202,065,814	171,072,021	218,005,114	233,319,852	258,809,137
Financial Metrics	Earnings before Interest (EBIT)	(247,306,539)	486,164,970	207,163,410	175,003,241	256,628,226	279,466,187	298,979,903
Financial Metrics	Total Assets	5,547,310,592	5,405,414,980	5,591,290,481	5,992,268,471	6,435,319,011	6,632,982,750	6,740,291,821
Financial Metrics	Shareholders' Equity	2,168,916,429	2,658,474,405	2,860,540,219	3,031,612,240	3,249,617,354	3,482,937,206	3,741,746,343
Financial Metrics	Total Debt	1,873,157,364	1,361,010,397	1,286,324,667	1,606,776,168	1,816,075,140	1,812,374,798	1,674,564,897
<b>FINANCIAL RATIOS</b>								
Financial Ratios	Current Ratio	3.72	4.31	3.81	4.89	3.88	3.31	2.99
Financial Ratios	Quick Ratio	2.23	2.37	2.24	2.81	1.85	1.44	1.26
Financial Ratios	Debt-to-Equity	86%	51%	45%	53%	56%	52%	45%
Financial Ratios	Total Debt to Capital	46%	34%	31%	35%	36%	34%	31%
Financial Ratios	Gross Profit	49%	40%	38%	46%	44%	45%	45%
Financial Ratios	Operating Cost Coverage ratio (times)	0.86	1.40	1.12	1.10	1.10	1.10	1.11
Financial Ratios	Net Profit	-17%	29%	10%	9%	9%	9%	10%
Financial Ratios	Return on Capital Employed	-5%	10%	4%	3%	4%	4%	5%
Financial Ratios	Return on Equity	-12%	18%	7%	6%	7%	7%	7%
Financial Ratios	Return on Assets	-5%	9%	4%	3%	3%	4%	4%

#### 6.8.4.2 Risks and Resilience Plan of the Public Utilities Corporation

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
<b>Strategic Risks</b>	Failure to deliver the plans and targets.	Develop a comprehensive strategic plan with clear objectives, milestones, and KPIs. Regularly review and update the plan as needed.
	Failure to properly manage PUC's interaction with stakeholders.	Strengthen stakeholder engagement efforts, including regular communication, feedback mechanisms, and relationship-building activities.
<b>Financial Risks</b>	Price volatility of fuel and materials and exchange rate fluctuations.	Implement quarterly adjustments of electricity tariffs based on previous quarter fuel prices.
	Inability to implement appropriate tariffs.	Implement competitive procurement and financial hedging strategies to mitigate the impact of price volatility.
	Accessibility to capital, or lack thereof, to undertake critical capital projects.	Conduct thorough tariff analysis and cost recovery assessments. Seek regulatory approvals for necessary tariff adjustments.
		Diversify funding sources, explore partnerships, and ensure efficient use of existing resources.
<b>Operational Risks</b>	Managing limited water storage capacity to cope with unpredictable climate change.	Invest in infrastructure upgrades to increase water storage capacity and improve resilience to climate change impacts.
	Failure to achieve productivity gains.	Continuously optimize operational processes, invest in technology, and provide training to improve workforce efficiency.
	Failure to provide continuity of service due to high rate of failures associated with aging assets.	Prioritize asset management and maintenance, allocate resources for asset renewal, and continue with preventive maintenance programs.
	Disruptions in the continuity of service associated with low probability but high impact incidents such as fire and floods.	Develop robust disaster preparedness and recovery plans, including backup systems and emergency response protocols.
	Threat to business continuity in the event of IT systems failure, data and communications systems.	Upgrade and migrate existing 'on-premise' ERP system to cloud-based system.
	Equipment nearing obsolescence due to rapid advancements in technology	Assess equipment obsolescence risks, prioritize replacements, and communicate technology refresh strategy transparently to stakeholders. Proactively monitor the technology landscape, develop a clear equipment lifecycle plan, allocate budget for technology upgrades, build strategic supplier partnerships, consider future-proofing when procuring new equipment, and invest in workforce training.
<b>Compliance and Regulatory Risks</b>	Failure to comply with relevant laws and legislation, such as Environment Act, Employment Act, and Occupational Health and Safety legislation.	Continue to train and inform managers about regulatory laws, risks and compliance. Establish a compliance checklist to facilitate monitoring and ensure adherence to all applicable laws and regulations. Conduct regular compliance audits.
	Changes in legislation and/or regulations with significant implications for the business model.	Stay informed about regulatory changes, engage with regulatory authorities, and adapt operations and strategies accordingly.
<b>Environmental and Social Risks</b>	Environmental damage caused by PUC's assets or activities.	Implement environmental impact assessments, adopt sustainable practices, and invest in eco-friendly technologies.
	Loss of expertise and skills upon retirement or departure of key staff.	Develop a robust talent retention and succession plan. Invest in training and development programs.
	Impact on service delivery and productivity due to issues associated with health and safety, absenteeism and degradation in culture and work ethics.	Promote a culture of health and safety, implement wellness programs, and address workplace issues promptly.

Please note that the specific strategies may vary depending on the circumstances and evolving risks.



## 6.8.4.3

*List of External Reporting's by the Public Utilities Corporation*

<b>Name/Title of the Report</b>	<b>Recipients of the Report</b>	<b>Description of the purpose, content and inclusion of the report</b>	<b>Frequency and Timing of the Report</b>
Annual Financial Statements	All stakeholders and members of the public	Audited Financial Statements signed by the Board of Directors, including the Report of the Auditor General	Annually
Annual Report	All stakeholders and members of the public	The Annual Report highlights the operational and financial performance of the Public Utilities Corporation for the reporting year. It also contains the Audited Financial Statements, together with the Report of the Auditor General.	Annually
Quarterly Progress Report	Shareholder, Responsible Ministry, PEMC, Board of Directors, PUC management team	The Quarterly Progress Report states and defines the goals and targets of the Corporation, and provides a status update of these goals as well as actions taken during each reporting quarter.	Quarterly
All reporting requirements as mandated by PEMC	PEMC	These include:	
		- Signed minutes of board and committee meetings;	Upon approval by the Chairperson.
		- Quarterly progress reports	Quarterly
		- Governance checklist and supporting documentation	Annually
		- Any other information requested.	As and when required
Mandatory information for outsourcing / procurement	Procurement Oversight Unit, National Tender Board, Procurement Committee of PUC.	These may include:	As and when required
		- Evaluation reports	
		- Justifications for using certain procurement methods	
		- Application for approval to deviate from the normal procurement method in case of emergency projects, etc.	
Cabinet Memorandums and Information Notes to Cabinet	Cabinet, Responsible Minister, Board of Directors.	These include:	
		- Request for permission to initiate major projects	As and when required
		- Request for permission to enter into loan agreements	
		- Presentation of information or disclosure which may be highly significant or be of national importance.	
Information sought through the Access to Information Act	The solicitor of information, subject to the provisions of the Information Act.	These may include:	
		- Customer related queries or complaints	As and when required
		- Information about the Corporation's activities	
Any other periodic or ad hoc reports	The solicitor of the required report, competent authorities.		As and when required

## 6.8.5 Stakeholder Engagement

### 6.8.5.1 *Statement by CEO*

As the CEO of the Public Utilities Corporation (PUC), I am committed to steering our organization towards a future of excellence, marked by continuous improvements, innovation, sustainability, and unwavering dedication to meeting the expectations of our customers and stakeholders. It is with great resolve that I accept the objectives and strategic directives laid out by our esteemed Board of Directors.

In the unique context of small island states, PUC faces complex challenges that demand a strategic and proactive approach. I am acutely aware of the limitations posed by the absence of regional utility network integration and our small-scale operations, which often hinder the Corporation from realizing economies of scale. However, these challenges serve as catalysts for innovation and self-sufficiency in every facet of our operations.

Our journey is fraught with hurdles such as limited access to critical resources, including finance, infrastructure, and skilled manpower. Nevertheless, these challenges are not insurmountable; they are opportunities for us to demonstrate resilience, creativity, and adaptability in achieving our goals.

The evolving landscape of customer expectations necessitates a fundamental shift in our focus. We must relentlessly pursue continuous improvement in service delivery, strengthen our relationships with stakeholders, and prioritize their concerns. Building a positive image of the Corporation is paramount, and I am resolutely committed to this endeavor.

Our key focus areas encompass a spectrum of challenges and opportunities:

1. **Cost Management and Tariff Enforcement:** We will rigorously manage costs and enforce economic cost recovery tariffs, ensuring the financial sustainability of PUC.
2. **Asset Maintenance and Expansion:** The ongoing replacement and refurbishment of assets will remain a priority to uphold security, reliability, and service levels.
3. **Capacity Expansion:** We will invest in expanding our capacity to meet growing consumption demands, aligning with Seychelles' economic growth.
4. **Efficiency Improvements:** Enhancing business processes is essential to deliver operating efficiencies and improve our overall performance.
5. **Sustainability Initiatives:** We will be at the forefront of initiatives related to electricity and water demand management, environmental quality, and sustainability.
6. **Customer-Centric Approach:** Our commitment to enhancing customer service and customer care will be unwavering, ensuring that our customers' needs are met with excellence.
7. **Workforce Development:** We are dedicated to developing a highly productive and efficient workforce, equipping our employees to excel in their roles.
8. **Performance-Oriented Culture:** We will cultivate a performance-oriented culture that respects external stakeholders, including regulators, and continually seeks to exceed their expectations.
9. **Renewable Energy Leadership:** As the energy landscape evolves towards renewable sources, we will actively take a lead role in the deployment of medium-sized renewable plants.

Furthermore, I recognize that the performance of PUC hinges on various external factors, including legislative requirements, environmental obligations, safety, stakeholder engagement, economic conditions, regulatory relationships, technological advancements, and our commitment to addressing climate change.

In line with these goals, we have established measurable performance targets that reflect our commitment to achieving excellence. While some targets may take time to demonstrate, we will assess our performance annually against these benchmarks.

Resource allocation will be optimized to ensure maximal gains, and I am dedicated to attaining key performance indicators (KPIs) as defined by the Board of Directors.

In conclusion, the challenges we face are substantial, but they are eclipsed by our determination to succeed. I pledge my unwavering commitment to leading PUC towards a future defined by resilience, continuous improvement, sustainability, and effective service delivery.

**Joel Valmont**  
**Chief Executive Officer**

#### **6.8.5.2** *Foreword by Chairperson*

Dear Stakeholders and Partners,

As we journey towards a brighter future and more sustainable tomorrow, I am honoured to reflect on the remarkable achievements of the Public Utilities Corporation (PUC), its current standing, and the exciting way forward.

#### **A Legacy of Service Excellence**

For decades, PUC has proudly served the people of Seychelles, providing essential utilities such as electricity, water, and wastewater services. Our unwavering commitment to quality and reliability has been the cornerstone of our nation's prosperity. We are grateful for the trust and support you have placed in us.

#### **Current Status and Looking Ahead**

As we look towards 2024, the projects we have undertaken in recent years are beginning to bear the fruits of progress: our financial health is stabilizing, and operational efficiency is on the rise. Our infrastructure, capacity, and service delivery have all been elevated, and this trend of optimisation looks set to continue in the years to come.

#### **Future Trajectory and Public Perception**

In the immediate future (2024 – 2026), we aim to position PUC as a beacon of sustainability and innovation. The Government and the public will recognise us as a forward-thinking organization that not only provides essential services but also plays a central role in advancing national priorities.

#### **Strategic Priorities**

Our strategic priorities are closely aligned with the evolving needs of Seychelles' society. We have prioritized the following principles:

**Infrastructure Enhancement:** Our commitment to upgrading aging infrastructure and expanding capacity will ensure a dependable supply of electricity and water.

**Environmental Stewardship:** PUC is committed to minimizing our environmental footprint. We will invest in sustainable practices and technologies to preserve Seychelles' natural beauty.

**Customer-Centric Approach:** We recognise that our customers are at the heart of our success. We will focus on delivering exceptional customer service and addressing concerns expediently.

**Financial Sustainability:** We will maintain fiscal responsibility, ensuring that our remuneration policies align with national guidelines while focusing on prudent financial management.

### **Contribution to National Priorities**

PUC's role extends far beyond utility provision: we are committed to contributing to national priorities by fortifying economic prosperity, safeguarding our environment, and nurturing societal well-being. Our initiatives will generate employment opportunities, champion renewable energy investment, and enhance the overall quality of life in Seychelles.

### **Economic Contributions**

Historically, PUC has been a significant contributor to Seychelles' economy. Looking forward, we are committed to sustaining and increasing this contribution through judicious financial stewardship, infrastructure expansion, and strategic partnerships.

### **Performance Targets and the Medium-Term Financial Strategy (MTFS)**

We acknowledge the performance targets set forth by the Board of Directors. We are fully committed to achieving these goals by aligning our actions with the Medium-Term Financial Strategy (MTFS). This framework will guide us in making well-informed decisions that will enrich our stakeholders and uplift our nation.

In conclusion, the path ahead is signposted with excitement and optimism. PUC is not merely a provider of today's necessities; but the architects of a brighter future for Seychelles. Together, with your continued support and partnership, we shall realise our vision of becoming a sustainable and customer-centric utility provider.

Thank you for entrusting us with the privilege of serving you and our beautiful nation. Onward, towards a brighter Seychelles!

**Leonard Alvis**  
**Chairperson**  
**Public Utilities Corporation**

#### **6.8.5.3 *Statement by the Responsible Minister***

The MTFS of PUC is yet to be commenced by the Minister Responsible for Energy.



## 6.9 Petro Seychelles Ltd. (Petro)

### 6.9.1 Strategic Overview

#### 6.9.1.1 *Mandate*

- Petro Seychelles is responsible for supervising the Petroleum Operations in the EEZ and ensures that a regulatory and management regime is put in place by each Operator that:
- reflects the highest standards of International Oilfield Practice including a zero- discharge policy while petroleum operations including drilling, development and production are being carried out
- protects the health and human resources of all affected by the Petroleum Operations
- ensures the public safety
- ensures the preservation of the environment, pristine marine habitats and amenities of Seychelles
- ensures that Seychelles fishermen, tourism operators and others who depend on commercial operations within and without Seychelles waters are not disadvantaged

#### 6.9.1.2 *Vision*

“A highly competent team running a thriving oil and gas industry, operating with due respect for the environment, other ocean users and benefiting every Seychellois for this generation and beyond”

#### 6.9.1.3 *Mission*

“To facilitate, regulate and ultimately participate in the exploitation of oil and gas resources within the Seychelles EEZ while ensuring the proper management of all tangible and non- tangible resources.”

#### 6.9.1.4 *Strategic Priorities for 2024-2026*

PetroSeychelles, in its role as an upstream oil and gas regulator, is committed to the pursuit of key strategic priorities that are directed towards the promotions of safe, responsible, and sustainable oil and gas exploration and production activities. This commitment is further reinforced by the need to remain responsive to the involving dynamics of the industry and the growing concerns of environmental sustainability. Looking ahead to the year 2024-2026, some of the key strategic priorities that will be pursued include:

##### **1) To be recognised as a potential economic pillar**

As part of PetroSeychelles’ strategy, the company will seek to influence the National Development Strategy to include hydrocarbon exploration as a topic of national interest and as a potentially important economic activity that could also help achieve energy security by providing a local supply of natural gas for electricity generation and also by helping the economy through the export of hydrocarbon products. This will be achieved by engaging stakeholders through educational campaigns that will help remove the negative narratives currently surrounding the oil and gas industry.

**2) Prospectivity Development**

The refinement of existing, and development of new play styles, leads and prospects, is key to improving the perceived prospectivity of the Seychelles EEZ. One of the key strategic priorities will be to continue to undertake in house data interpretation projects targeted towards achieving this.

**3) Attract Investment:**

Oil and gas exploration and exploitation is a very costly as well as specialised activity. Petro Seychelles will therefore need to attract investment from international oil and gas companies to fulfill its mandate. A robust promotion campaign will ensure that Seychelles remains visible to international oil and gas companies. Petro Seychelles will endeavor to get new petroleum agreements and exploration licenses signed during 2024 to 2026.

**4) Reduce Regulatory Turnaround Time:**

Securing and maintaining investment in the Upstream Sector is highly dependent on fast regulatory turnaround times. Currently the due diligence process on license applicants can take several months since Petro Seychelles relies on partners Financial Intelligence Unit and Attorney General's Office to vet the financial and legal standings of companies applying. Petro Seychelles will seek to find ways to reduce the turnaround time so that investments can be secured in a timely manner.

**5) Staff Development**

Staff development is a critical strategic priority for PetroSeychelles. Investing in the professional growth and capabilities of employees can have a significant positive impact on the company's effectiveness, adaptability, and long-term success. The human resources department will work closely with staff to identify training needs and professional development opportunities.

**6) Environmental Protection:**

During 2024 to 2026 PetroSeychelles will seek to bring the draft Environmental Protection (Offshore Exploration and Production) Regulations to enactment. This will help to implement stringent environmental standards and measures to mitigate potential negative impacts of drilling, production, and transportation activities on the environment.

**7) Health and Safety:**

PetroSeychelles will seek to bring the draft Seychelles Petroleum Mining (Health and Safety) Regulations to enactment. This will contribute towards the development, enforcement, and continual update of health and safety regulations to prevent accidents, protect workers, and minimize environmental incidents.

**8) Data Management:**

Development of data management strategies to handle the vast amounts of data and information generated by upstream activities, ensuring

integrity and accessibility. Transcribing and transferring data to modern media and standards will continue to ensure compatibility with industry standards.

**9) Community and Stakeholder Engagement:**

PetroSeychelles will foster open and transparent communication with local communities and all stakeholders, addressing concerns related to its activities in the EEZ. A stronger Social Media presence during 2024 to 2026 will also contribute towards this objective.

**10) International Cooperation:**

PetroSeychelles will continue to collaborate with international counterparts and organizations to share best practices, harmonize standards, and address any cross-border issues.

**11) Formalise Geological Survey Role:**

PetroSeychelles currently acts as the de-facto Geological Survey of Seychelles assisting Government with a wide gamut of geoscience related projects. PetroSeychelles will seek to formalize this arrangement by expanding its mandate to include such activities and securing a budget for the same through retainer fees or similar arrangements.

**6.9.1.5 Key Challenges**

The challenges facing PetroSeychelles as an upstream oil and gas regulator from 2024 to 2026 are multifaceted and will include the following:

**1) Funding the Company:**

The upstream sector in Seychelles is still in its exploration phase and as such the only income is through area rentals, license application fees, training and technical assistance funds from operators and the licensing of data. Currently, there are only two Petroleum Agreements in place and minimal income being generated. A key challenge for PetroSeychelles during 2024 to 2026 will therefore be to secure a reliable source of funding for the company.

**2) Energy Transition to Renewables**

Anthropogenic climate change, believed to be caused by man-made CO2 emissions from the burning of fossil fuels is driving the current energy transition from hydrocarbons to renewables. As a result, investment in oil and gas exploration projects has slowed down and some upstream companies are even diversifying into renewable energy production. Securing investment in the upstream sector is a real challenge which will only become more challenging in the coming years.

**3) Geopolitical Dynamics:**

Geopolitical dynamics have been shown to have a large effect on supply and demand of oil and gas products and thus on the costs. These fluctuations in oil price affect the balance sheet of international oil companies which in turn affect their ability to invest in new exploration projects. While PetroSeychelles does not have control on worldwide geopolitical forces, the company needs to be au fait with all such developments to be in a position to adjust its strategy as and when necessary to help mitigate any negative effects they may have on investment in the Seychelles upstream oil and gas sector.

**4) Marine Spatial Plan:**

While it is clear that a Marine Spatial Plan (MSP) can help ensure the sustainable usage of the Seychelles EEZ, there is a danger that prioritising environmental preservation over economic development could mean that potential prospective areas become out of bounds for oil and gas prospecting. This will be a hindrance for the upstream sector which requires surveys over large enough areas to better understand the geology and thus oil and gas potential of the EEZ. Furthermore, all activities will be controlled by Management Plans that are yet to be developed and the contents of which could impose operational limitations on PetroSeychelles.

**5) Data Management:**

Ensuring the secure and responsible management of the vast amounts of data generated by digital technologies and analytics in the upstream sector is and will remain a challenge for PetroSeychelles especially due to the unavailability of suitable digital media storage facilities locally.

**6) Technology Adoption:**

Technological development in the upstream sector occurs at a fast pace and keeping up with the latest technology requires adequate funding as well as training. This is a challenge that PetroSeychelles will face during the next three years. The company will thus need to be strategic in deciding which technology to adopt.

**7) Community and Stakeholder Engagement:**

Managing community concerns related to activities associated with upstream activities is a challenge that PetroSeychelles will need to proactively address to ensure smooth uninterrupted operations. Stakeholder consultations and involvement from project initiation stages and during implementation will help alleviate any concerns.

**8) Reporting Obligations**

Reporting obligations on State Owned Enterprises (SOEs) has increased recently. PetroSeychelles has a very small workforce and will face a real challenge meeting the reporting obligations. Increasing the workforce may also not be possible due to budgetary constraints.



## 6.9.2 Outlook of Financial Strategy

### 6.9.2.1 Projected Financial Position of PetroSeychelles

SCR ('000)

Description	Actual Figures			Provisional 2023	Forecast		
	2020	2021	2022		2024	2025	2026
<b>Non Current Assets</b>	<b>329</b>	<b>321</b>	<b>309</b>	<b>615</b>	<b>1,368</b>	<b>461</b>	<b>461</b>
Property and equipment	328	321	307	560	1,351	426	426
Intangible asset	0	-	2	55	17	35	35
<b>Current Assets</b>	<b>7,673</b>	<b>8,696</b>	<b>30,246</b>	<b>54,225</b>	<b>56,564</b>	<b>65,400</b>	<b>65,130</b>
Trade and other receivables	33	49	25,405	36,814	36,485	41,752	41,481
Cash and cash equivalents	7,578	8,583	4,776	12,580	15,245	18,813	18,813
Other current financial assets	62	64	65	4,832	4,834	4,836	4,836
<b>Total Assets</b>	<b>8,002</b>	<b>9,017</b>	<b>30,555</b>	<b>54,841</b>	<b>57,931</b>	<b>65,861</b>	<b>65,591</b>
<b>Equity</b>	<b>(21,721)</b>	<b>(28,952)</b>	<b>(10,848)</b>	<b>10,378</b>	<b>6,948</b>	<b>6,883</b>	<b>6,612</b>
Share Capital	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Revenue deficit	(22,721)	(29,952)	(11,848)	9,378	5,948	5,883	5,612
<b>Non Current liabilities</b>	<b>25,111</b>	<b>35,847</b>	<b>35,060</b>	<b>37,270</b>	<b>42,866</b>	<b>45,002</b>	<b>45,002</b>
Shareholders loan	15,000	20,000	20,000	20,000	20,000	20,000	20,000
Retirement benefit obligations	484	531	600	1,012	1,149	1,285	1,285
Deferred Income	9,628	15,316	14,460	16,258	21,717	23,717	23,717
<b>Current liabilities</b>	<b>4,612</b>	<b>2,122</b>	<b>6,343</b>	<b>7,192</b>	<b>8,117</b>	<b>13,976</b>	<b>13,976</b>
Trade and other payables	336	458	562	458	433	764	764
Deferred Income	4,276	1,664	5,781	6,734	7,684	13,212	13,212
<b>Total liabilities</b>	<b>29,724</b>	<b>37,968</b>	<b>41,403</b>	<b>44,462</b>	<b>50,983</b>	<b>58,978</b>	<b>58,978</b>
<b>Total Equity and Liabilities</b>	<b>8,002</b>	<b>9,017</b>	<b>30,555</b>	<b>54,841</b>	<b>57,931</b>	<b>65,861</b>	<b>65,591</b>

### 6.9.2.2 Projected Statement of Comprehensive Income of PetroSeychelles

SCR ('000)

Description	Actual Figures			Provisional 2023	Forecast		
	2020	2021	2022		2024	2025	2026
Revenue	2,877	2,945	3,804	29,786	6,054	9,429	9,429
Operating expenses	(1,534)	(1,387)	(1,551)	(3,971)	(4,409)	(4,416)	(4,502)
<b>Gross profit</b>	<b>1,342</b>	<b>1,558</b>	<b>2,252</b>	<b>25,816</b>	<b>1,646</b>	<b>5,013</b>	<b>4,927</b>
Other operating income	7,724	(8,862)	(997)	(2)	(2)	(2)	(2)
Administrative expenses	(2,921)	(5,866)	(3,114)	(4,837)	(5,324)	(5,327)	(5,445)
Allowance for credit impairment	(13,293)	5,934	-	-	-	-	-
<b>Operating profit</b>	<b>(7,148)</b>	<b>(7,236)</b>	<b>(1,860)</b>	<b>20,977</b>	<b>(3,680)</b>	<b>(315)</b>	<b>(520)</b>
Finance income	6	5	4	250	250	250	250
<b>Profit/(Loss) for the year</b>	<b>(7,142)</b>	<b>(7,231)</b>	<b>(1,855)</b>	<b>21,227</b>	<b>(3,430)</b>	<b>(66)</b>	<b>(270)</b>
Other comprehensive income							
<b>Total comprehensive profit/(loss) for the year</b>	<b>(7,142)</b>	<b>(7,231)</b>	<b>(1,855)</b>	<b>21,227</b>	<b>(3,430)</b>	<b>(66)</b>	<b>(270)</b>

### 6.9.2.3 Projected Cash flow Statement of Petro Seychelles

SCR ('000)

Description	Actual Figures			Provisional 2023	Forecast		
	2020	2021	2022		2024	2025	2026
Operating activities							
(Loss)/Profit for the year	(7,142)	(7,231)	(1,855)	21,227	(3,430)	(66)	(270)
<i>Adjustment for:</i>							
Exchange gains on cash and cash equivalents	-	-	-	-	-	-	-
Foreign exchange movement on trade and other receivable	(7,587)	1,008	-	-	-	-	-
Amounts released for deferred income	3,630	4,910	3,261	2,751	6,409	7,529	-
Interest earned	(6)	(5)	(4)	-	-	-	-
Depreciation of property and equipment	53	39	37	165	176	187	-
Amortisation	1	0	1	-	(38)	18	-
Change in provision for employee gratuity			23				
Change in provision for credit impairment							
Change in provision retirement benefit obligations	13,293	(5,934)	-	412	137	137	-
Bad debts	67	47	69				
Retirement benefits paid		3,093					
Income received from contracts							
	<b>2,310</b>	<b>(4,072)</b>	<b>1,532</b>	<b>24,554</b>	<b>3,253</b>	<b>7,805</b>	<b>(270)</b>
Gratuity Paid			(45)				
<i>Changes in working capital</i>							
Change in Trade and other receivables	(697)	(17)	(5,397)	(11,409)	329	(5,267)	270
Change in Trade and other payables	(156)	121	126	(103)	(25)	330	-
Net cash generated from operating activities	1,457	(3,967)	(3,784)	13,041	3,557	2,868	-
<b>Investing Activities</b>							
Cash flows from Investing activities							
Purchase of equipment	(28)	(31)	(26)	-	(400)	-	-
Purchase of intangible assets				(53)		(250)	(250)
Investment in financial assets				(5,184)	(5,492)	(4,050)	(4,750)
Proceeds from redemption of treasury bill				-	5,000	5,000	5,000
Interest received on staff loans	4	4	3	-	-	-	-
<b>Net cash outflow from investing activities</b>	<b>(24)</b>	<b>(27)</b>	<b>(23)</b>	<b>(5,238)</b>	<b>(892)</b>	<b>700</b>	<b>-</b>
<b>Financing Activities</b>							
Shareholders Loan	5,000	5,000	-	-	-	-	-
Movement in retained earnings							
Net cash provided by/(used in) Financing Activities	5,000	5,000	-	-	-	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>6,433</b>	<b>1,005</b>	<b>(3,807)</b>	<b>7,804</b>	<b>2,665</b>	<b>3,568</b>	<b>-</b>
<i>Movement in cash and cash equivalents</i>							
At Jan 1	1,145	7,578	8,583	4,776	12,580	15,245	18,813
Increase/ (Decrease) during the year	6,433	1,005	(3,807)	7,804	2,665	3,568	-
Exchange gains on cash and cash equivalents							
<b>At Dec 31</b>	<b>7,578</b>	<b>8,583</b>	<b>4,776</b>	<b>12,580</b>	<b>15,245</b>	<b>18,813</b>	<b>18,813</b>

#### 6.9.2.4 *Projected Capital Investment Plan of PetroSeychelles*

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		
							2020	2021	2022	2023	2024	2025	2026
Purchase of motor vehicle	To replace ageing company car.		400	Company budget	2024	2024					400		
-	-	-	-	-	-	-	-	-	-	-	-	-	-

#### 6.9.3 **Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies**

##### 6.9.3.1 *Tax Implications by the Operations of PetroSeychelles*

SCR ('000)

Type of Tax	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Business Tax	-	-	-	-	-	-	-
PIT	416	419	418	613	615	647	679
VAT	-	-	-	-	-	-	-

##### 6.9.3.2 *Anticipated Dividend Declarations By PetroSeychelles*

PetroSeychelles does not anticipate paying any dividends for the years 2024 to 2026. Upstream oil and gas projects do not normally generate any profit in the early stages of exploration. Such projects start generating considerable turnover after the production and marketing stages.

Although PetroSeychelles does not pay dividends, the company, in its role as the de-facto geological survey, contributes to the country in several areas including inter alia risk and disaster assessment and management, maritime boundaries delimitation, extended continental shelf claims, as well as the provision of geotechnical data to several departments and agencies.

### 6.9.3.3 Debt Payments Forecasts By PetroSeychelles

SCR ('000)

Lending Organisation	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Debt for Other PEs (Please Specify the Name of the PE)	Borrowings	-	-	-	-	-	-	-	-	-
	Interest for the Year	-	-	-	-	-	-	-	-	-
	Repayment of Capital	-	-	-	-	-	-	-	-	-
	Balance carried forward	To fund the running of the company	20,000	20,000	20,000	20,000	20,000,000	20,000	20,000	20,000
<b>TOTAL</b>			<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>

Following the splitting of Seypec into Seypec and PetroSeychelles in 2012, an agreement was reached whereby Seypec would repay SCR 50,000,00 assets it had acquired from taking over PetroSeychelles in SCR 5,000,000 yearly installments over a period of ten years. Refusal by Seypec to honour the agreement led to SSI offering a loan of SCR 20,000,000 to PetroSeychelles. The agreement for the loan was signed in 2018 but the agreement does not specify the repayment period nor the interest rate. This debt has therefore been including for complete disclosure.

### 6.9.3.4 Anticipated Subventions and Grants By PetroSeychelles

PetroSeychelles does not anticipate in obtaining any subventions or grants.

### 6.9.3.5 2.5.5 Contingencies of PetroSeychelles

PetroSeychelles does not anticipate any contingent liabilities

### 6.9.3.6 Assumptions used for the Financial Projections of PetroSeychelles

#### Assumptions on salaries

- All allowances were merged with Basic Salary as from April 2023
- A 5% increased has been added with the Basic Salary for the year 2024
- A 5% increased has been added with the Basic Salary for the year 2025
- A 5% increased has been added with the Basic Salary for the year 2026
- A forecast of 15% PIT has been added each year as from 2024 -2026
- PSC Performance will be increased by 5% in 2024

#### Assumptions on accommodation and utilities

It has been assumed that PetroSeychelles will continue to benefit from rent free accommodation inclusive of utilities at Seypec House for the next three years.

#### Assumptions on agreements

It has been assumed that the debt owed by SSRL will be recovered and that onwards payment of dues will be timely.

It has also been assumed that the existing Adamantine agreement will continue without any relinquishment of Scheduled lands

It has been assumed that one additional petroleum agreement will be signed in 2025. This impacts on rental fees and education bonus.

## 6.9.4 KPIs, Risk Management Strategy and Reporting Obligations

### 6.9.4.1 Key Performance Indicators of PetroSeychelles

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
<b>No. of Applications Received</b>	The number of applications received will be a measure of the effectiveness of the promotional campaign	1	-	1	0	1	1	1
<b>No. of agreements and licenses signed</b>	The number of agreements signed will be a measure of the success of the promotion campaign as well as the prospectivity development exercise.	-	0	1	1	-	1	-
<b>Regulatory Turnaround Time</b>	The average time it takes to process permits, licenses, and approvals	12 months		6 months	30 days	30 days	30 days	30 days
<b>Data Availability and Accessibility</b>	The percentage of time data is available and accessible for authorized users.				95%	97%	98%	100%
<b>Training Completion Rate</b>	Percentage of employees who have successfully completed the required training and development programs within a specified timeframe.	100%	100%	50%	100%	100%	100%	100%

### 6.9.4.2 Risks and Resilience Plan of the PetroSeychelles

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
<b>Strategic Risks</b>	Energy Transition and Decarbonization	
	Cyber Security	Put in place next-generation Sophos firewall
<b>Financial Risks</b>	Budget Constraints	To diversify seeking new revenue streams
<b>Operational Risks</b>	Workforce availability and competency	Ensure timely training and employment of staff based on anticipated developments in the sector
	Regulatory Oversight in Remote or Challenging Environments	Conduct comprehensive risk assessment and ensure regular inspections and audits. Also ensure that a robust incident reporting system is in place.
<b>Compliance and Regulatory Risks</b>	Non-Compliance by Industry Operators	Regular monitoring and enforcement coupled with severe penalties
	Resource constraints	Ensure timely availability of budget and human resource to ensure effective monitoring and enforcement
<b>Environmental and Social Risks</b>	Potential for oil spills, accidents, and breaches of environmental standards.	Stringent environmental legislations and EIA requirements.
	Marine mammal disturbance	EIA plus soft start requirements for seismic surveys
	Public Perception and Trust:	Community and Stakeholder Engagement
<b>PESTEL</b>	-	-

A comprehensive meaningful PESTEL analysis is an exercise which would require consultations on all the factors that would affect the external environment within which PetroSeychelles will operate. This would necessitate a considerable amount of time which the tight timeline for submitting the MTFS document does not allow for.

### 6.9.4.3 List of External Reporting's by the PetroSeychelles

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
EITI Report	EITI secretariat	To report on all funds collected from oil and gas companies.	yearly
PEMC quarterly financial report	PEMC	Quarterly financial statements	quarterly
PEMC annual operations report	PEMC	Documents the operations of the company for the year.	Yearly, due 3 months after year end.
Statement of corporate intent	PEMC	The Statement of Corporate Intent is a document that outlines the company's intentions, objectives, and strategic priorities.	Every three years.
Audited Financial Statements	PEMC, Dept of Finance	the financial statements of the organization that have been examined by a certified public accountant.	Yearly, due 3 months after year end

## 6.9.5 Stakeholder Engagement

### 6.9.5.1 *Statement by CEO*

I hereby reaffirm my unwavering commitment to PetroSeychelles' mission and objectives. As CEO, I understand the pivotal role that clear strategic direction, performance benchmarks, and resource optimisation play in our journey towards continued success. I am fully dedicated to aligning our efforts and resources to achieve the goals set by the Board of Directors.

**Strategic Execution:** We are steadfast in our dedication to executing the strategic directives set forth by the Board. We will prioritise the timely implementation of key initiatives, ensuring that each action plan is aligned with our long-term vision.

**Opportunity Identification:** We recognise the importance of identifying and seizing opportunities for enhancement. Our team will remain vigilant in scanning the external environment, anticipating industry trends, and proposing innovative solutions to capitalize on emerging opportunities.

**Challenges as Catalysts for Growth:** Challenges are an inevitable part of our journey. Rather than setbacks, we view them as catalysts for growth and continuous improvement. We commit to addressing prominent challenges head-on, fostering a culture of resilience, and learning from adversity.

**Resource Optimisation:** Optimizing resource allocation is central to our strategy. We will rigorously evaluate our resource utilization, directing investments where they can yield maximal gains and enhance our competitiveness. Efficiency and sustainability will guide our resource management decisions.

**Key Performance Indicators (KPIs):** The attainment of KPIs is a testament to our effectiveness. We pledge to establish, track, and achieve these performance benchmarks diligently. Regular performance assessments will guide our decision-making and ensure accountability at all levels.

Our commitment extends beyond mere words; it is reflected in our actions and outcomes. Together, we will steer our organisation toward greater heights, harnessing the collective talents, dedication, and innovation of our team.

I am deeply honored to lead this organisation, and I look forward to working collaboratively with the Board, management team, and all stakeholders in achieving our shared objectives.

### 6.9.5.2

#### *Foreword by Chairperson*

PetroSeychelles plays a critical role in the Seychelles upstream petroleum industry, which is an integral part of the global energy landscape. The Seychelles government established the Seychelles National Oil Company (SNOC) in 1984 and later founded the Seychelles Petroleum Company (SEYPEC) as a subsidiary of SNOC. The SEYPEC absorbed all of SNOC's workforce and took over its duties, recognizing that the upstream industry does not generate significant income during the early stages of exploration. In 2012, the government formed PetroSeychelles to oversee regulatory responsibilities and upstream activities following SEYPEC's investments in two Seychelles-based companies, Afren and Ophir.

PetroSeychelles is more than just a corporation; it is a testament to the determination and ingenuity of a small group of employees who strive to harness nature's power while preserving its delicate balance. The Board of Directors is committed to advancing the strategic priorities outlined in the Medium-Term Financial Strategy (MTFS) for 2024-2026. As the Chairperson, I will spearhead the following priorities, including formalising the arrangement for geological survey and geotechnical concerns, such as mass movement, coastal zone management, and maritime boundary delimitation. I also pledge to attract new investment to Seychelles' upstream sector as the industry emerges from its slump, realising that the company's revenue is not robust because it depends on money from exploratory operations such as area rentals and educational bonuses. These are aligned with the Minister's performance target for the Board.

The Board remains committed to diversifying the economy by promoting hydrocarbon exploration while being mindful of environmental and socio-economic implications. The future trajectory of PetroSeychelles is contingent upon the outcome of exploration efforts and directives from the Government regarding hydro-carbon exploration and exploitation. In the event that commercial hydrocarbons are discovered, the company will expand swiftly to hire specialised skills like geoscientists and petroleum engineers. This aligns with our mission statement, aiming to have "a highly competent team running a booming oil and gas industry operating with due respect for the environment, benefiting every Seychellois for this generation and beyond."

Petroleum exploration in Seychelles is a complex and multifaceted issue that is influenced by various economic, environmental, social, and cultural factors. It is a subject that is constantly debated and can evolve over time as new information becomes available and societal values change. With technological advancements, modern exploration practices are becoming more environmentally responsible and the potential for petroleum exploration to become a significant contributor to the economy is increasing. Many view petroleum exploration as crucial for national or regional energy security, arguing that relying on domestic sources of oil can reduce dependence on foreign oil imports, which may be subject to geopolitical tensions.

PetroSeychelles has contributed to the Seychelles economy through Corporate Social Responsibility (CSR) donations received from oil companies as part of the petroleum agreements. Although PetroSeychelles has not directly contributed through dividends and business taxes, it has financed some significant projects. These include the construction of the National Library, providing financial support for the Seychelles-hosted Indian Ocean Games, installing photovoltaic power on Arid Island, building a pesticide warehouse on Praslin, and restoring the school for exceptional children, and donating a specialized bus with a wheelchair lift to the Victoria Hospital. Additionally, PetroSeychelles has collaborated with Mauritius in efforts towards extended shelf delimitations. As a result, Seychelles and Mauritius have claimed an additional 400,000 square kilometers of seabed, this achievement could potentially provide significant revenue for both nations through commercial activities.

I encourage you to delve into the details of this report, which not only presents our financial outlook but also articulates our strategy for mitigating risks and seizing opportunities in the years ahead. By doing so, you will gain a deeper understanding of

our dedication to responsible fiscal planning and stewardship as we are taking steps to ensure the sustainability and growth of PetroSeychelles.

I would like to extend my appreciation to the Board of Directors, the Management Team and Staff, and all stakeholders for their ongoing support, contributions, and unwavering dedication to sound financial management to chart a financially secure and prosperous course for our organisation.

### **6.9.5.3 *Statement by the Responsible Minister***

In my capacity as the Minister responsible for supervising PetroSeychelles, I am firmly committed to advancing the strategic priorities outlined in the Medium-Term Financial Strategy (MTFS) for the period of 2024-2026.

Our foremost objective is to actively advocate for the inclusion of hydrocarbon exploration in the National Development Strategy, emphasizing its critical role in enhancing economic diversification and energy security. Through extensive stakeholder engagement, educational initiatives, paving the way for its acceptance and integration into our national interests.

Additionally, we are resolute in our pursuit of enhancing the prospects of the Seychelles Exclusive Economic Zone (EEZ). By refining existing and developing new leads and prospects, we aim to attract international investment, ensuring the sustainable growth of our upstream sector. PetroSeychelles will actively engage in in-house data interpretation projects to bolster our geological understanding, facilitating a conducive environment for potential investors.

Environmental protection and health and safety standards are non-negotiable aspects of our strategic vision. We will actively work towards enacting stringent regulations that mitigate environmental impacts and protect the well-being of our workforce. Moreover, efficient data management strategies will be developed, ensuring the integrity and accessibility of information generated by upstream activities. These efforts will align PetroSeychelles with global industry standards, promoting seamless collaboration and enhancing our international reputation.

Community and stakeholder engagement will remain a top priority, fostering transparent communication and addressing concerns related to PetroSeychelles' activities. A robust social media presence will be established to facilitate open dialogue and build public trust.

Furthermore, we are dedicated to strengthening our international partnerships, collaborating with counterparts and organizations to share best practices, harmonize standards, and address cross-border challenges. Additionally, PetroSeychelles will formalize its role as the Official Geological Surveyor of Seychelles, expanding its mandate to support various geoscience projects vital for our national development.

In conclusion, this strategic roadmap outlined within the MTFS underscores the seamless integration of government and national priorities within PetroSeychelles. It reflects my steadfast commitment to the National Assembly and the Government, outlining clear expectations and policy directives. Together, we will drive PetroSeychelles towards a future defined by sustainable growth, responsible practices, and enduring success for our beloved Seychelles.



## **6.10 Seychelles Trading Company Ltd. (STCL)**



### **6.10.1 Strategic Overview**

#### **6.10.1.1 *Mandate***

The overarching goal of STC is to ensure the consistent availability of essential commodities defined as Category 1 products – rice, flour, sugar, salt, milk, potatoes, onions, oranges, apples, infant milk, Sunflower Oil, Sunflower Margarine, Toilet Paper and lentils. STC exist to anchor prices to ensure the cost of living in the country always remain at an affordable level based on current economic situation. In addition, STC has also extended its products portfolio to provide the Seychellois people with affordable choices in commodities.

#### **6.10.1.2 *Vision***

Meeting and Exceeding consumer expectations within our core mandate by trend setting industry standards.

#### **6.10.1.3 *Mission***

Ensure the constant availability of basic commodities and value for money for all commodities and services.

#### **6.10.1.4 *Strategic Priorities for 2024-2026***

- Value Chain – Improve Chain management in accordance with international best practices and norms
- Core Infrastructure – Operating with the best core infrastructure
- Organisational Culture – Adopt a result-oriented culture, characterized by high performance and meeting targets
- Food Security – Complement the food security agenda of the country
- Talent Development – Elevate leadership and functional capabilities

#### **6.10.1.5 *Key Challenges***

- Volatility in Foreign Exchange Rate that impact the cost of commodity
- Volatility in International commodity prices
- Non availability of competent professional work force in procurement, logistic, administration, finance and IT
- Non availability of proper infrastructure to meet current and future challenges

## 6.10.2 Outlook of Financial Strategy

### 6.10.2.1 Projected Financial Position of Seychelles Trading Company Ltd.

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Non Current Assets</b>	<b>88,478</b>	<b>139,362</b>	<b>179,302</b>	<b>231,661</b>	<b>276,044</b>	<b>303,447</b>	<b>290,456</b>
PPE & Capital W.I.P	79,145	76,168	123,228	175,587	219,970	247,373	234,382
Leasehold Assets -Rou	9,308	10,097	7,586	7,586	7,586	7,586	7,586
Investment	25	53,097	48,488	48,488	48,488	48,488	48,488
<b>Current Assets</b>	<b>329,385</b>	<b>312,851</b>	<b>359,301</b>	<b>340,194</b>	<b>353,200</b>	<b>385,444</b>	<b>469,985</b>
Inventory	214,699	215,807	242,033	253,735	246,489	261,052	275,004
Inventory In Transit	21,980	32,031	20,495	5,061	-	-	-
Debtors (Net Provision)	14,273	11,542	10,341	31,764	31,551	36,778	44,004
Return Cheque	577	660	567	633	633	633	633
Salary Advance/Loan	1,298	810	1,344	(23)	(23)	(23)	(23)
Advance & Prepayment	194	2,405	3,425	3,446	3,446	3,446	3,446
Cash At Bank	75,404	48,763	80,314	45,286	71,104	83,559	146,922
Cash In Hand	29	6	12	-	-	-	-
Petty Cash/Float	931	828	769	293	-	-	-
<b>Total Assets</b>	<b>417,863</b>	<b>452,213</b>	<b>538,603</b>	<b>571,855</b>	<b>629,243</b>	<b>688,891</b>	<b>760,441</b>
<b>Equity &amp; Liabilities</b>							
<b>Capital And Reserves</b>	<b>287,940</b>	<b>343,462</b>	<b>404,917</b>	<b>486,008</b>	<b>510,634</b>	<b>566,133</b>	<b>632,573</b>
Share Capital	10	10	10	10	10	10	10
Govt Investment	92,210	145,282	140,672	166,241	140,672	140,672	140,672
Retained Profit B/F	206,319	195,721	198,170	264,332	319,757	369,952	425,450
Profit For The Year	(10,598)	2,449	66,064	55,424	50,195	55,498	66,441
<b>Liabilities</b>							
<b>Non Current Liabilities</b>	<b>31,251</b>	<b>41,728</b>	<b>43,712</b>	<b>43,655</b>	<b>43,655</b>	<b>43,655</b>	<b>43,655</b>
Differed Tax	1,442	5,463	5,561	5,463	5,463	5,463	5,463
Compensation & Gratuity	23,127	25,971	29,813	29,855	29,855	29,855	29,855
Lease Liability -Rou	6,683	10,294	8,337	8,337	8,337	8,337	8,337
Loan & Advances	-	-	-	-	-	-	-
<b>Current Liabilities</b>	<b>98,671</b>	<b>67,022</b>	<b>89,974</b>	<b>67,757</b>	<b>74,954</b>	<b>79,103</b>	<b>84,212</b>
Local Creditors	39,156	40,239	25,800	31,048	37,762	41,290	45,747
Oversea Creditors	51,960	20,632	31,406	11,942	12,421	13,042	13,694
Net Vat Liability	(1,137)	(4,672)	98	(3,573)	(3,573)	(3,573)	(3,573)
Tax Liabilities	(4,356)	(720)	17,140	14,486	14,486	14,486	14,486
Net Wages /Salaries	1,104	1,026	7,876	1,457	1,457	1,457	1,457
Short Term Borrowings	5,000	5,000	5,000	-	-	-	-
Accruals	977	838	418	4,270	4,270	4,270	4,270
Other Payables	5,968	4,680	2,237	8,128	8,131	8,131	8,131
<b>Total Equity &amp; Liabilities</b>	<b>417,863</b>	<b>452,213</b>	<b>538,603</b>	<b>597,420</b>	<b>629,243</b>	<b>688,891</b>	<b>760,441</b>

**6.10.2.2 Projected Statement of Comprehensive Income of Seychelles Trading Company Ltd.**

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Gross Sales	2,084,429	1,983,403	2,166,548	2,069,391	2,172,860	2,281,503	2,395,578
Inter Division Transfers	1,072,647	992,617	1,079,464	975,633	1,024,320	1,075,536	1,129,313
<b>Net Sales</b>	<b>1,011,782</b>	<b>990,786</b>	<b>1,087,084</b>	<b>1,093,758</b>	<b>1,148,540</b>	<b>1,205,967</b>	<b>1,266,265</b>
<b>Cost of Sales</b>	<b>779,615</b>	<b>785,209</b>	<b>771,768</b>	<b>776,246</b>	<b>807,470</b>	<b>853,369</b>	<b>896,038</b>
Commission. Credit. Card	3,745	4,255	5,178	5,197	5,457	5,730	6,016
Loyalty Points Redeemed	-	-	-	-	-	-	-
Stock Take - Shortage/(Excess)	2,790	2,598	1,831	100	134	174	226
Demurrages	1,943	2,662	3,935	2,377	2,079	1,882	1,739
Damages/Destructions*	15,385	10,997	13,423	8,433	6,738	5,605	5,731
Damages/Destructions -Claims Received	(3,804)	(4,470)	(1,767)	(1,558)	(1,837)	(1,586)	(1,465)
Depreciation Plant & Machinery	3,318	3,337	2,770	2,124	6,334	8,101	7,342
<b>Total Cost of Sales</b>	<b>802,993</b>	<b>804,589</b>	<b>797,139</b>	<b>792,919</b>	<b>826,375</b>	<b>873,275</b>	<b>915,627</b>
Gross Profit	208,789	186,197	289,945	300,839	322,164	332,692	350,639
Gross Profit %	21%	19%	27%	28%	28%	28%	28%
Rental Income	2,246	2,303	2,248	2,139	2,139	2,139	2,139
Other Income	33,090	3,828	2,518	4,763	4,763	4,763	4,763
<b>Total Income</b>	<b>244,125</b>	<b>192,329</b>	<b>294,711</b>	<b>307,740</b>	<b>329,066</b>	<b>339,593</b>	<b>357,540</b>
<b>Total Selling &amp; Distribution Expense</b>	<b>15,146</b>	<b>14,829</b>	<b>19,418</b>	<b>16,309</b>	<b>18,169</b>	<b>19,108</b>	<b>19,356</b>
Publicity & Promotion	542	826	1,859	1,643	1,760	1,885	2,018
Transport Charges	4,373	3,837	5,766	5,598	5,995	6,421	6,877
Vehicle Fuel	2,213	2,174	2,969	3,004	2,896	2,791	2,690
Vehicle Expenses	3,004	3,995	3,787	3,052	2,942	2,836	2,733
Packing Expenses	3,694	3,327	4,052	1,889	2,024	2,167	2,321
Travel & Entertainment	707	463	929	1,024	1,096	1,174	1,257
Donation, Gifts, Disc.Allowed	69	16	55	99	106	113	121
Depreciation Motor Vehicle	544	190	1	1	1,351	1,721	1,337
<b>Total Administration Expenses</b>	<b>215,354</b>	<b>186,887</b>	<b>201,673</b>	<b>222,650</b>	<b>233,010</b>	<b>235,538</b>	<b>238,590</b>
Salaries & Wages	104,830	98,929	99,825	109,904	115,399	115,399	115,399
13th Month Salary	-	-	6,706	8,078	8,570	8,570	8,570
Pension Fund	3,003	2,878	4,252	4,884	5,129	5,129	5,129
Overtime	1,988	204	1,997	1,632	1,632	1,632	1,632
Gratuity & Compensation	6,345	5,966	6,291	6,604	6,934	6,934	6,934
Employee Benefits	2,324	1,847	2,637	3,405	3,473	3,542	3,613
Bonus & Incentives	3,040	1,345	1,440	-	-	-	-
Staff Training	47	170	209	267	273	278	284
Directors Fee	474	133	284	379	379	379	379
Consultancy Fee	563	453	1,366	780	780	780	780
Insurance	2,362	1,874	1,897	1,756	1,792	1,827	1,864
Audit Fees	500	560	666	646	646	646	646
Rent	1,704	11,069	12,775	17,576	18,048	18,719	19,423
Depreciation -Rou Assets	18,869	5,986	848	-	-	-	-
Utilities	26,592	27,541	30,271	32,171	33,780	34,456	35,145
Printing & Stationery	1,217	1,071	1,597	1,976	2,016	2,056	2,097
Computer Expenses	1,549	1,412	999	1,964	2,003	2,043	2,084
Telephone & Fax	1,741	1,873	1,480	1,607	1,639	1,672	1,705
Postage	0	2	5	3	3	3	3
Cleaning/Common Cost HM	5,780	2,348	1,756	1,908	1,946	1,985	2,025
Repairs & Maintenance	4,438	5,391	5,789	4,928	5,027	5,127	5,230
Security	3,526	1,992	1,973	3,632	3,705	3,779	3,854
Donation, Gifts, Disc.Allowed	2,660	103	1,457	3,286	3,352	3,419	3,487
Depreciation	7,621	5,830	6,003	4,580	5,701	6,274	7,312
Vat Disallowed	5,390	4,179	7,482	5,571	5,571	5,571	5,571
Miscellaneous	8,791	3,732	1,668	5,112	5,214	5,319	5,425
<b>Total Financial Expense</b>	<b>22,690</b>	<b>(21,587)</b>	<b>(14,765)</b>	<b>(5,775)</b>	<b>9,877</b>	<b>9,806</b>	<b>9,800</b>
Interest Charges	(359)	83	87	56	56	5	-

Lease Interest - Rou Assets	3,029	1,112	(757)	-	-	-	-
Bank Charges	2,373	2,212	1,769	1,651	1,887	1,748	1,737
Financial Income	(1,928)	(300)	(36)	(130)	(132)	(13)	(3)
Exchange (Gain) Or Loss	19,575	(24,694)	(15,828)	(7,352)	8,066	8,066	8,066
<b>Total Operating Expenses</b>	<b>253,190</b>	<b>180,129</b>	<b>206,325</b>	<b>233,184</b>	<b>261,057</b>	<b>264,452</b>	<b>267,745</b>
<b>Net Profit Before Tax &amp; Provisions</b>	<b>(9,065)</b>	<b>12,200</b>	<b>88,385</b>	<b>74,556</b>	<b>68,009</b>	<b>75,141</b>	<b>89,795</b>
<b>Provisions</b>	<b>(872)</b>	<b>1,559</b>	<b>302</b>	<b>786</b>	<b>1,216</b>	<b>1,277</b>	<b>1,341</b>
Provision For Bad Debts	515	616	511	-	-	-	-
Provision For Unrealized Profit	(1,387)	943	(209)	786	1,216	1,277	1,341
<b>Net Profit Before Tax</b>	<b>(8,193)</b>	<b>10,641</b>	<b>88,083</b>	<b>73,770</b>	<b>66,793</b>	<b>73,864</b>	<b>88,454</b>
<b>Taxation</b>	<b>2,405</b>	<b>8,192</b>	<b>22,019</b>	<b>18,343</b>	<b>16,598</b>	<b>18,366</b>	<b>22,014</b>
Corporate Social Responsibility Tax	2,539	533	-	-	-	-	-
Tax Expense	(134)	7,658	22,019	18,343	16,598	18,366	22,014
Total Tax Exp & Provisions	1,533	9,751	22,321	19,128	17,814	19,643	23,354
<b>Net Profit After Tax &amp; Provisions</b>	<b>(10,598)</b>	<b>2,449</b>	<b>66,064</b>	<b>55,428</b>	<b>50,195</b>	<b>55,498</b>	<b>66,441</b>

### 6.10.2.3 Projected Cash flows Statement of Seychelles Trading Company Ltd.

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Net Profit Before Taxation	(8,193)	10,641	88,083	73,770	66,793	73,864	88,454
Depreciation	11,521	9,686	8,626	6,705	13,387	16,097	15,991
Retirement Benefit Obligations	6,345	5,966	6,291	6,604	6,934	6,934	6,934
Interest Receivable	1,918	(218)	49	130	132	13	3
Interest Payable	(368)	83	87	56	56	5	0
Lease Interest -ROU Assets	3,029	1,022	(1,636)	-	-	-	-
	31,093	33,550	102,348	87,265	87,303	96,913	111,383
(Increase)/decrease in Inventory	(65,312)	(11,158)	(14,691)	4,954	12,307	(14,563)	(13,952)
(Increase)/decrease in Accounts Receivable	866	924	261	11,289	10,463	(1,065)	(1,118)
Increase/(Decrease) in Accounts Payable	29,563	(33,506)	9,812	(19,379)	7,194	4,149	5,109
Increase/(Decrease) in Other Payable	(4,961)	3,740	(1,506)	(26,908)	-	-	-
Cash Generated from Operations	(8,752)	(6,450)	96,223	57,035	117,266	85,434	101,421
Interest Paid	368	(83)	(87)	(56)	(56)	(5)	(0)
Taxation Paid	(8,206)	(533)	(8,781)	(22,182)	(16,598)	(18,366)	(22,014)
Gratuity & Compensation paid	(2,621)	(3,122)	(2,448)	(6,562)	(6,934)	(6,934)	(6,934)
<b>NET CASH GENERATED FROM OPERATIONS</b>	<b>(19,210)</b>	<b>(10,188)</b>	<b>84,907</b>	<b>28,235</b>	<b>93,678</b>	<b>60,129</b>	<b>72,474</b>
<b>Cash Generated from Investing</b>							
Purchase of Property Plant & Machinery	(13,881)	(15,065)	(57,408)	(58,714)	(127,770)	(43,500)	(3,000)
Disposal of Property, Plant & Machinery	4,095	5,887	2,848	-	70,000	-	-
Interest Received	(1,918)	218	(49)	(130)	(132)	(13)	(3)
<b>NET CASHFLOW FROM INVESTING ACTIVITIES</b>	<b>(11,705)</b>	<b>(8,960)</b>	<b>(54,609)</b>	<b>(58,844)</b>	<b>(57,902)</b>	<b>(43,513)</b>	<b>(3,003)</b>
<b>Funds Generated From Financing Activities</b>							
Repayment of Borrowings	(5,000)	-	-	(5,093)	-	-	-
Lease Payments- ROU Assets	(24,752)	(7,619)	1,200	-	-	-	-
Inter Divisional Transfers in	303,143	199,535	305,981	118,849	-	-	-
Inter Divisional Transfers Out	(303,143)	(199,535)	(305,981)	(118,849)	-	-	-
<b>NET CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>(29,752)</b>	<b>(7,619)</b>	<b>1,200</b>	<b>(5,093)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET DECREASE/(INCREASE) IN CASH &amp; CASH</b>	<b>(60,667)</b>	<b>(26,768)</b>	<b>31,498</b>	<b>(35,702)</b>	<b>35,776</b>	<b>16,616</b>	<b>69,470</b>
Cash and Cash Equivalent at Beginning	137,032	76,365	49,597	81,095	45,579	81,354	97,971
<b>Cash and Cash Equivalent at End</b>	<b>76,365</b>	<b>49,597</b>	<b>81,095</b>	<b>45,579</b>	<b>81,354</b>	<b>97,971</b>	<b>167,441</b>

6.10.2.4 Projected Capital Investment Plan of Seychelles Trading Company Ltd.

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast			Anticipated Risks
							2020	2021	2022	2023	2024	2025	2026	
<b>Major Capital Investments</b>														
Acquisition of Passenger Bus	Vehicle Fleet Enhancement	Reduced OPEX	1,176	Own	2020	2020	1,176	-	-	-	-	-	-	
Eve island warehousing	Own premises to better serve	Reduced rent cost	17,227	Own	2020	2021	6,667	10,560	-	-	-	-	-	
Enterprise Resource Planning software	Improve overall monitoring, controls and reporting	Overall improved operational efficiencies	8,926	Own	2021	2026	-	1,490	1,812	1,200	1,106	1,106	-	Cost and Time overrun
Turn Key Cold Storage	Improved sales of Perishables and reduced opex on handling perishables	Increased sales and reduced opex	97,000	Own	2022	2024	-	-	43,200	33,800	20,000	-	-	Cost and Time overrun
Acquisition of 5 Ton chiller Truck	Vehicle Fleet Enhancement	Reduced OPEX	1,941		2022	2022	-	-	1,941	-	-	-	-	
Acquisition of Passenger cars	Vehicle Fleet Enhancement	Reduced OPEX	1,180		2022	2022	-	-	1,180	-	-	-	-	
Eve island super market	Increase volumes	Increased profitability	1,100		2022	2022	-	-	1,100	-	-	-	-	
Building of Bakery and Floor Stores	Improved efficiencies	Increased sales and reduced opex	24,000		2024	2025	-	-	-	-	12,000	12,000		Delay in start
Refurbishment of Dry Goods Stores	Improved efficiencies	Increased sales and reduced opex	28,950		2024	2024	-	-	-	-	15,950	13,000		Delay in start
Acquisition of 02 long vehicles	Vehicle Fleet Enhancement	Reduced OPEX	2,600		2023	2023	-	-	-	2,600	-	-	-	
Acquisition of 04 passenger cars	Vehicle Fleet Enhancement	Reduced OPEX	5,000		2024	2024	-	-	-	-	5,000	-	-	
Acquisition of 2 trucks and train truck	Vehicle Fleet Enhancement	Reduced OPEX	1,400		2023	2023	-	-	-	1,400	-	-	-	
Updating of Total IT infrastructure	Improved efficiencies	Overall improved operational efficiencies	9,163		2023	2024	-	-	-	9,163	-	-	-	Delay in start
Relocation of Building Material	Strategic relocation	Improved Sales	5,000		2025	2025	-	-	-	-	-	5,000		Delay in start
Total Renovation of Hyper Market	Improved efficiencies	Overall improved operational efficiencies	10,500		2024	2025	-	-	-	-	2,500	8,000		Delay in start
Renovation of Head Office Premises	Improved efficiencies	Overall improved operational efficiencies	3,000		2026	2026	-	-	-	-	-	-	3,000	Delay in start
<b>TOTAL INVESTMENTS ON MAJOR PROJECTS</b>			<b>218,163</b>				<b>7,843</b>	<b>12,050</b>	<b>49,233</b>	<b>48,163</b>	<b>56,556</b>	<b>39,106</b>	<b>3,000</b>	
<b>REPLACEMENT AND UP KEEP OF ASSETS (PPE)</b>			<b>28,657</b>				<b>1,943</b>	<b>3,015</b>	<b>7,609</b>	<b>10,551</b>	<b>1,144</b>	<b>4,394</b>	<b>-</b>	

### 6.10.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

#### 6.10.3.1 Tax Implications by the Operations of Seychelles Trading Company Ltd.

SCR ('000)

Type of Tax	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Business Tax	2,405	8,192	22,019	18,343	16,598	18,366	22,014
PIT	5,019	4,751	5,114	6,976	7,325	7,325	7,325
VAT	58,363	53,295	43,582	43,668	45,424	48,006	50,407
<b>TOTAL</b>	<b>65,787</b>	<b>66,237</b>	<b>70,715</b>	<b>68,987</b>	<b>69,348</b>	<b>73,698</b>	<b>79,745</b>

#### 6.10.3.2 Anticipated Dividend Declarations by Seychelles Trading Company Ltd.

SCR ('000)

Type of Tax	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Social Benefit Cost-Dividends in lieu of cash	41,104	93,348	49,352	30,825	33,809	31,667	33,795

#### 6.10.3.3 Debt Payments Forecasts by Seychelles Trading Company Ltd.

STC does not intend to borrow funds in medium term as well as of date company has zero borrowings.

#### 6.10.3.4 Anticipated Subventions and Grants by Seychelles Trading Company Ltd.

STC does not anticipate and subvention or grants during medium term.

#### 6.10.3.5 Contingencies of Seychelles Trading Company Ltd.

STC does not anticipate any contingent liabilities

#### 6.10.3.6 Assumptions used for the Financial Projections of STCL

Assumption used for the Financial Projections

- 2023 Forecasted sales were taken as the base and projected as a 5% growth in sales
- Budget is prepared based on the current level of average forex rates of 14.40 in August, 2023.
- 5% increment of salaries envisaged in line with approved salary structure 2024 and head count remains at July, 2023 levels
- Provision of 1 Months for 13th Month salary for all employees were provided and no bonus envisaged
- Stock write off and demurrage costs to be minimized by better operational control and inventory levels to be reduced
- Sales and Distribution expenses to be in proportion to in sales level expected
- It is assumed a Gross Profit margin to be remained current level
- More concentrated effort on reducing inventory holding at wholesale specially at Duty Free/Bonded warehouse and Building Material and obtaining maximum credit period from suppliers without procurement cost being affected
- Increase in sales to be supported by better and competitive pricing of products at below market level in congruence with government policy for keeping price level of essential foods at reasonable price level
- Enhance productivity of employees through higher training and development with defined milestones
- ERP Project and Major Capex approved & Planned and Essential Capex that held up in 2023 were taken as Capex for 2024 along with few new major projects are added to Budget 2024
- All the major capex projects to be financed through existing liquidity.
- it is assumed that all the elements of Working Capital Cycle to remain as it is at 2023 levels.

## 6.10.4 KPIs, Risk Management Strategy and Reporting Obligations

### 6.10.4.1 Key Performance Indicators of the Seychelles Trading Company Ltd.

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
<b>MANAGEMENT CONTROL</b>								
Gross Profit Ratio	-	20%	19%	26%	28%	28%	28%	28%
Inventory Losses/Cost of sales - Cumulative	-	1.89%	1.15%	1.67%	0.90%	0.62%	0.49%	0.50%
Demurrage/Cost of Sales - Cumulative	-	0.25%	0.35%	0.53%	0.31%	0.26%	0.22%	0.19%
Payroll Cost/ Sales	-	10%	10%	9%	10%	10%	10%	9%
Selling & Distribution cost/Sales	-	1%	1%	2%	1%	2%	2%	2%
Admin Cost/Sales	-	11%	9%	10%	10%	10%	10%	10%
Donations, Gifts/Sales	-	0.26%	0.01%	0.13%	0.30%	0.29%	0.28%	0.28%
<b>WORKING CAPITAL MANGEMENT</b>								
Inventory-SCRMn	-	236.68	247.84	262.53	258.8	246.49	261.05	275
Inventory Holding Period	-	108.91	113.46	121.99	121.69	111.42	111.66	112.02
Debtors Collection Period	-	9.82	9.89	5.68	10.81	6.97	6.96	6.95
Supplier Credit Period	-	48.34	32.76	29.48	20.21	22.68	23.24	24.21
Working Capital Cycle in Days	-	70.38	90.6	98.19	112.29	95.71	95.38	94.76
Working Capital Cycle in Months	-	2.35	3.02	3.27	3.74	3.19	3.18	3.16
Working Capital-SCRMn	-	230.69	245.83	269.33	272.43	278.25	306.34	385.77
<b>PROFITABILITY</b>								
ROA (Annualized)	-	-1.9%	2.5%	1.5%	12%	12%	12%	13%
ROE (Annualized)	-	-3.4%	0.8%	15%	12%	10%	10%	11%
<b>LIQUIDITY</b>								
Current Ratio	-	2.97	3.98	3.8	5.02	4.71	4.87	5.58
Quick Assets Ratio	-	0.14	0.12	0.11	1.2	1.42	1.57	2.32
Accounts Payable/Inventory	-	38%	25%	22%	17%	20%	21%	22%
<b>FINANCIAL STABILITY</b>								
Debt Ratio	-	0.32	0.29	0.25	0.19	0.19	0.18	0.17
Financial Gearing	-	-	-	-	-	-	-	-
Debt Equity Ratio	-	-	-	-	-	-	-	-
Interest cover	-	26.27	149.66	-	-	-	-	-

### 6.10.4.2 Risks and Resilience Plan of the Seychelles Trading Company Ltd.

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
<b>Strategic Risks</b>	Below the par operational efficiencies bench mark with industry due to outdated and deleted asset base	Strategic investment on PPE
<b>Financial Risks</b>	Volatility in Foreign Exchange Rate that impact the cost of commodity	Source part of foreign currency requirement in house through duty free operation and interaction with banking and economic sources and moderate and maintain short/long term positions accordingly
	Volatility in market interest rate that impact funding of operation	Maximize utilization of internally generated funds
<b>Operational Risks</b>	Volatility in International commodity prices	Regular interaction with suppliers and other sources to gather intelligence and based on the intelligence gained to decide on procurement policy to be maintained at short or long positions.
<b>Compliance and Regulatory Risks</b>	Non availability of competent professional work force in procurement, logistic, administration, finance and IT	Obtain foreign/Local expertise and train in house staff on laddering to take up key positions.

### 6.10.4.3 *List of External Reporting's by the Seychelles Trading Company Ltd.*

<b>Name/Title of the Report</b>	<b>Recipients of the Report</b>	<b>Description of the purpose, content and inclusion of the report</b>	<b>Frequency and Timing of the Report</b>
Audited Financial Statements	Ministry of Finance	Audited financials as per Statutory requirements	Annually
	Seychelles Revenue Commission		
	Registrar of Companies		
	PEMC		
Quarterly Financials	PEMC	Reporting of results in terms of performance, including Income Statement, Statement of Position and Cash flow Statement	Quarterly

## 6.10.5 Stakeholder Engagement

### 6.10.5.1 *Statement by CEO*

Every day I realize that we are living in an uncertain era in which the future is truly difficult to foresee. We must create the future by navigating through these uncertain times and providing highly demanded value that society expecting. To this end, enhancing our strengths while securing valued return on all the presented opportunities is an essential process, which I have a highly dedicated team of professionals to support me with.

First and foremost, my team and myself, we are fully dedicated to establishing clear objectives that needed to achieve during medium term, i.e. period from 2024 to 2026. Understanding exact expectations of Board of Directors of Seychelles Trading Company on strategic directives and bench marked performance, we are more than confident in achieving all set targets for coming years.

Already we have drawn plans to invest in PPE to meet today's and future challenges and requirements and all these investments have been strategically evaluated by our esteemed professional with the Guidance of the Board of Directors. As a result, we are very much confident in achieving all the Key Performance targets set out by Board of Directors for the period from 2024-2026.

In line with the policy of Board of Directors of Zero borrowing for investments, we would achieve all our set KPIs with Zero Financial Gearing. Even though this may have stress on our Working capital management, I am confident we will achieve our Gearing targets while securing optimum level of working capital.

It should be worth to note that the trend that we set in 2022 of achieving unparalleled performance would be our benchmark for years to come. We have set plans in place to increase Returns on Assets from -1.9% in 2020 to 13% by end 2026 while increasing asset value by SCR 276Mn within next couple of years. Further this would give us to increase our Return on Equity from -3.4% to 11% during the same comparative periods. Further we have set a target to achieve at least 6% of Profit Before Tax on annual basis, which is far above what the company obtained since its' incorporation.



Lastly I am confident that we would be dedicated through efforts, to demonstrate the value of our existence for the future while balancing social value and economic value to realize our vision of “Meeting and Exceeding consumer expectations within our core mandate by trend setting industry standards”.

#### **6.10.5.2 *Foreword by Chairperson***

Quality, strong Brands, innovation, availability and convenience continues to be our operating mantra which propels our efforts to continuously deliver “VALUE OUR CUSTOMERS’ TRUST” on us. Our focused efforts to develop the distribution network and retailing to support the growth in trade will continue to future.

Since been appointed as the Chairperson of Seychelles Trading Company Limited in 2021, myself and fellow Board of Directors identified that the company’s asset base is been depleted over the years and is outdated badly. In line with this scenario, our first effort has been bringing our overall asset base to new standard level to meet todays and future challenges that the company is facing. During 2022 & 2023 we have already invested SCR 116.1Mn and have plans to invest another One hundred million Seychelles Rupees in next couple of years. The investments include, Modern Cold Storage Facility, State of Art bakery & flour store, Modern Dry goods store, more than handy vehicle fleet and modern enterprise resource planning system (ERP). Further we will keep evaluating any other necessary investments during medium term and will not hesitate to take actions to invest in such necessities. It should be noted that we intend to invest all these out of our own funds which would mitigate any adverse risks on our operating expenses in terms of financing costs for years to come.

The value creation process of the company has been built on our loyal and committed senior management and around 600 staff members. The company’s core values of innovation, integrity, excellence, caring and trust are embedded in our culture which is driven by our employees and has become an intrinsic part of how we operate our business. In recognition of our well committed and loyal staff, Board of Directors provided necessary guidance to introduce and implement performance base benefit scheme since later part of 2022 and would continue this into future as well.

I take this opportunity to thank Hon. Minister for his valued guidance and on behalf of the Board of Directors I would like to acknowledge the management and employees for their commitment to delivering set KPIs and Strategic objectives.

#### **6.10.5.3 *Statement by the Responsible Minister***

The MTFS has not yet been presented to and discussed with the responsible Minister.

## 6.11 Island Development Company Group Ltd. (IDC)



### 6.11.1 Strategic Overview

#### 6.11.1.1 *Mandate*

- To carry on the business of the managers and developers of Islands and estates either as owners or lessees.
- To carry on farming and land settlement activities.
- To carry on the business of manufacturers of copra, coconut oil, soaps and detergents, animal feeds and of any other products.
- To carry on the business of fishing and processing of fish.
- To act as consultants on the management and development of islands and estates.
- To act as importers, exporters and distributors of goods and materials.
- To carry on business as a building and construction contractor generally including but not limited to all types of civil engineering works and projects.
- To carry on business as project manager and works supervisor in connection with civil engineering projects and construction projects and works generally.
- To carry on business as a provider of civil engineering and architectural services.
- To carry on business as labour contractor.
- To carry on business as importer, wholesaler, retailer and commission agent.

#### 6.11.1.2 *Vision*

" To transform the outer islands into a more productive and economically sustainable environment for the betterment of Seychelles"

#### 6.11.1.3 *Mission*

" To ensure that the islands actively contribute to the socio-economic development of the Seychelles in an environmentally sustainable manner"

#### 6.11.1.4 *Strategic Priorities for 2024-2026*

- Increase in agricultural farming
- Engage in food securities
- Engage in Aquaculture
- Green Energy production for all Islands
- Increase in Air Fleets to cater the growth of the Outer Islands
- To Develop sand pile for the use of the community
- To engage in developing community projects
- To works as an arm of the Government for the Development of Infrastructures of the Country
- To Develop a strong Maintenance team for maintaining the Government Assets such as Hospital, School and other infrastructures

#### 6.11.1.5 *Key Challenges*

- Change in Mandate by the Government.
- Change in policies by the Government affecting IDC and it's group of companies

## 6.11.2 Outlook of Financial Strategy

### 6.11.2.1 *Projected Financial Position of Island Development Company Group Ltd.* SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Assets:</b>							
Property, Plant and equipment	215,438	298,120	291,041	276,918	403,074	449,374	459,574
Investments	5	5	5	1,394	1,394	1,394	1,394
Lendings/Green Tree WIP	55,197	37,306	19,043	64,100	149,775	155,184	97,592
Due from related parties	22,854	22,873	14,736	-	28,000	20,000	20,000
Capital work in progress	102,663	6,206	30,853	132,364	138,364	132,125	109,125
Deferred income tax asset	7,988	13,311	6,474	14,758	13,258	11,758	10,258
<b>Non-Current Assets</b>	<b>404,145</b>	<b>377,820</b>	<b>362,151</b>	<b>489,534</b>	<b>733,865</b>	<b>769,834</b>	<b>697,942</b>
Lendings/Green Tree WIP	15,563	17,553	18,047	17,670	49,258	77,592	82,592
Asset held for sale	-	-	2,845	2,845	-	-	-
Inventories	16,353	65,900	48,392	35,311	35,000	25,000	30,000
Taxation	-	-	-	-	-	-	-
Trade and other receivables	111,962	131,806	215,830	277,053	262,327	273,603	209,655
Cash and cash equivalent	41,868	61,541	42,333	49,550	43,206	56,172	58,148
<b>Current Assets</b>	<b>185,746</b>	<b>276,800</b>	<b>327,446</b>	<b>382,430</b>	<b>389,792</b>	<b>432,366</b>	<b>380,394</b>
<b>Total Assets</b>	<b>589,891</b>	<b>654,619</b>	<b>689,598</b>	<b>871,964</b>	<b>1,123,657</b>	<b>1,202,201</b>	<b>1,078,337</b>
<b>Liabilities:</b>							
Employee benefit obligations	4,437	5,107	5,775	8,058	8,863	8,613	7,713
Deferred tax liability	-	-	-	-	-	-	-
Borrowings	172,216	192,175	124,614	129,314	184,543	138,798	117,332
<b>Non- Current Liabilities</b>	<b>176,652</b>	<b>197,283</b>	<b>130,389</b>	<b>137,372</b>	<b>193,407</b>	<b>147,411</b>	<b>125,045</b>
Borrowings	51,367	59,223	68,423	172,961	48,746	55,750	42,855
Taxation	2,417	6,366	1,160	21,607	36,146	49,076	14,400
Trade and other payables	139,547	192,578	257,228	248,228	478,040	491,645	398,184
<b>Current Liabilities</b>	<b>193,330</b>	<b>258,167</b>	<b>326,811</b>	<b>442,796</b>	<b>562,931</b>	<b>596,471</b>	<b>455,438</b>
<b>Total Liabilities</b>	<b>369,982</b>	<b>455,450</b>	<b>457,200</b>	<b>580,167</b>	<b>756,338</b>	<b>743,883</b>	<b>580,484</b>
Share Capital	21,331	21,331	21,331	21,331	21,331	21,331	21,331
Retained earnings	150,709	132,838	168,922	231,134	307,389	399,187	441,602
Deferred Grants	47,869	45,001	42,144	39,331	38,600	37,800	34,920
<b>Equity</b>	<b>219,909</b>	<b>199,170</b>	<b>232,398</b>	<b>291,796</b>	<b>367,320</b>	<b>458,318</b>	<b>497,853</b>
<b>Total Liabilities and equity</b>	<b>589,891</b>	<b>654,619</b>	<b>689,598</b>	<b>871,964</b>	<b>1,123,657</b>	<b>1,202,201</b>	<b>1,078,337</b>

6.11.2.2 *Projected Statement of Comprehensive Income of IDCL*

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Revenue	600,029	555,832	546,331	1,238,261	1,029,724	1,077,998	955,861
Direct costs	(395,628)	(376,564)	(341,788)	(900,679)	(707,049)	(733,290)	(667,213)
Other Income	24,622	43,170	30,148	15,909	37,231	36,023	37,023
Administrative Salaries and Benefits	(65,734)	(70,339)	(80,266)	(84,041)	(85,850)	(86,850)	(85,350)
Camp running Expenses	(7,847)	(6,398)	(4,189)	(12,160)	(11,160)	(13,160)	(12,160)
Communication	(4,705)	(5,791)	(6,273)	(6,687)	(5,694)	(6,644)	(6,394)
Depreciation (net of deferred grant credit)	(27,620)	(28,097)	(37,119)	(38,789)	(42,600)	(45,500)	(48,300)
Exchange (losses/gain (operating))	(1,732)	(13,158)	(7,970)	(10,393)	8,500	9,000	5,000
External transportation	(7,340)	(3,168)	(10,738)	(6,042)	(6,063)	(6,563)	(7,563)
Fuel for electricity generation & island use	(23,458)	(10,968)	(11,898)	(13,466)	(25,106)	(23,106)	(25,106)
Insurances	(5,185)	(3,643)	(2,413)	(3,438)	(4,628)	(4,128)	(4,478)
Other expenses	(16,435)	(8,422)	(15,726)	(20,290)	(13,236)	(13,147)	(11,288)
Rental	(3,533)	(2,787)	(986)	(1,975)	(2,724)	(2,474)	(2,624)
Repairs and maintenance	(12,283)	(17,803)	(13,898)	(15,352)	(21,028)	(20,225)	(23,485)
Subscriptions and donations	-	-	(1,343)	(4,539)	(649)	(849)	(699)
Revegetation restoration of Farquhar	(7,386)	-	-	-	-	-	-
Travelling	(4,941)	(5,614)	(5,673)	(7,031)	(5,791)	(5,971)	(7,171)
Utilities	(5,417)	(4,226)	(4,675)	(5,421)	(3,879)	(4,379)	(5,879)
Operating profit	35,408	42,027	31,526	123,868	139,999	156,737	90,174
Finance income	9,129	17,977	58,504	7,127	1,050	1,850	1,625
Finance cost	(17,966)	(38,248)	(36,775)	(20,080)	(16,074)	(12,620)	(10,728)
Finance costs-net	(8,836)	(20,271)	21,729	(12,953)	(15,024)	(10,770)	(9,103)
Share of losses in associate	-	-	-	1,392	-	-	-
Profit before income tax	26,572	21,755	53,255	112,306	124,975	145,967	81,071
Income tax expense	(12,562)	(19,626)	(17,171)	(30,094)	(28,721)	(34,169)	(18,656)
Profit for the year	14,010	2,129	36,084	82,212	96,254	111,798	62,415
Dividends	(5,000)	(20,000)	-	(20,000)	(20,000)	(20,000)	(20,000)
Profit for the year after dividends	9,010	(17,871)	36,084	62,212	76,254	91,798	42,415
Retained earnings 1 April	141,699	150,709	132,838	168,922	231,134	307,389	399,187
<b>Retained earnings 31 March</b>	<b>150,709</b>	<b>132,838</b>	<b>168,922</b>	<b>231,134</b>	<b>307,389</b>	<b>399,187</b>	<b>441,602</b>

**6.11.2.3 Projected Cash flow Statement of Island Development Company Group Ltd.**  
SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Cash flows from operating activities</b>							
Profit for the year before exceptional item	26,572	21,755	53,255	112,306	124,975	145,967	81,071
<i>adjustments for:</i>							
Taxation paid	(12,397)	(20,999)	(15,542)	(17,930)	(12,682)	(19,738)	(51,832)
Depreciation (net of adjustment for deferred grant)	27,620	28,097	37,119	38,789	42,600	45,500	48,300
Changes in provision for employee benefits	989	671	668	2,282	806	(250)	(900)
Profit on sale of apartment	-	-	-	(4,699)	-	-	-
Profit on disposal of tangible assets	(8,700)	(10)	(21,299)	(56)	-	-	-
Tangible assets decommissioning and scrapped	-	2,143	-	(1,390)	-	-	-
Finance costs	8,836	20,271	(21,729)	12,953	15,024	10,770	9,103
	42,920	51,929	32,473	142,256	170,723	182,248	85,742
<b>Changes in working capital</b>							
Asset held for sale	-	-	-	-	2,845	-	-
Inventories	35,229	(46,702)	14,662	2,731	311	10,000	(5,000)
Trade and other receivables	7,508	(19,844)	(84,024)	(61,224)	14,726	(11,276)	63,948
Trade and other payables	(29,436)	33,031	64,651	(14,251)	229,812	13,605	(93,461)
<b>Cash generated from/(utilised) in operations</b>	<b>56,221</b>	<b>18,414</b>	<b>27,762</b>	<b>69,513</b>	<b>418,418</b>	<b>194,578</b>	<b>51,229</b>
Proceeds from sale of apartment	-	-	-	15,049	-	-	-
Interest received	9,129	6,263	575	493	1,050	1,850	1,625
Interest paid	(16,903)	(12,362)	(11,294)	(16,390)	(16,074)	(12,620)	(10,728)
<b>Net Cash from / ( used) in operating activities</b>	<b>48,447</b>	<b>12,315</b>	<b>17,043</b>	<b>68,665</b>	<b>403,393</b>	<b>183,808</b>	<b>42,126</b>
<b>Cash flows from investing activities</b>							
Payments to acquire tangible fixed assets	(13,952)	(118,637)	(39,584)	(27,479)	(166,745)	(93,811)	(58,500)
Investment in work in progress	(40,209)	96,457	(24,647)	(165,611)	(123,264)	(27,502)	75,592
Lending repaid	11,596	15,902	21,542	21,542	-	-	-
Proceeds from disposal of tangible fixed assets	8,700	10	12,887	56	-	-	-
<b>Net cash used in investing activities</b>	<b>(33,866)</b>	<b>(6,268)</b>	<b>(29,802)</b>	<b>(171,492)</b>	<b>(290,009)</b>	<b>(121,314)</b>	<b>17,092</b>
<b>Cash flow from financing activities</b>							
Capital grant received	-	-	-	-	(731)	(800)	(2,880)
Loans repaid	(85,720)	(120,005)	(47,959)	(85,706)	(75,851)	(65,989)	(35,772)
Loans received	26,916	125,093	51,599	93,555	111,478	12,620	10,728
Changes in related party balances	(8,998)	(18)	8,137	14,736	(28,000)	10,011	-
Dividend paid	(5,000)	-	-	(14,000)	(20,000)	(20,000)	(20,000)
<b>Net cash used in financing activities</b>	<b>(72,803)</b>	<b>5,069</b>	<b>11,777</b>	<b>8,585</b>	<b>(13,104)</b>	<b>(64,158)</b>	<b>(47,924)</b>
Increase/(decrease) in cash and cash equivalents	(58,222)	11,116	(982)	(94,242)	100,280	(1,663)	11,294
Exchange losses on bank balances	(836)	11,714	(24,493)	(3,691)	-	-	-
Cash & cash equivalent at 1 April	84,572	25,515	48,345	22,870	(75,063)	25,218	23,554
Cash & cash equivalent at 31 March	25,515	48,345	22,870	(75,063)	25,218	23,554	34,848
Cash in hand and banks	41,868	61,541	42,333	49,550	43,206	56,172	58,148
Bank overdrafts	-	-	-	-	(17,988)	(32,617)	(23,299)
<b>Cash &amp; cash equivalent at 31 March</b>	<b>41,868</b>	<b>61,541</b>	<b>42,333</b>	<b>49,550</b>	<b>25,218</b>	<b>23,554</b>	<b>34,848</b>

6.11.2.4 *Projected Capital Investment Plan of Island Development Company Group Ltd.*

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Expected Completion Date	Actual Figures			Provisi onal	Forecast		
						2020	2021	2022	2023	2024	2025	2026
<i>Major Capital Investments</i>												
Buildings and Utilities	Buildings to accommodate Staff on the Islands. IDC is also moving to it's own Head office at Ile Du Port in December 2023				Completed							
Purchase of Aircraft	New Aircraft is required to increase the network to outer Islands to meet the passenger transfer demands for new Tourism development in Assumption Island and proposed for Coetivy Island	Buildings and utilities are essential part of living on the Islands. IDC's own New Head office.	Depends on the requirement for each Island. IDC Ho will cost SR 90m	Own funds are used for the outer Islands building. IDC has borrowed SR 65m from Alsalam Bank for the new Head office and Warehouse facility at Ile Du Port	Ongoing for Outer Islands. New Head Office is finishing in December 2023	8,922	16,878	22,721	2,445	94,975	10,000	-
Machinery and Fittings	Generators, Solar Panels, Desalinators and Incinerator is required for the Islands survival for water and electricity and switch to green energy to save substantial electricity generating costs	The New Aircraft will generate more revenues in the coming years.	Purchased 3rd Beechcraft in 2022 at SR 61m. On order Tecnam Aircraft for a value of SR 42m	3rd Aircraft was purchased with a bank loan from Alsalam Bank and Tecnam Aircraft will be purchased from IDC own funds	3rd Beechcraft is in operation. Tecnam Aircraft will be in operation in 2024.		61,476	(18,041)	-	18,495	30,000	-
Vehicles and Boats	New Landing craft to carry construction materials and supplies to outer Islands.	Without the Electricity and water the Islands can't be developed for havitation and Tourism Development. Also IDC is building a New Hangar at Pt. La Rue in Mahe.	Replacing for Generators and utility services equipments on need basis. IDC is building a New Aircraft Hangar in Mahe at a cost of approx.. SR 60m	Own funds	Hangar work in progress	4,104	22,551	12,609	22,503	21,692	40,000	2,000
Prawns production processing Plants	New business activity for IDC to reduce the reliance on importation of prawns by the country.	IDC is proposing a New class I landing craft in 2026 that will reduce the charter from 3rd parties to a considerable extent and save money for the company.	SR 65m	Borrowed fund in the year 2026	Yet to place the order for the Landing craft		(2,405)	948	2,316	1,312	8,200	56,000
		This project is an import substitution for the country and at the same time going to increase the revenue for IDC substantially in the coming years. Currently 8 ponds are in production on Coetivy. Also the prawn processing plants are under installation on Coetivy Island.	SR 40m	Own funds	Ongoing		-			32,283	6,000	

### 6.11.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

#### 6.11.3.1 Tax Implications by the Operations of Island Development Company Group Ltd.

Type of Tax	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Business Tax	4,327	17,077	7,393	12,389	5,769	14,335	2,187
CSR TAX	1,782	1,559	-	-	-	-	-
TOURISM AND MARKETING TAX	1,782	1,559	493	2,453	1,589	1,974	1,428
VAT	2,865	3,393	11,451	32,683	47,670	59,220	42,840

#### 6.11.3.2 Anticipated Dividend Declarations By Island Development Company Group Ltd.

Nature of Dividend	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Dividends in Cash	5,000	20,000	-	20,000	20,000	20,000	20,000
Dividends in lieu of Cash	-	-	-	-	-	-	-
<b>TOTAL</b>	5,000	20,000	-	20,000	20,000	20,000	20,000

#### 6.11.3.3 Debt Payments Forecasts By Island Development Company Group Ltd.

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Loan 01 From Nouvobanq Bank	Borrowings/ Opening Balance	2nd Beechcraft Loan in USD	-	26,269	21,844	30,433	17,222	10,581	2,657	-
	Interest for the Year		-	1,588	1,560	806	719	539	216	-
	Repayment of Capital		-	6,013	819	14,016	7,360	8,464	2,872	-
	Exchange Adjustment		-	-	7,848	-	-	-	-	-
	Balance carried forward		-	21,844	30,433	17,222	10,581	2,657	-	-
Loan 02 From Nouvobanq Bank	Borrowings	Generator Loan in USD	-	29,310	22,272	33,245	17,763	9,733	-	-
	Interest for the Year		-	1,262	1,299	252	623	467	-	-
	Repayment of Capital		-	7,038	760	15,734	8,653	10,200	-	-
	Exchange Adjustment		-	-	10,434	-	-	-	-	-
	Balance carried forward		-	23,534	33,245	17,763	9,733	-	-	-
Loan 03 From Nouvobanq Bank	Borrowings	COVID Working Capital Loan in USD	-	-	18,790	18,790	12,073	7,585	1,957	-
	Interest for the Year		-	-	-	373	538	403	181	-
	Repayment of Capital		-	-	-	9,930	5,026	6,031	2,139	-
	Exchange Adjustment		-	-	-	2,840	-	-	-	-
	Balance carried forward		-	-	18,790	12,073	7,585	1,957	-	-
Loan 04 From	Borrowings	3rd Beechcraft Loan in USD	-	-	60,564	61,879	38,400	33,320	30,915	28,100
	Interest for the Year		-	-	1,315	2,486	2,144	1,930	1,737	1,563

Alsalam Bank	Repayment of Capital		-	-	-	3,242	7,225	4,335	4,552	5,007
	Exchange Adjustment		-	-	-	(22,722)	-	-	-	-
	Balance carried forward		-	-	61,879	38,400	33,320	30,915	28,100	24,657
Loan 05 From Alsalam Bank	Borrowings	New Head Office and WH Loan in USD	-	-	10,363	11,429	11,783	19,095	18,158	16,962
	Interest for the Year		-	-	431	354	436	828	745	708
	Repayment of Capital		-	-	-	-	588	1,765	1,941	2,329
	Loan added		-	-	635	-	7,464			
	Balance carried forward		-	-	11,429	11,783	19,095	18,158	16,962	15,340
Loan 06 From Alsalam Bank	Borrowings	New Head Office and WH Loan in SR	-	-	-	467	3,754	30,000	41,520	37,314
	Interest for the Year		-	-	137	245	316	2,520	2,394	2,274
	Repayment of Capital		-	-	-	330	-	6,000	6,600	7,260
	Loan added		-	-	330	3,372	25,930	15,000	-	-
	Balance carried forward		-	-	467	3,754	30,000	41,520	37,314	32,328
Loan 07 From Ministry of Finance	Borrowings	COVID Working Capital Loan	-	-	18,000	14,500	8,500	2,500	-	-
	Interest for the Year		-	-	-	-	-	-	-	-
	Repayment of Capital		-	-	3,500	6,000	6,000	2,500	-	-
	Balance carried forward		-	-	14,500	8,500	2,500	-	-	-
Loan 08 From Nouvobanq Bank	Borrowings	Independence House ANNEX Loan for Green Tree Investment	-	91,837	81,089	66,072	49,382	15,863	-	-
	Interest for the Year		-	9,594	6,359	4,761	2,865	1,719	-	-
	Repayment of Capital		-	10,748	15,017	16,690	33,519	17,582	-	-
	Balance carried forward		-	81,089	66,072	49,382	15,863	-	-	-
	<b>Note: Loan repayment guaranteed by MOF</b>									
Loan 09 From Nouvobanq Bank	Borrowings	National Library Loan for Green Tree Investment	-	-	-	-	16,588	49,596	82,193	73,905
	Interest for the Year		-	-	-	8	1,692	5,079	4,597	3,543
	Repayment of Capital		-	-	-	-	-	12,886	12,886	12,886
	Added further disbursement		-	-	-	16,588	33,008	40,404	-	-
	Balance carried forward		-	-	-	16,588	49,596	82,193	73,905	64,562
<b>Note: Loan repayment guaranteed by MOF</b>										
Loan 10 From Nouvobanq Bank	Borrowings	Independence House Renovations Loan for Green Tree Investment	-	-	-	-	-	1,400	37,900	5,650
	Interest for the Year		-	-	-	-	-	1,500	2,750	2,640
	Repayment of Capital		-	-	-	-	-	5,000	35,000	8,290
	Added Loan		-	-	-	-	-	40,000	-	-
	Balance carried forward		-	-	-	-	-	37,900	5,650	-
<b>Note: Loan repayment guaranteed by MOF</b>										
Loan 11 From Nouvobanq Bank	Borrowings	La Digue Hospital Loan for Green Island Construction in USD but converted in	-	-	-	-	-	-	-	-
	Interest for the Year		-	-	-	-	-	-	-	-
	Repayment of Capital		-	-	-	-	-	-	-	-
	LDH - Term loan to obtain		-	-	-	-	-	-	-	-



	Balance carried forward	SCR for presentation here	-	-	-	-	-	-	-	-
<b>Note: Loan repayment guaranteed by MOF</b>										
Loan 12 From Nouvobanq Bank	Borrowings	La Digue Hospital Loan for	-	-	-	-	-	-	-	-
	Interest for the Year	Green Island Construction in USD but converted in SCR for presentation here	-	-	-	-	-	1,090	-	-
	Repayment of Capital		-	-	-	-	-	1,090	-	-
	LDH - Term loan to obtain		-	-	-	-	-	-	-	-
	Balance carried forward		-	-	-	-	-	-	-	-
<b>Note: Loan repayment guaranteed by MOF</b>										
Loan 13 From Nouvobanq Bank	Borrowings	CONDO Loan for Green Tree Investment	-	27,467	35,661	-	-	-	-	-
	Interest for the Year		-	4,238	4,098	-	-	-	-	-
	Repayment of Capital		-	-	41,060	-	-	-	-	-
	Added further disbursement		-	8,194	5,400	-	-	-	-	-
	Balance carried forward		-	35,661	-	-	-	-	-	-
<b>Note: Loan repayment guaranteed by MOF</b>										
<b>TOTAL</b>				<b>385,686</b>	<b>606,399</b>	<b>487,585</b>	<b>497,844</b>	<b>582,304</b>	<b>455,841</b>	<b>345,319</b>

**6.11.3.4 Anticipated Subventions and Grants By Island Development Company Group Ltd.**

IDC has no anticipated subventions

**6.11.3.5 Contingencies of Island Development Company Group Ltd.**

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Nature of Contingencies	Funding Agency	Purpose	Total Liability Amount	Realized Guarantees						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Guarantees	Government	With Britton Norman for Recovery of Advance paid for the purchase of Islander Aircraft USD 487,000	-	-	-	-	6,818	-	-	-
	Guaranteed for Green Tree Investment	On completion of 40 Graduate apartments at the IDC Condominium sites, there is a potential loss of SR 31.9m in the books of Green Tree Investment Company Ltd. The loss is supposed to be recouped by the sales of two blocks of Luxury Units consisting of 19 apartments each for which construction has not started.	-	-	-	-	-	31,900	-	-
<b>TOTAL</b>	-	-	-	-	-	-	<b>6,818</b>	<b>31,900</b>	-	-

### 6.11.3.6 Assumptions used for the Financial Projections of Island Development Company Group Ltd.

- Hotel/Tourism Development on outer Islands depend on Government approval.
- Hotel/Tourism Development on outer Islands depend on EIA approval.
- Foreign Exchange fluctuations in the forecasted years.
- Regulatory changes by SCAA impacting Aircraft Operations.
- Availability of unrestricted Air Operating License from SCAA.
- COVID like situations.
- Changes in the Bank interest impacting loan balances.

### 6.11.4 KPIs, Risk Management Strategy and Reporting Obligations

#### 6.11.4.1 Key Performance Indicators of the Island Development Company Group Ltd.

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
Net Profit Margin	-	2.33%	0.38%	6.60%	6.64%	9.35%	10.37%	6.53%
Asset Turnover	-	101.72%	84.91%	79.22%	142.01%	94.06%	89.26%	87.97%
Current Ratio	-	0.96	1.07	1.00	0.86	0.84	1.05	1.23
Return on Asset	-	2.38%	0.33%	5.23%	9.43%	8.79%	9.26%	5.74%
Cash Ratio	-	21.66%	23.84%	12.95%	11.19%	3.89%	13.53%	18.75%
Interest cover ratio	-	1.97	1.10	0.86	6.17	12.12	13.93	10.84
ROCE	-	10%	12%	10%	32%	22%	21%	12%
Debt Ratio	-	62.72%	69.57%	66.30%	66.54%	66.45%	62.05%	54.18%
ROE	-	8%	1%	19%	33%	29%	27%	13%

#### 6.11.4.2 Risks and Resilience Plan of the Island Development Company Group Ltd.

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Change of Management-BoDs	For change of Management- IDC has succession Plan in place for change of management. However, the Board of Directors are appointed by the President of the country. A new BoD always follows after each changes. Until such time a new BoD is announced, the sitting BoD remain in the office.
	Demand for request beyond the Strategic Plan	Company have a team of professionals to take the right decisions for a strategic change of plan.
	Intense competition within construction industry, including the entry of new players or the emergence of more technologically advanced competition.	Company over the years have diversified into activities such as maintenance contract for the hotel, Villas , Hospitals and any type of infrastructures beside producing water, electricity and sell to the hotels in Outer Islands to replace reliance on the commercial projects.
Financial Risks	Working Capital deficit	With the increased revenue on opening of Platte hotel, hotel on Assumption Island and existing hotel on Desroches Island, company does not envisage working capital shortages.
	Unexpected inflation of materials	Unexpected inflation is not controllable nor can be predicted beside a certain percentage based on current inflation rates. Construction projects always keep a cushion of 3-5% towards the inflation during the pendency of the projects. Maintenance contract are designed to exclude the cost of replaced materials paid by the principal as extras.
	High Level of Debt	Company has a strategy to reduce the external debts taken for creating IDC assets for future generations/enhance the revenues. However, in Green Tree Investment Company ltd engaged in doing BOT (Build, Operate and Transfer) projects on behalf of Government of Seychelles,

		the debts are guaranteed by the Budget allocation by MOF. Hence the BOT project debts will not pose any burden to IDC.
	Insufficient cash reserves	Insufficient cash reserves will happen in case of too many capital investments. Company have carefully projected the investment plans for 2024, 2025 and 2026
<b>Operational Risks</b>	Labour shortages or labour demand	IDC have good proportion of local employees beside the foreign employees engaged in the construction activities. The current labour market will not pose much difficulty in the recent future.
	Supply chain Disruptions	Supply chain disruptions caused by Pandemic is unpredictable.
	Project delays	Since IDC started commercial projects, the completion dates for none of the projects have been overshoot reason being a good team of profession and well planning. The current trend will continue.
<b>Compliance and Regulatory Risks</b>	Legal and Liability issue due to projects	All projects come with a late delivery penalty clause. Due implementation process is adopted to avoid any delays. IDC have not experienced any delay penalties on any contract executed and handed over this far.
<b>Environmental and Social Risks</b>	Rising water level that affects the capital works	All our commercial projects are fully covered through a Contractors All Risk policy for any natural calamities. On completion of the projects, the building with all plant and machineries in situ are handed over to the Developer for their insurance cover and cancel the Contractors All Risk policy.
	Rising water level that affects the inland infrastructures	IDC have Fire Industrial policies for all assets on all the outer Islands and inner Islands with adequate cover for any loss.
<b>PESTEL</b>	Change of Mandate by the Shareholder/Government	This will pose a problem in the event the current Mandate is withdrawn and replaced by another Mandate with limitations/restrictions on the current activities. This will have to be dealt by the Shareholder/Government.
	Technology Disruptions	IDC upgrades the changing technology within the limited resources and the trend will be continued. Any unforeseen changes at a later date and not known currently will be analysed when it occurs.
	Market fluctuations- changes in the demand for construction services due to economic downturns, market saturations, or shifts in customer preferences.	IDC being a fully owned Government Company, will have sufficient Government projects/maintenance contracts to perform without depending on commercial projects limited due to economic downturn. Instead of new projects, the maintenance of Government assets such as Hospital. schools and other infrastructures will keep the company with plenty of works.

#### 6.11.4.3 *List of External Reporting's by the Island Development Company Group Ltd.*

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Year-end Audited Financials	PEMC/MOF	Audited Financials	Yearly

#### 6.11.5 Stakeholder Engagement

The MTFs is in draft mode and yet to be approved by the BoDs and the responsible Minister for IDC. As such, the statement of commitments by the CEO, BoDs and the responsible minister is not included.

## 6.12 Property Management Corporation (PMC)



### 6.12.1 Strategic Overview

#### 6.12.1.1 *Mandate*

The mandate of PMC (Property Management Corporation) defined under the 2004 Act is to:

- Ensure the equitable provision of living accommodation for the people of Seychelles by sale, lease or rental of flats and houses in accordance with the Policy of the Government
- To manage and maintain buildings and other properties on behalf of the Government Of Seychelles
- To ensure the provision of utility services for the aforesaid rental flats and houses

#### 6.12.1.2 *Vision*

Envision being a respectable and high-performing government agency fostering the creation of neighborly residential estate

#### 6.12.1.3 *Mission*

To ensure equitable provision of living accommodation to the people of Seychelles by the sale and lease of flats and houses, and management of established housing estates in accordance with the policy of the government.

#### 6.12.1.4 *Strategic Priorities for 2024-2026*

1. Implementation of New PMC software –With added features
2. Procurement of Two numbers of Combination Sewage Tankers
3. New strategic plan for better Corporate Governance 2024-2028
4. PMC intend to release /re invest to Govt. 15-20m in 2024/2025 for new housing projects

#### 6.12.1.5 *Key Challenges*

1. PMC Act is about to undergo few changes in order to meet future strategic tasks.
2. Implementation on effective recovery procedures thereby maintains the collection trend.
3. Controlling on sky rocking of maintenance exp on STP, General Maintenance etc...
4. Feasibility spending & fund allocation to meet corporation's objectives

## 6.12.2 Outlook of Financial Strategy

### 6.12.2.1 Projected Financial Position of Property Management Corporation

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Assets</b>							
<b>Non-current assets</b>	<b>1,049,249</b>	<b>1,115,780</b>	<b>1,099,098</b>	<b>1,148,606</b>	<b>1,203,557</b>	<b>1,264,447</b>	<b>1,331,825</b>
Property and equipment	1,020	1,122	1,235	1,358	1,494	1,643	1,808
Investment properties	295,854	325,440	357,984	393,782	433,160	476,477	524,124
Work in Progress	167,541	145,902	160,492	176,541	194,195	213,615	234,976
Right of use asset	1,833	2,016	2,218	2,218	2,218	2,218	2,218
Finance lease receivables	558,119	613,931	552,537	552,537	552,537	552,537	552,537
Home saving scheme receivables	24,882	27,370	24,633	22,169	19,952	17,957	16,162
Accounting Software	-	-	-	-	-	-	-
<b>Current assets</b>	<b>152,099</b>	<b>167,292</b>	<b>183,784</b>	<b>173,261</b>	<b>164,574</b>	<b>157,618</b>	<b>152,306</b>
Finance lease receivables	32,389	35,628	39,191	43,110	47,421	52,163	57,380
Inventories	173	173	173	173	173	173	173
Trade and other receivables	19,209	21,130	19,017	17,116	15,404	13,864	12,477
cash and cash equivalent	100,328	110,361	125,403	112,863	101,576	91,419	82,277
<b>TOTAL</b>	<b>1,201,348</b>	<b>1,283,072</b>	<b>1,282,882</b>	<b>1,321,867</b>	<b>1,368,131</b>	<b>1,422,065</b>	<b>1,484,131</b>
<b>EQUITY AND LIABILITIES</b>							
Reserve/(deficit)	<b>71,763</b>	<b>71,748</b>	<b>80,790</b>	<b>87,276</b>	<b>94,656</b>	<b>110,920</b>	<b>120,603</b>
Capital reserve	60,163	66,179	72,797	80,077	88,085	96,893	106,582
Revenue surplus/(deficit)	11,600	5,568	7,993	7,199	6,571	14,027	14,021
<b>LIABILITIES</b>							
<b>Non-current Liabilities</b>	<b>994,812</b>	<b>1,065,613</b>	<b>1,060,530</b>	<b>1,095,667</b>	<b>1,136,925</b>	<b>1,176,731</b>	<b>1,231,036</b>
Lease liabilities	1,833	2,016	2,218	2,218	2,218	2,218	2,218
Deferred revenue	738,868	812,755	831,766	889,423	950,949	1,008,995	1,079,717
Borrowings	253,032	250,218	225,196	202,676	182,409	164,168	147,751
Retirement benefit obligations	1,079	624	1,350	1,350	1,350	1,350	1,350
<b>Current Liabilities</b>	<b>134,773</b>	<b>145,712</b>	<b>141,562</b>	<b>138,924</b>	<b>136,551</b>	<b>134,415</b>	<b>132,492</b>
Deferred revenue	91,485	100,633	100,633	100,633	100,633	100,633	100,633
Borrowings	32,560	29,304	26,374	23,736	21,363	19,227	17,304
Trade and other payables	10,728	15,774	14,555	14,555	14,555	14,555	14,555
<b>Total Liabilities</b>	<b>1,129,585</b>	<b>1,211,325</b>	<b>1,202,092</b>	<b>1,234,591</b>	<b>1,273,476</b>	<b>1,311,145</b>	<b>1,363,528</b>
<b>Total Equity And Liabilities</b>	<b>1,201,348</b>	<b>1,283,072</b>	<b>1,282,882</b>	<b>1,321,867</b>	<b>1,368,131</b>	<b>1,422,065</b>	<b>1,484,131</b>

**6.12.2.2 Projected Statement of Comprehensive Income of Property Management Corporation**

Description	SCR ('000)						
	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Revenue	69,785	81,702	90,368	88,183	94,516	98,904	98,898
Operating expenses	(64,373)	(53,479)	(57,438)	(57,923)	(59,216)	(53,716)	(53,716)
Operating profit	5,412	28,222	32,930	30,260	35,300	45,188	45,182
Other income	22,965	99	1,911	2,183	2,010	2,010	2,010
Administrative expenses	(18,901)	(22,753)	(26,848)	(25,244)	(30,739)	(33,171)	(33,171)
Expected Credit losses - Reversal (Charge)	2,347						
<b>Net profit / Comprehensive Income</b>	<b>11,823</b>	<b>5,568</b>	<b>7,993</b>	<b>7,199</b>	<b>6,571</b>	<b>14,027</b>	<b>14,021</b>

**6.12.2.3 Projected Cash flow Statement of Property Management Corporation**

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Not Provided							

**6.12.2.4 Projected Capital Investment Plan of Property Management Corporation**

Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	SCR ('000)						
						Actual Figures			Provisional	Forecast		
						2020	2021	2022	2023	2024	2025	2026
<i>Major Capital Investments</i>												
Major renovation housing estates	PPE/ Invt in properties	200,000	Internal /Borrowing	2020/21	2024/25	20,000	25,000	20,000	48,000	40,000	40,000	50,000

*PMC is intended to invest on average 40m to 50m worth of Capital Investment on housing major renovations in 2024/2025/2026 p.a. respectively.*

### 6.12.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.12.3.1 *Tax Implications by the Operations of Property Management Corporation*  
PMC is exempted from Business Tax.

#### 6.12.3.2 *Anticipated Dividend Declarations By Property Management Corporation* SCR ('000)

Nature of Dividend	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Dividends in lieu of Cash	-	-	-	-	7,500	7,500	5,000

PMC intend to release /re-invest (Housing Projects) to Government 15-20m in 2024/2025/2026 on new housing projects.

#### 6.12.3.3 *Debt Payments Forecasts By Property Management Corporation* SCR ('000)

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Loan 01 From SPF	Borrowings	Operational, major renovation on Housing projects	150,000	-	-	-	-	-	-	-
	Interest for the Year	-	-	-	-	-	-	-	-	
	Repayment of Capital	-	-	-	-	-	-	-	-	
	Balance carried forward	-	-	-	-	-	-	-	-	
Loan 02 From NVA Bank	Borrowings	-	200,000	-	-	-	-	-	-	-
	Interest for the Year	-	-	-	-	-	-	-	-	
	Repayment of Capital	-	-	-	-	-	-	-	-	
	Balance carried forward	-	-	-	-	-	-	-	-	

PMC has no immediate intention to go for a 3<sup>rd</sup> borrowing/new Loan in near future /during the year 2024.

6.12.3.4 *Anticipated Subventions and Grants By Property Management Corporation*  
PMC does not anticipate in receiving any subventions or grants.

#### 6.12.3.5 *Contingencies of Property Management Corporation* SCR ('000)

Nature of Contingencies	Funding Agency	Purpose	Total Liability Amount	Realized Guarantees						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Potential Payments Due to Legal Actions by 3 <sup>rd</sup> Parties	Case 01	-	-	-	-	-	-	-	-	3,400

#### 6.12.3.6 *Assumptions used for the Financial Projections of Property Management Corporation*

All the above projection being carried out with the assumptions in par with past financial data and more realistic future projections under normal circumstances.

## 6.12.4 KPIs, Risk Management Strategy and Reporting Obligations

### 6.12.4.1 Key Performance Indicators of the Property Management Corporation

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
Not Provided								

### 6.12.4.2 Risks and Resilience Plan of the Property Management Corporation

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	N/A	
Financial Risks	More Capital projects on major renovation expected 40m p.a	Proper cash flow planning & implementation of an effective recovery plans
	Expected to fund on new housing projects worth 20 m over 3 years' time (Housing projects)	Proper fund allocation on CAPEX & CF planning
Operational Risks	New operational ,administrative hassle can be expected –New Truck Unit	Steps being planned to recruit suitable right technicians/Professional to mitigate the risk
Compliance and Regulatory Risks	N/A	
Environmental and Social Risks	N/A	
PESTEL	N/A	

### 6.12.4.3 List of External Reporting's by the Property Management Corporation

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Monthly Financials	PEMC	Drafted Financials	Monthly
Annual Budget	PEMC	Projected Budget	Annually
Annual Financials	PEMC	Draft/Audited	Annually
Periodic reports on FS	OAG	As per the request of OAG	Qtr./bi-Annual/Annual



## 6.12.5 Stakeholder Engagement

### 6.12.5.1 *Statement by CEO*

I hereby reaffirm my unwavering commitment to PMC's mission and objectives. As CEO, I understand the pivotal role that clear strategic direction, performance benchmarks, and resource optimization play in our journey towards continued success. I am fully dedicated to aligning our efforts and resources to achieve the goals set by the Board of Directors.

**Strategic Execution:** We are steadfast in our dedication to executing the strategic directives set forth by the Board. We will prioritize the timely implementation of key initiatives, ensuring that each action plan is aligned with our long-term vision.

**Opportunity Identification:** We recognize the importance of identifying and seizing opportunities for enhancement. Our team will remain vigilant in scanning the external environment, anticipating industry trends, and proposing innovative solutions to capitalize on emerging opportunities.

**Challenges as Catalysts for Growth:** Challenges are an inevitable part of our journey. Rather than setbacks, we view them as catalysts for growth and continuous improvement. We commit to addressing prominent challenges head-on, fostering a culture of resilience, and learning from adversity.

**Resource Optimization:** Optimizing resource allocation is central to our strategy. We will rigorously evaluate our resource utilization, directing investments where they can yield maximal gains and enhance our competitiveness. Efficiency and sustainability will guide our resource management decisions.

**Key Performance Indicators (KPIs):** The attainment of KPIs is a testament to our effectiveness. We pledge to establish, track, and achieve these performance benchmarks diligently. Regular performance assessments will guide our decision-making and ensure accountability at all levels.

Our commitment extends beyond mere words; it is reflected in our actions and outcomes. Together, we will steer our organization toward greater heights, harnessing the collective talents, dedication, and innovation of our team.

I am deeply honored to lead this organization, and I look forward to working collaboratively with the Board, management team, and all stakeholders in achieving our shared objectives.

### **6.12.5.2 *Foreword by Chairperson***

PMC plays a critical role in the Seychelles upstream housing industry, which is an integral part of our mandate. PMC is more than just a corporation; it is a testament to the determination and ingenuity of a small group of employees who strive to harness. The Board of Directors is committed to advancing the strategic priorities outlined in the Medium-Term Financial Strategy (MTFS) for 2024-2026. As the Chairperson, I will spearhead the following priorities, including formalizing the arrangement for new strategic plans and related concerns. I also pledge to attract new investment to Seychelles' upstream sector as the industry emerges from its slump, realizing that the company's revenue is not robust because it depends on money from govt or lenders. These are aligned with the Minister's performance target for the Board.

The Board remains committed to diversifying the economy by promoting PMC while being mindful of environmental and socio-economic implications. The future trajectory of PMC is contingent upon the outcome of exploration efforts and directives from the Government. In the event that PMC will expand swiftly to hire specialized skills. This aligns with our mission statement, aiming to have benefiting every Seychellois for this generation and beyond.

I encourage you to delve into the details of this report, which not only presents our financial outlook but also articulates our strategy for mitigating risks and seizing opportunities in the years ahead. By doing so, you will gain a deeper understanding of our dedication to responsible fiscal planning and stewardship as we are taking steps to ensure the sustainability and growth of PMC.

I would like to extend my appreciation to the Board of Directors, the Management Team and Staff, and all stakeholders for their ongoing support, contributions, and unwavering dedication to sound financial management to chart a financially secure and prosperous course for our organization.

### **6.12.5.3 *Statement by the Responsible Minister***

In my capacity as the Minister responsible for supervising PMC, I am firmly committed to advancing the strategic priorities outlined in the Medium-Term Financial Strategy (MTFS) for the period of 2024-2026.

Our foremost objective is to actively advocate for the inclusion of PMC in the National Development Strategy, emphasizing its critical role in enhancing economic diversification and energy security. Through extensive stakeholder engagement, educational initiatives, paving the way for its acceptance and integration into our national interests.

Additionally, we are resolute in our pursuit of enhancing the prospects of the corporation by refining existing and developing new leads and prospects, we aim to attract more new housing projects t, ensuring the sustainable growth of our upstream sector.

We are non-negotiable aspects of our strategic vision. We will actively work towards enacting stringent regulations that mitigate environmental impacts and protect the well-being of our workforce. Moreover, efficient data management

strategies will be developed, ensuring the integrity and accessibility of information generated by upstream activities. These efforts will align with global industry standards, promoting seamless collaboration and enhancing our reputation.

Community and stakeholder engagement will remain a top priority, fostering transparent communication and addressing concerns related to our activities. A robust social media presence already being established to facilitate open dialogue and build public trust.

In conclusion, this strategic roadmap outlined within the MTFs underscores the seamless integration of government and national priorities within PMC. It reflects my steadfast commitment to the National Assembly and the Government, outlining clear expectations and policy directives. Together, we will drive corporation towards a future defined by sustainable growth, responsible practices, and enduring success for our beloved Seychelles.



## 6.13 Seychelles Fishing Authority (SFA)

### 6.13.1 Strategic Overview

#### 6.13.1.1 *Mandate*

The mandate of the Authority is to provide for the effective management and sustainable development of fisheries in accordance with:

- a) Internationally recognised norms, standards and best practice including the United Nations Convention on the Law of the Sea (1982) and the Code of Conduct for Responsible Fisheries, 1995 of the Food and Agriculture Organisation, Indian Ocean Tuna Commission Conservation and Management measures; and
- b) an ecosystem approach to fisheries which ensures that the development and management of fisheries addresses the multiple needs and desires of the society without jeopardising the options for future generations to benefit from the full range of goods and services provided by marine ecosystems.

#### 6.13.1.2 *Vision*

Excellence in Sustainable Fisheries Management and Sector development.

#### 6.13.1.3 *Mission*

Ensure optimal utilization of the Fisheries Resources for the benefit of the Seychellois people through sustainable management, ecosystem-based approaches and integrated Sector development.

#### 6.13.1.4 *Strategic Priorities for 2024-2026*

The SFA is currently implementing its Strategic Plan for 2022-2027 consisting of six strategic priorities.

**Strategy 1:** Achieving excellence in sustainable fisheries management, in accordance with international standards and obligations.

**Strategy 2:** Optimise the economic and social benefits of the fisheries sector.

**Strategy 3:** Transitioning from researched-based aquaculture to commercialization of aquaculture.

**Strategy 4:** Contributions towards effective sector governance.

**Strategy 5:** Financial sustainability plan.

**Strategy 6:** Institutional strengthening and corporate governance.

#### 6.13.1.5 *Key Challenges*

The year 2023 has been a challenging year for the Authority and it is expected these challenges will continue in 2024. The Authority had to relocate buildings on a number of occasions and the impact in terms of higher rental higher rental and associated costs has been evident and on-going.

The main sources of revenue for SFA are foreign fishing license (EU and Non-EU) and additional catch surcharge under the EU SFPA agreement.

Employee remunerations and benefits continue to be a major cost component for the Authority. These costs have been rising in the past years and it is expected to see some increase due to requirements to manage the fisheries management plans. Implementation of more management and enforcement plans, requires significantly more resources. To sustain its operation, the authority needs to explore other potential source of revenue.

## 6.13.2 Outlook of Financial Strategy

### 6.13.2.1 Projected Financial Position of Seychelles Fishing Authority

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>ASSETS</b>							
<b>Non-Current Assets</b>	<b>323,594</b>	<b>340,195</b>	<b>349,545</b>	<b>357,043</b>	<b>397,187</b>	<b>414,960</b>	<b>440,286</b>
Property and equipment	264,889	268,661	262,257	269,419	329,680	348,945	372,622
Capital Work in progress	2,614	13,819	25,983	24,787	3,101	-	-
Investments	55	55	55	55	55	55	55
Fisheries Development Fund	56,036	57,661	61,250	62,782	64,351	65,960	67,609
<b>Current Assets</b>	<b>254,169</b>	<b>267,492</b>	<b>268,595</b>	<b>274,277</b>	<b>281,160</b>	<b>288,215</b>	<b>295,446</b>
Inventories	537	1,056	850	871	893	916	938
Trade and other receivables	58,299	26,111	16,884	16,273	16,706	17,149	17,604
Cash and cash equivalents	195,333	240,324	250,861	257,133	263,561	270,150	276,904
<b>Total Assets</b>	<b>577,763</b>	<b>607,687</b>	<b>618,141</b>	<b>631,320</b>	<b>678,347</b>	<b>703,175</b>	<b>735,732</b>
<b>EQUITY AND LIABILITIES</b>							
Equity and reserves							
Assigned capital	1,123	1,123	1,123	1,123	1,123	1,123	1,123
Retained surplus/(Excess transfer to consolidated fund)	126,488	173,236	177,930	180,142	215,557	228,473	248,807
<b>Total reserves</b>	<b>127,610</b>	<b>174,359</b>	<b>179,053</b>	<b>181,264</b>	<b>216,680</b>	<b>229,595</b>	<b>249,930</b>
<b>LIABILITIES</b>							
<b>Non-Current liabilities</b>							
Deferred grants	232,643	240,529	238,920	244,893	251,015	257,291	263,723
Credits held for future projects	68,509	56,816	53,851	55,197	56,577	57,992	59,442
Credits held for Fisheries Development Fund	56,036	57,661	61,250	62,782	64,351	65,960	67,609
Employee benefit obligations	11,888	11,628	12,629	12,945	13,268	13,600	13,940
	<b>369,076</b>	<b>366,634</b>	<b>366,650</b>	<b>375,817</b>	<b>385,212</b>	<b>394,842</b>	<b>404,713</b>
<b>Current liabilities</b>							
Other accruals and Payables	57,076	65,419	72,066	73,867	76,083	78,366	80,717
Tax provision	24,000	1,276	372	372	372	372	372
	<b>81,076</b>	<b>66,695</b>	<b>72,437</b>	<b>74,239</b>	<b>76,455</b>	<b>78,737</b>	<b>81,088</b>
<b>Total liabilities</b>	<b>450,152</b>	<b>433,329</b>	<b>439,088</b>	<b>450,055</b>	<b>461,667</b>	<b>473,580</b>	<b>485,802</b>
<b>Total reserves and Liabilities</b>	<b>577,763</b>	<b>607,687</b>	<b>618,141</b>	<b>631,320</b>	<b>678,347</b>	<b>703,175</b>	<b>735,732</b>

### 6.13.2.2 Projected Statement of Comprehensive Income of Seychelles Fishing Authority

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Revenue	263,830	267,143	266,984	258,948	262,588	265,482	276,349
Other Income	2,192	14,809	113	1,101	4,229	4,334	4,443
Grant utilised	43,035	38,876	33,916	34,764	35,633	36,524	37,437
	<b>309,057</b>	<b>320,828</b>	<b>301,013</b>	<b>294,813</b>	<b>302,449</b>	<b>306,339</b>	<b>318,229</b>
Employee costs	(61,712)	(68,929)	(75,833)	(88,857)	(102,424)	(104,984)	(107,609)
Operating and other expenses	(27,181)	(41,537)	(44,186)	(55,903)	(58,939)	(60,413)	(61,923)
Research and Development costs	(15,717)	(5,146)	(4,134)	(411)	(3,913)	(4,011)	(4,111)
Monitoring control, surveillance and enforcement costs	(10,364)	(9,465)	(4,228)	(400)	(1,940)	(1,989)	(2,038)
Fisheries facilities development	(66,827)	(67,649)	(67,261)	(50,688)	(51,221)	(52,502)	(53,814)
Foreign exchange gain/(losses)	25,127	(16,876)	(8,167)	(5,000)	-	-	-
<b>Surplus before depreciation and amortizations</b>	<b>152,383</b>	<b>111,225</b>	<b>97,203</b>	<b>93,554</b>	<b>84,012</b>	<b>82,442</b>	<b>88,733</b>
Amortization of deferred grants	11,841	11,366	13,655	13,996	14,346	14,705	15,072
Depreciation	(12,975)	(23,566)	(26,774)	(27,331)	(29,349)	(29,525)	(29,571)
<b>Surplus before taxation</b>	<b>151,249</b>	<b>99,025</b>	<b>84,084</b>	<b>80,220</b>	<b>69,009</b>	<b>67,622</b>	<b>74,235</b>
Tax expense	(24,000)	22,724	(94)	-	-	-	-
<b>Surplus for the year as previously stated</b>	<b>127,249</b>	<b>121,749</b>	<b>83,991</b>	<b>80,220</b>	<b>69,009</b>	<b>67,622</b>	<b>74,235</b>
Prior year adjustments	10,055	-	-	-	-	-	-
<b>Surplus for the year (as restated)</b>	<b>137,304</b>	<b>121,749</b>	<b>83,991</b>	<b>80,220</b>	<b>69,009</b>	<b>67,622</b>	<b>74,235</b>

6.13.2.3 *Projected Cash flow Statement of Seychelles Fishing Authority*

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Operating Activities</b>							
Surplus for the year	151,249	99,025	83,991	80,220	69,009	67,622	74,235
Adjustment for:							
Prior year adjustment	10,055	-					
Depreciation on property and equipment	12,975	23,566	26,774	27,331	29,349	29,525	29,571
Amortisation	(11,841)	(11,366)	(13,655)	(13,996)	(14,346)	(14,705)	(15,072)
Movement in employee benefit obligations provision	2,883	2,455	1,001	316	324	332	340
Movement in credit impairment provisions	18	8,338					
<b>Operating profit/(loss) before working capital changes</b>	<b>165,339</b>	<b>122,019</b>	<b>98,111</b>	<b>93,870</b>	<b>84,335</b>	<b>82,773</b>	<b>89,073</b>
<b>Changes in working capital</b>							
Inventories	(363)	(519)	(206)	(21)	(22)	(22)	(23)
Trade and other receivables	(29,842)	23,849	9,228	611	(433)	(443)	(455)
Other payables and accruals	14,015	8,342	5,743	1,802	2,216	2,282	2,351
<b>Net cash inflow/(outflow) from operating activities</b>	<b>149,148</b>	<b>153,691</b>	<b>112,875</b>	<b>96,262</b>	<b>86,097</b>	<b>84,590</b>	<b>90,947</b>
<b>Investing activities</b>							
Additions to property, plant and equipment	(28,363)	(27,339)	(24,501)	(7,611)	(61,939)	(21,057)	(25,515)
Movements to capital work in progress	22,817	(11,204)	(12,164)	1,195	21,687	3,101	-
Movements in fish development fund with DBS	-	-	(3,590)	(1,531)	(1,570)	(1,609)	(1,649)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(5,546)</b>	<b>(38,543)</b>	<b>(40,255)</b>	<b>(7,947)</b>	<b>(41,822)</b>	<b>(19,565)</b>	<b>(27,164)</b>
<b>Financing activities</b>							
Grants received	6,456	19,252	42,837	42,000	42,000	42,000	42,000
Paid to Government of Seychelles	-	-	-	-	-	-	-
Movement in credits held for future projects	(25,952)	(11,693)	(29,920)	(89,043)	(54,847)	(75,436)	(74,029)
Transfer to consolidated fund	-	-	-	-	-	-	-
Dividends paid	(50,000)	(75,000)	(75,000)	(35,000)	(25,000)	(25,000)	(25,000)
Movement in Fisheries Development Fund							
De-recognition of Ile due port from capital work in progress	19,280	-	-	-	-	-	-
Employee benefits paid during the year	(837)	(2,715)	-	-	-	-	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(51,054)</b>	<b>(70,156)</b>	<b>(62,082)</b>	<b>(82,043)</b>	<b>(37,847)</b>	<b>(58,436)</b>	<b>(57,029)</b>
Net change in cash and cash equivalents	92,548	44,991	10,537	6,272	6,428	6,589	6,754
<b>Movement in cash and cash equivalents:</b>							
<b>At January 1</b>	<b>102,785</b>	<b>195,333</b>	<b>240,324</b>	<b>250,861</b>	<b>257,133</b>	<b>263,561</b>	<b>270,150</b>
Increase/ (Decrease) during the year	92,548	44,991	10,537	6,272	6,428	6,589	6,754
<b>At Dec 31</b>	<b>195,333</b>	<b>240,324</b>	<b>250,861</b>	<b>257,133</b>	<b>263,561</b>	<b>270,150</b>	<b>276,904</b>

### 6.13.2.4 Projected Capital Investment Plan of Seychelles Fishing Authority

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Funds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		
							2020	2021	2022	2023	2024	2025	2026
Cascade Fisheries Facilities	Facility to fishermen	Support fisherman's community	5,363	EU	2020	2023	3	1,365	3,514	1,058	-	-	-
BSA Praslin Fisheries Facilities	Facility to fishermen	Support fisherman's community	15,148	EU	2021	2023	-	3,580	4,785	5,259	-	-	-
AAP Fisheries Facilities	Facility to fishermen	Support fisherman's community	18,126	EU	2021	2024	57	3,844	8,245	1,607	4,373	-	-
Victoria Fuel Depot	Facility to fishermen	Support fisherman's community	3,550	EU	2021	2023	235	843	1,421	474	-	-	-
GA Praslin Gear Store	Facility to fishermen	Support fisherman's community	2,366	EU	2024	2024	-	-	-	-	2,366	-	-
Glacis Gear Store			3,101	EU	2024	2024	-	-	-	-	3,101	-	-
Renovation of Headquarters	Offices	For staff of SFA	9,240	SFA Funding	2020	2023	659	1,195	1,644	4,094	-	-	-
SFA Iconic Building	Offices	House the staff of SFA and Min of Blue Economy	15,000	SFA / Ministry Budget	2024	2026	-	-	-	-	5,000	5,000	5,000

- Delay to complete the project by the contractor on time, delayed timelines might impact the budget, delivery date, or overall performance.
- Lack of clarity may come in the form of miscommunication from stakeholders, vague project scopes, or unclear deadlines. The result can be going over budget, falling behind project deadlines, changing project requirements, having to pivot project direction, or disappointing project outcomes.
- Operational risk involves changes in company or team processes, like an unexpected shift in team roles, changes in management, or new processes that your team must adjust to. These things can create distractions, require adjustments in workflows, and may impact project timelines.

### 6.13.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

#### 6.13.3.1 Tax Implications by the Operations of Seychelles Fishing Authority

SCR ('000)

Type of Tax	Actual Figures			Provisional	Forecast			Anticipated Risks
	2020	2021	2022	2023	2024	2025	2026	
PIT	3,994	6,441	7,059	8,522	8,735	8,953	9,177	Fines and penalties resulting from SRC audit
VAT	-	1,189	597	-	-	-	-	
PAYE	366	425	158	166	171	175	179	

#### 6.13.3.2 Anticipated Dividend Declarations By Seychelles Fishing Authority

SCR ('000)

Nature of Dividend	Actual Figures			Provisional	Forecast			Anticipated Risks
	2020	2021	2022	2023	2024	2025	2026	
Dividends in Cash	50,000	75,000	75,000	35,000	25,000	25,000	25,000	The ability to pay dividend whilst sustain the operation of the authority

#### 6.13.3.3 Debt Payments Forecasts By Seychelles Fishing Authority

SFA Currently do not have debt/borrowing with any organization and do not anticipate to obtain any loans

#### 6.13.3.4 Anticipated Subventions and Grants By Seychelles Fishing Authority

SCR ('000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Grants	Government	-	-	-	-	-	-	-	-	-
	SEYCCAT	For fisheries research purposes	-	-	187	1,178	85	-	-	-
	EU	Sectoral support	€ 2,800	67,209	45,891	41,058	41,978	43,027	44,103	45,205

#### 6.13.3.5 Contingencies of Seychelles Fishing Authority

SCR ('000)

Funding Agency	Purpose	Total Liability Amount	Realized Guarantees						
			Actual Figures			Provisional	Forecast		
			2020	2021	2022	2023	2024	2025	2026
Government	Compensation regarding Sri Lankan fishing vessel "Sampath"	5	-	-	-	5	-	-	-



### **6.13.3.6 Assumptions used for the Financial Projections of Seychelles Fishing Authority**

Formulation of the budget for revenue and operating cost is based on trends and historical information. Also, in line with our strategic plan 2023-2027 which consist of six programs with different activities. Each department worked on their budget and submitted the proposed budget to finance to compile based on the actual and historical data.

The authority has also made an increase of 2.5% based on the previous year's figure in line with inflation rate in the country.

#### **REVENUE**

##### **LICENCES & ASSOCIATED FEES**

The provided assumptions are based on the list of industrial licenses from the previous year. However, it is subject to uncontrollable factors that can affect the forecast including changes in access agreements that are negotiated by the Ministry of Fisheries and Blue Economy. There is a possibility of license fees being prorated upon entry of these access agreements. Moreover, fishing vessels can apply for 6-month licenses as opposed to the full annual licenses.

##### **OTHER FISHERIES ACTIVITIES**

Based on existing and new facilities such as gear store, sales of ice and net repair and container storage.

##### **LEASE OF PROPERTIES**

Based on existing and new lease at Ile du Port and Providence, Building and warehouse leasing.

##### **OTHER FEES:**

###### **Additional catch surcharge**

- consider average catches for year 2016- 2020, where number of EU vessels remains more or less constant.
- Exclude the two exceptional year 2021 – very low catches, and 2022 very high catches.

###### **Environmental Fee:**

Moreover, the SFA expects to collect more environmental fees as the ministry intends to finalise agreements with foreign flagged purse seiners.

##### **GRANTS**

The assumption for the EU Grant is based on the sectoral support of EUR 2.8 million received yearly as per the 2020-2026 EU-Seychelles Sustainable Fisheries Partnership Agreement (SFPA); equivalent to approximately SCR 42.7 million.

## 6.13.4 KPIs, Risk Management Strategy and Reporting Obligations

### 6.13.4.1 Key Performance Indicators of the Seychelles Fishing Authority

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
Return on capital employed	To measure the success of the authority in generating satisfactory profit on capital employed	30%	18%	15%	14%	11%	11%	11%
Aquaculture statistics featured in National accounts	The number of species taken up through commercial producers from BAQF activities	NA	NA	NA	1	3	3	3
Current assets ratio	To evaluate the short-term solvency position of SFA to ensure the authority has the ability to pay its short-term obligations.	3.13	4.01	3.71	3.69	3.68	3.66	3.64
Net profit ratio	Tool for measuring the overall profitability and operating performance of an entity	52%	43%	31%	31%	36%	25%	26%

### 6.13.4.2 Risks and Resilience Plan of the Seychelles Fishing Authority

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	The potential for political change in the country which may result in political instability	Ensure goal congruent within the management team to ensure continuity of the business.
	Lack of proper governance framework	Have a set of approve processes, procedures, and policies that a company has in place in order to make certain that the company and its employees are conducting business in a legal and ethical manner.
Financial Risks	The Authority is exposed to currency risk arising from future commercial transactions and liabilities that are dominated in currencies other than the functional currency. Most of our revenue are paid in foreign currency and converted into Seychelles Rupees.	Find new revenue streams to boost up the income to mitigate loss due to fluctuation of foreign currencies.
	The risk of running out of cash such that you may default on obligations.	Proper cash flow management
	Changes to economic conditions such as a recession.	
	Assets register is not up to date. This may affect the accounting statements adjustments to the balance sheet)	Creation of an asset register
Operational Risks	Lack of internal policies, SOPs, clear reporting line within the entire organization structure may create a lack of preparedness to identify, control and respond to risks.	Devise clear internal policies and SOPs; Provide training on corporate governance and compliance to management
Compliance and Regulatory Risks	Improper storage of documents making it inaccessible due to fungus breaching the Public Finance Management Act 2014, Regulations 7.	The authority is moving toward the digitalization of documents to ensure the information is secured and can be furnished in its original form.
	Breach of employment law creating litigation cases and liability against SFA	Familiarization with the employment laws and ensure decision taken are vetted by the internal legal team and the Attorney general office.
	Ensure regulatory reporting are done within the set deadline to avoid fines and penalty fee	The authority has established a framework to monitor and ensure compliance to the different regulations in force.
	With the changes in climate, due to the location of SFA, potential risk of natural disasters pose significant threats	SFA to come up with a disaster management plan to ensure continuity of the business.

<b>Environmental and Social Risks</b>	to the authority including building and human resources and continuity of the business.	
	SFA is located on the fishing port, risk of ammonia leakage in the environment can damage the health of the SFA staff.	SFA should come up with an efficient evacuation plan to ensure the safety of the staff and ensure business continuity.
	Potential risk of flooding since there are a number of large capacity water tanks in close vicinity of the premises of SFA.	SFA should come up with an efficient evacuation plan to ensure the safety of the staff and ensure business continuity.

#### 6.13.4.3 *List of External Reporting's by the Seychelles Fishing Authority*

<b>Name/Title of the Report</b>	<b>Recipients of the Report</b>	<b>Description of the purpose, content and inclusion of the report</b>	<b>Frequency and Timing of the Report</b>
Fisheries Transparency Initiative (FITI)	-	annual report on improving transparency in fisheries governance.	Quarter 4 (yearly)
Southern Indian Ocean Fisheries Agreements (SIOFA)	-	1. scientific report describing fishing activities of Seychelles flagged vessels in SIOFA area of competence. 2. compliance report, summarizing compliance with SIOFA Conservation and Managements Measures	First quarter (yearly) SC report. Second quarter (yearly) Compliance report
Indian Ocean Tuna Commission (IOTC)	-	mandatory reports (National report to the Scientific Committee, Compliance questionnaire, Implementation report and letter of feedback) to be submitted according to set deadlines.	National report - November (yearly) Other reports quarter 2 (yearly)
Sectoral Support Implementation Report		Reports on the implementation of the sectoral support funded under the EU-Seychelles Sustainable Fisheries Partnership Agreement (SFPA). Reports on the achievement and non-achievement of the agreed KPIs and targets.	Annually. Submitted at the annual EU-Seychelles Joint Committee meeting.
World Bank	-	-	-
Annual Financial Statement (AFS)	Shareholders	-	-
Annual General Meeting (AGM)	-	-	-
Register and Annual Report on Aquaculture	Ministry of Fisheries	Overview of number of licenses issued/denied, environmental and health issues, Annual production, exports/imports of aquaculture products and juveniles.	Quarterly for licenses only. Annual for all other items.

## 6.13.5 Stakeholder Engagement

### 6.13.5.1 *Statement by CEO*

The Board of Directors approved a 5-year strategic plan in 2023 for the period 2023 to 2027. The purpose of this plan is to set out the destination that SFA wants to position itself in 5 years' time and the trajectory that it will take to get to that destination. The trajectory, commonly termed the "mission," will be guided by a set of strategic options which will form the framework of all programs and consequential activities that the organization will undertake in those coming years.

Performance Monitoring and Evaluation is a continuous management function to assess if progress is made in achieving expected results and attain the KPIs within the section, to spot bottlenecks in implementation and to highlight whether there are any unintended effects (positive or negative) from the Strategic Plan, programme, or project ("project/plan") and its activities.

The establishment, monitoring, and evaluation of key performance indicators at outcome and output level will thus become imperative to this entire process. A mid-term review will be undertaken in 2024 and final review at the end of implementation. In order to manage the implementation of the plan in a clear and efficient manner the following key modalities were adopted:

- Annual consolidated Departmental work plans and KPI setting which will consist of respective activities by Departments relating to all programs.
- Departmental work plans shall form the 5-year results matrix, which will be updated annually based on internal assessment of progress towards producing the outputs listed in the strategic plan. This will be cascaded to provide the basis for operationalizing and aligning activities with resource allocation.
- Quarterly and annual reports at Management levels will ensure continual assessment, learning and corrective actions for improvement.

### 6.13.5.2 *Foreword by Chairperson*

#### **The early beginning**

In September 1983, the Seychelles Industrial Fisheries Authority (SIFA) was created. This Authority was established in view to develop the fishing industry to its fullest potential. It was to take charge of all industrial fishing development and would represent the Government in all negotiations related to industrial fishing.

The Ministry of National Development was responsible for Government policies on fishing, but SIFA would be an independent organisation with autonomous legal and financial status. SIFA soon gave way to the formation of the Seychelles Fishing Authority (SFA) with the passing of the Seychelles Fishing Authority (Establishment) Act, 1984.

SFA on its formation, took over the staff of the Fisheries Division and those of the Fisheries Development Company (FIDECO). At the very beginning SFA was entrusted with a research and development role from the Fisheries Division and a commercial role from FIDECO.

## **Current Status**

SFA became an autonomous parastatal organization in January 2019 and whose Board of Directors is appointed by the President of the Republic of Seychelles. Its iconic logo with three fishes makes it is easily recognizable by many people.

The SFA is unique because it is an organisation with management, planning, and development, scientific and training functions. It has a strong regulatory function which has meant that it has always been at the center of the fisheries sector development over the years. Driven by our long-standing motto “Responsible Fishing for Sustainability,” the SFA has been through a lot of ups and downs over the years but always rebounded positively.

SFA comprises of approximately 250 staff, including its management team which consists of a pool of dedicated members with a variety of discipline from scientific, technical, managerial, and hands-on experience.

The development process reflected a process of full transparency, inclusivity, and engagement. The mandate related strategies draw from existing Government and sector strategies, which in their own form are the results of extensive consultations and engagements having been conducted in previous exercises. However, the difference with this Strategic Plan, is that it also consisted of intensive engagement with staff of the Authority in the development of the institutional level strategy and programs.

SFA works in close collaboration with its parent Ministry, the Ministry of Fisheries, and the Blue Economy, to implement the Fisheries Sector Policy and Strategy which is key to the fisheries sector’s success. Other partners include Ministry of Agriculture and Climate Change and Environment, Seychelles Coast Guard, Seychelles Ports Authority, Seychelles Maritime Safety Authority, other key Government institutions, various fishermen and boat owners’ 5 associations, NGO's as well as overseas partners. Several stakeholder consultations are held on a regular basis regarding several development projects in the fisheries sector.

On the international scene, SFA has been very prominent in the Food and Agriculture Organization’s (FAO), Indian Ocean Tuna Commission (IOTC) and other regional and international fora to ensure that fisheries development in Seychelles remains relevant with the rest of the region and the world. Through continuous discussions and negotiations with fishing nations, the SFA has ensured the sustainable exploitation of fish and the best interest of the people of Seychelles are maintained.

The United Nation’s Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere.

The Government of Seychelles has put itself at the forefront in environment and SFA has subscribed to the principles of the UNSDG 14 as define below.

Goal 14, "Conserve and sustainably use the oceans, seas and marine resources for sustainable development", seek to prevent and reduce marine pollution; further the sustainable management and protection of marine and coastal ecosystems; address the impacts of ocean acidification; regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices; conserve coastal and marine areas; increase the economic benefits to small island developing States and least developed countries from the sustainable use of marine resources; and strengthen the means of implementation, including increasing scientific knowledge, the transfer of marine technology and implementation of international law as reflected in the 1982 United Nations Convention on the Law of the Sea (UNCLOS).

The Seychelles Fishing Authority is undertaking the following actions, among others, to achieve this goal.

- 1) Improving data collection (fisheries, economics, scientific, social) to improve monitoring of fisheries stocks as well as facilitate the decision-making process.
- 2) Conducting annual stock assessment for key harvested species.
- 3) Developing sustainable management plans for all key harvestable species.
- 4) Reducing the impact of fishing on the marine ecosystem through sustainable practices such as improving the management of drifting FAD's, establish shore-based facilities for fishers to dispose-off their garbage.
- 5) Combating IUU fishing within our waters
- 6) Actively engaging in the Seychelles Marine Spatial Planning process for the management of the sustainable and long-term use and health of the Seychelles' ocean.
- 7) Implementing education and awareness programmes on responsible fishery and sustainable practices.

#### **6.13.5.3 *Statement by the Responsible Minister***

Fisheries has traditionally been an important economic activity in Seychelles, even more so since the development of industrial tuna fishing in the 1980s. The sector accounts for approximately 90% of the total export revenue, but it is struggling, with fish stocks under pressure and profits going down. To turn it around, we need to modernize the sector and apply Blue Economy principles, including a transition to sustainable, well-managed fisheries.

One of the priority actions that my Ministry has entrusted to the Seychelles Fishing Authority is the transitioning to sustainable fisheries. Thanks to the sector's crucial role in the economy, there is an established pathway and a body of research for this transition. Interestingly, some studies have highlighted economic opportunities that have already benefited from significant groundwork. For example, there is an increased focus on value-adding services in the fisheries sector, and we continue to secure funds under innovative financing initiatives that can be directed towards such programs.

Another priority area is value-addition which we have captured in the phrase "doing more with less". A fish processing zone has been demarcated and infrastructure development is on the way.

We have already made significant steps towards development of this sector, for example, with the launch and emphasis on the aquaculture sector. Working in tandem with our partners, we have developed a business offer for local entrepreneurs, that allows them to skip costly and technology-intensive early steps (such as hatcheries) and focus on value-adding services down the value chain, such as growing fish to maturity and securing distribution to international markets. We are, however, still eagerly awaiting to see significant commercial applications in this and other specialized fields such as marine biotechnology.

In the future, such emerging sectors could offer additional sustainable revenue streams and help diversify our economy, making it less vulnerable to economic shocks and external influences.

While fisheries remain a priority sector where we can have quick gains, it is not the only one that we are looking into. For example, we need to advance marine conservation, both to protect our natural heritage and to ensure that we are not exhausting our ocean resources, and we can continue advancing our economy not only today but tomorrow and decades from now.

My Ministry acknowledges that the Seychelles Fishing Authority (SFA) has a team of well-trained professionals with lots of experience to move the fishing industry forward in a sustainable manner. We must valorise all of the knowledge and experience available to make the industry grow to the level where it will be among one of the top pillars of our economy.

My Ministry reiterates the full support of the Government to the management and Board of Directors of the SFA.



## **6.14 L'union Estate Company Ltd. (LUE)**

### **6.14.1 Strategic Overview**

#### **6.14.1.1 *Mandate***

- To carry out agricultural and livestock development. To operate a breeding center in an effort to promote pig production.
- To acquire, establish, construct, improve, manage and operate any facilities for tourism and travelers and any facilities in the field of sports, games, recreations or either pastime.
- To carry out the business of hoteliers, restaurateurs, caterers and guesthouse keepers

#### **6.14.1.2 *Vision***

- To upgrade and refurbish some of the existing facilities of the Estate in the next three years
- To provide augmented products and services to all its local and foreign customers through improved and new infrastructure and facilities.
- To achieve better returns on investments through extended range of agriculture products, commercial and residential infrastructure and heritage sites, and potential reviews of rents and other fees
- To develop a more sustainable business, surviving off its own cash flow, exceeding set targets
- Maintaining the highest level of customer satisfaction through consistent service, availability of products and services, and efficiency and quality of operations.

#### **6.14.1.3 *Mission***

L'Union Estate Co. Ltd endeavors to provide a range of entertainment, vegetables, meat, grocery and beverage services and facilities on La Digue and within the Estate in response to needs of visitors and the local community, and in the process, becomes one of the leading tourism, agricultural and hospitality service providers on the Island.

#### **6.14.1.4 *Strategic Priorities for 2024-2026***

- To upgrade and refurbish some of the existing facilities of the Estate in the next three years
- To provide augmented products and services to all the local and foreign customers through improved and new infrastructure and facilities.
- To achieve better returns on investments through extended range of agriculture products, commercial and residential infrastructure and heritage sites, and potential reviews of rents and other fees
- To develop a more sustainable business, surviving off its own cash flow, exceeding set targets
- Maintaining the highest level of customer satisfaction through consistent service, availability of agricultural products and tourism services, and efficiency and quality of operations.



### 6.14.1.5 *Key Challenges*

#### **External factors**

**Political** – Global price fluctuations affect the cost of production especially of our agricultural products, cost of fuel has a direct impact on the pricing of our fresh agricultural produce.

**Economic** – Tourism income is dependent on a number of external threats out of the control of the PE. The 2022 corona pandemic saw the PE lose a substantial amount in gate collection revenue. It is expected that in the next three years revenue from tourism will be on an upward trajectory since a majority of travel restrictions has been lifted from our traditional tourism markets.

**Social** – The need to collaborate closely with the local community and the stakeholders in order to sensitize the market on key areas of revenue and key foreign exchange earner is vital and very instrumental for the sustainability of the PE's business model. Cases of theft within the Estate has necessitated us to increase more security patrols within the facility and invest in long-term preventive measures like fencing off key resource outlets e.g., the Vanilla farm

**Technological** – Intermittent weather patterns, global warming etc. are all contributing factors to agricultural production output. we are collaborating closely with other external stakeholders on various ways to adopt available technology in farming, the idea of hydroponics has been floated before and expect a visit from experts in the field in the near future to enable us acquire the skills and assess areas that we may need improvement on.

**Legal** – the pig farm is currently licensed to handle only 500 pigs, there's the plan to renovate the pig farm to re-align with license requirements that will enable the farm apply for a license for an increased number of pigs in order to boost production in pork. future unforeseen changes in legal framework may also work either in favor or against the objectives of the PE.

**Environment** – the need to improve the soil for farming through fertilizers and pesticides not harmful to the environment. Security threats posed by porous borders within the Estate means that the Estate is prone to theft of its assets and products which in turn results into loss of revenue.

#### **Internal Factors**

**Skilled manpower** – Skilled management staff is still a challenge though the Estate encourages continuous professional development (CPD) for its longest serving staff in management positions. The need to retain skilled workforce has made it necessary for the PE to offer skilled workers attractive remuneration packages.

**Shift to more service-based economy** - existential factors has meant that the Estate needs to adopt and invest in more tourist attraction programs within the Estate in order to remain competitive and attract more visitors.

## 6.14.2 Outlook of Financial Strategy

### 6.14.2.1 Projected Financial Position of L'union Estate Company Ltd.

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>ASSETS</b>	<b>19,420</b>	<b>21,483</b>	<b>154,404</b>	<b>161,953</b>	<b>164,999</b>	<b>173,094</b>	<b>181,783</b>
Intangible assets	99	36	101	480	350	278	266
Property, Plant & Equipment	19,257	21,382	150,214	156,473	159,649	167,816	176,517
Investments	64	64	4,089	5,000	5,000	5,000	5,000
<b>CURRENT ASSETS</b>	<b>15,771</b>	<b>11,685</b>	<b>16,137</b>	<b>13,720</b>	<b>12,600</b>	<b>14,750</b>	<b>17,030</b>
Inventories	5,824	1,427	396	520	300	250	380
Trade and Other receivables	1,318	1,347	1,043	800	1,000	800	1,050
Biological assets	-	2,887	7,369	8,900	7,800	8,200	8,800
Tax receivable	1,283	-	-	-	-	-	-
Cash and cash equivalent	7,346	6,025	7,328	3,500	3,500	5,500	6,800
<b>TOTAL ASSETS</b>	<b>35,191</b>	<b>33,168</b>	<b>170,541</b>	<b>175,673</b>	<b>177,599</b>	<b>187,844</b>	<b>198,813</b>
<b>EQUITY</b>							
<b>SHAREHOLDERS' EQUITY</b>							
Called up share capital	7,293	7,293	7,293	7,293	7,293	7,293	7,293
Reserves	-	-	126,526	-	-	-	-
Retained Earnings	9,291	20,648	28,355	(162,380)	163,802	173,461	184,045
<b>TOTAL EQUITY</b>	<b>16,583</b>	<b>27,941</b>	<b>162,173</b>	<b>169,673</b>	<b>171,095</b>	<b>180,754</b>	<b>191,337</b>
<b>LIABILITIES</b>							
<b>NON-CURRENT LIABILITIES</b>	<b>18,042</b>	<b>4,161</b>	<b>4,569</b>	<b>3,500</b>	<b>4,200</b>	<b>4,500</b>	<b>4,800</b>
Trade and other payables	12,621	4	-	-	-	-	-
Pension liability	5,422	4,157	4,569	(3,500)	4,200	4,500	4,800
<b>CURRENT LIABILITIES</b>	<b>566</b>	<b>1,066</b>	<b>3,799</b>	<b>2,500</b>	<b>2,304</b>	<b>2,590</b>	<b>2,676</b>
Trade and other payables	566	802	2,048	1,200	605	750	660
Tax payable	-	264	1,751	1,300	1,699	1,840	2,016
<b>TOTAL LIABILITIES</b>	<b>18,608</b>	<b>5,228</b>	<b>8,368</b>	<b>6,000</b>	<b>6,504</b>	<b>7,090</b>	<b>7,476</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>35,191</b>	<b>33,168</b>	<b>170,541</b>	<b>175,673</b>	<b>177,599</b>	<b>187,844</b>	<b>198,813</b>

6.14.2.2 *Projected Statement of Comprehensive Income of L'union Estate Company Ltd.*

Description	SCR ('000)						
	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Continuing Operations</b>							
Revenue	13,930	20,636	37,636	37,700	48,777	53,197	56,201
Grant - Ministry Of Finance	-	13,486	-	-	-	-	-
Cost Of Sales	(10,724)	(9,134)	(11,804)	(14,200)	(7,426)	(11,566)	(12,093)
<b>Gross Profit</b>	<b>3,206</b>	<b>24,988</b>	<b>25,832</b>	<b>23,500</b>	<b>41,351</b>	<b>41,631</b>	<b>44,108</b>
Other Operating Income	771	(218)	191	300	51	126	44
Administrative Expenses	(9,935)	(8,431)	(16,565)	(15,000)	(30,782)	(30,258)	(31,553)
<b>Operating Profit/(Loss)</b>	<b>(5,958)</b>	<b>16,339</b>	<b>9,458</b>	<b>8,800</b>	<b>10,621</b>	<b>11,499</b>	<b>12,599</b>
Finance Income	153	-	-	120	-	-	-
<b>Profit/(Loss) Before Income Tax</b>	<b>(5,805)</b>	<b>16,339</b>	<b>9,458</b>	<b>8,920</b>	<b>10,621</b>	<b>11,499</b>	<b>12,599</b>
Income Tax	(88)	(4,982)	(1,751)	(1,427)	(1,699)	(1,840)	(2,016)
<b>Profit/(Loss) For The Year</b>	<b>(5,893)</b>	<b>11,357</b>	<b>7,707</b>	<b>7,493</b>	<b>8,922</b>	<b>9,659</b>	<b>10,583</b>
<b>Total Comprehensive Income For The Year</b>	<b>(5,893)</b>	<b>11,357</b>	<b>7,707</b>	<b>7,493</b>	<b>8,922</b>	<b>9,659</b>	<b>10,583</b>

6.14.2.3 *Projected Cash flow Statement of L'union Estate Company Ltd.*

Description	R ('000)						
	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Cash flows from Operating activities</b>							
Cash generated from operations	(2,110)	(7,078)	10,414	7,493	8,922	9,659	10,583
Tax paid	(1,609)	(3,435)	(264)	(1,427)	(1,699)	(1,840)	(2,016)
Grant - Ministry of Finance	-	13,486	-	-	-	-	-
<b>Net cash from operating activities</b>	<b>(3,719)</b>	<b>2,973</b>	<b>10,150</b>	<b>6,066</b>	<b>7,222</b>	<b>7,819</b>	<b>8,567</b>
<b>Cashflows from investing activities</b>							
Purchase of intangible fixed assets	(32)	-	-	(245)	-	-	-
Purchase of tangible fixed assets	(4,048)	(4,294)	(63,336)	(1,800)	(12,000)	(8,400)	(500)
Investments	4,611	-	(4,025)	(5,036)	(5,038)	(5,040)	(5,042)
Interest received	335	-	-	-	-	-	-
<b>Net cash from investing activities</b>	<b>866</b>	<b>(4,294)</b>	<b>(67,360)</b>	<b>(7,081)</b>	<b>(17,038)</b>	<b>(13,440)</b>	<b>(5,542)</b>
<b>Cashflows from Financing activities</b>							
Issue of shares	-	-	-	-	-	-	-
Decrease/(Increase) in reserves	-	-	58,513	(2,813)	9,816	7,621	(1,725)
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>	<b>58,513</b>	<b>(2,813)</b>	<b>9,816</b>	<b>7,621</b>	<b>(1,725)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(2,853)</b>	<b>(1,321)</b>	<b>1,303</b>	<b>(3,828)</b>	<b>-</b>	<b>2,000</b>	<b>1,300</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>10,199</b>	<b>7,346</b>	<b>6,025</b>	<b>7,328</b>	<b>3,500</b>	<b>3,500</b>	<b>5,500</b>
<b>Cash and cash equivalents at end of the year</b>	<b>7,346</b>	<b>6,025</b>	<b>7,328</b>	<b>3,500</b>	<b>3,500</b>	<b>5,500</b>	<b>6,800</b>

6.14.2.4 *Projected Capital Investment Plan of L'union Estate Company Ltd*

SCR ('000)

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		
							2020	2021	2022	2023	2024	2025	2026
<i>Major Capital Investments</i>													
<b>Paving of road</b>	Between main road and new entrance	TBD	200	Internal	2024	2024	-	-	-	-	200	-	-
<b>Ticket Building</b>	Build security room, thatched roof	TBD	1,500	Internal	2024	2025	-	-	-	-	750	750	-
<b>Equipment for ticket building</b>	QR codes software etc.	TBD	750	Internal	2024	2025	-	-	-	-	500	750	-
<b>Fence</b>	Vanilla fence	TBD	580	Internal	2023	2024	-	-	-	575	5	-	-
<b>Pergola</b>	Behing Grann kaz	TBD	50	Internal	2024	2024	-	-	-	-	50	-	-
<b>Tortoise pen</b>	Extension of pen	TBD	100	Internal	2024	2024	-	-	-	-	100	-	-
<b>Tennis court</b>	Reconversion for bumper cars	TBD	500	Internal	2023	2024	-	-	-	250	250	-	-
<b>Lospitalite juice bar</b>	Juice bar	TBD	500	Internal	2023	2024	-	-	30	455	45	-	-
<b>Food court</b>	Outlets at L'embouchure	TBD	3,000	Internal	2024	2024	-	-	-	-	3,000	-	-
<b>Bicycle rack</b>	Target for 400 bikes on Estate	TBD	50	Internal	2022	2026	-	-	16	-	20	7	7
<b>Pti Zil</b>	Stabilization of islet	TBD	300	Internal	2025	2025	-	-	-	-	-	300	-
<b>Oxcart</b>	Purchase of oxcart	TBD	52	Internal	2024	2024	-	-	-	-	52	-	-
<b>Pirogue</b>	Construction of pirogue	TBD	125	Internal	2024	2024	-	-	-	-	125	-	-
<b>Petting zoo</b>	Contraction of petting zoo	TBD	400	Internal	2022	2025	-	-	100	-	200	100	-
<b>Equestrian Activities</b>	Contraction of horse stables	TBD	1,650	Internal	2024	2024	-	-	-	-	1,650	-	-
<b>Senior staff accomodation</b>	Housing construction	TBD	5,000	Internal	2025	2025	-	-	-	-	-	5,000	-
<b>Other staff accomodation</b>	Farm staff accommodation units	TBD	3,000	Internal	2024	2024	-	-	-	-	3,000	-	-
<b>Pig farm</b>	Renovation of farm	TBD	1,000	Internal	2025	2026	-	-	-	-	-	1,500	1,500
<b>Pig farm store</b>	Enlargement of feeds store	TBD	150	Internal	2025	2025	-	-	-	-	-	150	-
<b>Pig abattoir</b>	Enlargement of abattoir	TBD	500	Internal	2024	2024	-	-	-	-	500	-	-
<b>Chicken abattoir</b>	Construction of chicken abattoir	TBD	1,200	Internal	2024	2024	-	-	-	-	1,200	-	-

<b>Chemical store</b>	New chemical store	TBD	200	Internal	2024	2024	-	-	-	-	200	-	-
<b>Store</b>	Construction of store	TBD	400	Internal	2024	2024	-	-	-	-	400	-	-
<b>Club cars</b>	Purchase of club cars	TBD	500	Internal	2024	2024	-	-	-	-	500	-	-
<b>Grann kaz</b>	Roof repair balustrade	TBD	1,500	Internal	2024	2024	-	-	-	100	1,500	-	-
<b>Contingencies</b>	to cater for any increase in construction costs or mate		1,139	Internal	2024	2026	-	-	-	-	3,796	3,796	3,796

### 6.14.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

#### 6.14.3.1 Tax Implications by the Operations of L'union Estate Company Ltd.

Type of Tax	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Business Tax	88	4,982	1,751	1,427	1,699	1,840	2,016
PIT	705	665	738	779	788	786	813
VAT	613	1,223	2,857	2,288	2,500	2,800	3,150

#### 6.14.3.2 Anticipated Dividend Declarations by L'union Estate Company Ltd. L'union Estate Company Ltd. does not anticipate paying dividends

#### 6.14.3.3 Debt Payments Forecasts by L'union Estate Company Ltd. L'union Estate Company Ltd. does not anticipate in obtaining loans.

#### 6.14.3.4 Anticipated Subventions and Grants by L'union Estate Company Ltd.

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Subventions	Government	Pandemic relief	-	-	13,486	-	-	-	-	-
	IMF	-	-	-	-	-	-	-	-	
	ADB	-	-	-	-	-	-	-	-	
	EU, etc	-	-	-	-	-	-	-	-	
Grants	Government	-	-	-	-	-	-	-	-	
	IMF	-	-	-	-	-	-	-	-	
	ADB	-	-	-	-	-	-	-	-	
	EU, etc	-	-	-	-	-	-	-	-	

#### 6.14.3.5 Contingencies of L'union Estate Company Ltd. L'union Estate Company Ltd. has no anticipated contingent liabilities.

#### 6.14.3.6 Assumptions used for the Financial Projections of L'union Estate Company Ltd.

- Projected statement of Comprehensive Income
- Low season for tourism starts in the month of June to July and then again in November and December
- High season for tourism is from March to April and August, September and October
- Weather seasons, supply and demand determine the crop output at the crop farm
- The pig farm is constrained to a limit of 500 pigs as per the SLA license
- Egg production revenue is affected by a supply in the market which at times necessitates a drop in prices
- Anticipation in more staff recruitment in various departments of the company
- Most expatriates work permits would expire in March of the following year hence an increase in staff costs
- The current breed of cattle at the farm gives low yields in beef revenue due to low carcass weight upon slaughter.

- The company does not expect major turbulence in the tourism industry since the corona pandemic has been largely contained in the vital tourism markets for the country.
  - The company plans to complement its traditional products with other imported goods to offer more product varieties to both existing and future clients.
  - The new hospital is due to start full operations soon towards the 3<sup>rd</sup> quarter of the year and this portends an increase in customer footfall at the L'Union grocery shop.
- Projected Financial Position
  - All capital expenditure projects have a higher chance of lapsing into the next financial period
  - The rate of corporation tax has been input at an average of 16% due to the fact that Agricultural income is exempted from Business tax.
  - The 16% rate has been derived from the average of business tax paid over net income of the successive financial years
  - Financing to be allocated for CAPEX projects has been factored in determining the cash and cash equivalent at the bank for the projected period
  - The company uses accrual accounting method in treatment of accounts receivable and accounts payable
  - The company has no plan to declare dividends since retained earnings is saved for CAPEX
  - A contingency fund is budgeted for based at the rate of 5% of the total projected CAPEX to cater for unforeseeable price fluctuations, work delays, signages to be erected during the project life cycle etc.

#### 6.14.4 KPIs, Risk Management Strategy and Reporting Obligations

##### 6.14.4.1 Key Performance Indicators of the L'union Estate Company Ltd.

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
Net Profit Margin	Net Profit/Total Revenue x 100	-42%	33%	20%	20%	18%	18%	19%
Gross profit ratio	Gross profit/net sales x 100	23%	73%	69%	62%	85%	78%	78%
Asset Turnover Ratio	Net Sales / Average Total Assets	40%	103%	22%	21%	27%	28%	28%
Current ratio	Current assets/Current liabilities	27.88	10.96	4.25	5.49	5.47	5.7	6.36

#### 6.14.4.2 Risks and Resilience Plan of the L'union Estate Company Ltd.

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
<b>Strategic Risks</b>	Geo-Politics	Close coordination with parent Ministry, purchase of feeds in bulk to shield from intermittent price shocks
	Tourism	Increased attractions in the Estate
	Global warming	Growing and plating the best high yielding crops based on market demands
<b>Financial Risks</b>	Tourism income	Increased attractions in the Estate
	Market price shocks	Leveraging on economies of scale to buy needed input in bulk so as to save on transport and associated costs. Application for tax exemptions on agricultural assets importations
	Forex gains/losses	Minimising savings in FX
	High operational costs	Taking advantage of govt subsidies on agricultural inputs. Buying inputs in bulk to minimise transport costs
<b>Operational Risks</b>	Skilled workforce	Increased staff retention coupled with attractive salary packages
	Fluctuations on tourism numbers	Increased attractions in the Estate
	Revenue loss from stealing	Increased security patrol within the Estate
	Livestock diseases	Increased veterinary services
	Senior management skills	Encouraged continuous professional development (CPD)
	Increased supply	Bumper harvest means product saturation in the market, we source for more markets in order to have a wider market reach
<b>Compliance and Regulatory Risks</b>	Internal audit department	In the process of recruiting one
	Board composition	Liaison with the parent Ministry to have this fully constituted
	Taxes	Close collaboration with the Seychelles Revenue Commission
<b>Environmental and Social Risks</b>	Porous borders	Increased security patrols within the Estate. Plans to fence off the Vanilla farm
	Lack of cooperation from local operators	Improving dialogue and close collaboration with local operators/stakeholders
	Theft	Increased security patrols in the Estate
	Tsunamis	Working closely with relevant Ministries
<b>PESTEL</b>	Political	Working closely Regulatory Bodies and Parent Ministries
	Economic	Since the recovery from the corona pandemic, we expect increased arrival of tourists within the Estate, there's the need to also invest in more attractions other than the beach
	Social	Attracting skills within the local community and the country through attractive remuneration packages
	Technological	Improving agricultural output through modern farming methods. There is talk of considering hydroponics in vegetable production
	Legal Environment	Ensuring compliance and working closely with parent Ministry Increased security patrols to mitigate theft within the Estate. Collaborating closely with local stakeholders to find win solution to myriad of challenges experienced within the tourism industry



### 6.14.4.3 *List of External Reporting's by the L'union Estate Company Ltd.*

<b>Name/Title of the Report</b>	<b>Recipients of the Report</b>	<b>Description of the purpose, content and inclusion of the report</b>	<b>Frequency and Timing of the Report</b>
Quartely report	Public Enterprise Monitoring Commission (PEMC)	Profit & Loss, Balance sheet to showcase monthly performance of the PE	Quarterly
Statutory taxes	Seychelles Revenue Commission (SRC)	VAT, PIT and other statutory taxes	Monthly
Business tax	Seychelles Revenue Commission (SRC)	Corporate tax	Yearly
Pension deductions	Seychelles Pension Fund (SPF)	Staff pension contributions	Monthly
Annual return	Registrar of Companies (RoC)	Annual returns	Yearly
Annual Financial Reports	PEMC, SRC and RoC	Audited financial reports of the PE	Yearly
Annual Plan	Public Enterprise Monitoring Commission (PEMC)	Annual plan of the PE	Yearly
Strategic plan	Public Enterprise Monitoring Commission (PEMC)	Longterm plan of the PE	Every 5 years
Annual budget	Public Enterprise Monitoring Commission (PEMC)	Medirum tern financial strategy	Every 3 years

## 6.14.5 **Stakeholder Engagement**

### 6.14.5.1 *Statement by CEO*

The management and staff of L'Union Estate (LUE), under my guidance and the Board's direction, remain committed to ensure that all possible efforts are put into the efficient and profitable operation of LUE. The diversification and improvements of the products that we offer are key in this endeavor. Once the projects in the redevelopment plan are completed and operational, LUE will become more diversified and attractive to visitors and this is expected to bring in increased revenues from entrance fees and rental income. The new crop farm plan is also expected to turn around that section and make it profitable.

We continue to strengthen internal controls will continue to monitor the outcome of our efforts and adjust our strategies accordingly whenever necessary. There systems that we have in place to mitigate the various challenges that we experience are continuously being reviewed.

### 6.14.5.2 *Foreword by Chairperson*

L'Union Estate is the main tourist attraction on La Digue with a monthly average of fifteen thousand paying visitors. We are national heritage site with Agrotourism as its principal activity, L'Union Estate Company is responsible for the maintenance and development on L'Union Estate where we charge a fee for non-Seychellois to enjoy the use of the premises. For many years L'Union Estate has seen the much-needed attention to its core mandate reduced as we were given the responsibility outside of our mandate to sell property on behalf of the Government.

It is imperative to note that the company started operating at a profit from 2017 through better control measures and saw an improvement in the farming operations. Unfortunately, the covid-19 pandemic affected the operations and performance negatively. Fast forward 2022, the company recorded its highest revenue ever, with more than SCR37.6 million, equivalent to an increase of 25% from the second-best performance recorded in 2019.

With a clear understanding from our shareholder and board of directors that LUE should focus on its core mandate, lots of resources has been put into preparation of tourism development plan. The plan showcases diversification and projects that will generate additional revenue with facilities rental and improvement in the services on the estate that would provide more value for money for our paying visitors. This will in return contribute towards an increase of 28% for the 2024 and 9 and 6 % for 2025 and 2026 respectively.

There is huge potential for the La Digue to produce most of its vegetable and meat products locally, L'Union Estate Company will play a pivotal role in that over that next 3 years with implementation of our farm plan in 2024.

**6.14.5.3**      ***Statement by the Responsible Minister***

The MTFS of LUE has not yet been presented and discussed with the responsible Minister.



## 6.15 Seychelles Parks and Gardens Authority (SPGA)

### 6.15.1 Strategic Overview

#### 6.15.1.1 *Mandate*

The Seychelles Parks Authority, (SPGA)'s mandate includes:

- a) promote the participation of Government, the public and businesses in conservation work;
- b) protect and manage effectively the ecosystems and biodiversity in designated Protected Areas which fall under the jurisdiction of the Authority;
- c) implement national conservation policies and obligations under multilateral agreements;
- d) implement forestry practices and management;
- e) protect habitats and ecosystems from anthropogenic threats such as forest fire, pollution and coral destruction
- f) undertake specialist services such as plant identification and offer specialist consultancy services;
- g) facilitate and conduct research related to biodiversity and protected areas;
- h) deliver services of a high standard for the users of the gardens and parks;
- i) engage in commercial activities related to the functions of the Authority;
- j) provide tourism and recreational activities;
- k) provide gardening and landscaping services, guided tours and similar services;
- l) promote education and awareness activities.

#### 6.15.1.2 *Vision*

“The parks and gardens in Seychelles are secure and thriving, sustained by adequate finances and a network of relevant stakeholders.”

#### 6.15.1.3 *Mission*

Our mission statement serves as the point of departure for our Strategic Plan, articulating our aspirations to “Ensure that the protected areas and gardens are managed for the benefit of all”.

#### 6.15.1.4 *Strategic Priorities for 2024-2026*

The Seychelles Parks and Gardens Authority, (SPGA), formerly the Seychelles National Parks Authority and National Botanical Gardens Foundation is a body corporate which intends to achieve its mission by concentrating on:

##### **I. Targeted and Strategic Conservation**

**“Building on strong conservation action to preserve and protect the country’s parks and gardens entrusted to SPGA.”**

By 2026, conservation should finance itself for the duration of the Strategic Plan and beyond. This will be achieved by the successful implementation and monitoring of the numerous Management Plans, through synergies between the various departments coupled with the effective adoption of the ideal Public-Private-Partnership model(s).

##### **II. Resourcefulness**

**“Leveraging existing SPGA resources to produce different and better results.”**

By 2026, SPGA’s resources should enable it to generate enough income to cover costs and finally become a profitable entity.

### III. Financial Autonomy

“Strengthening SPGA’s financial autonomy by deepening and diversifying our revenue sources.”

By 2026, SPGA should be a profitable entity through income diversification and able to pay dividends to the government.

### IV. Financial Soundness

“Maximizing income while minimizing costs.”

By 2026 SPGA should be free of wastage, leakages and maximize income on all available resources.

#### 6.15.1.5 Key Challenges

- 1) Lack of quality staff in Finance, Research and Park Management in order to allow SPGA to fully achieve its objectives.
- 2) Establishing SPGA into the ideal commercial entity given its recent financial autonomy
- 3) New demands in diversification of tourism activities and experience offerings
- 4) Training and re-training of existing staff in order to meet the the organization’s goals, expectations and standards.
- 5) Setting up a monitoring and evaluation framework as well as legal support for the organisational needs.

#### 6.15.2 Outlook of Financial Strategy

##### 6.15.2.1 Projected Statement of Comprehensive Income of the SPGA

SCR (‘000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Total Filming And Photo shooting Fees	40	-	-	55	58	58	58
Total Hotel Contribution	895	-	-	1,280	1,680	1,680	1,680
Total Cinnamon Trade	1	-	-	15	36	36	36
Total Products	3,243	-	-	3,628	3,262	3,262	3,262
Total Mooring	586	-	-	317	480	504	529
Total Garden	10,615	-	-	10,493	12,623	13,254	13,916
Total Trails and Reserves	1,905	-	-	2,091	4,147	4,354	4,572
Total Marine Parks	21,479	-	-	19,624	24,816	26,057	27,360
Total Rental/ Hire of facilities	1,490	-	-	576	1,556	2,147	2,204
Total Others	1,014	-	-	394	135	183	185
<b>Total Revenue</b>	<b>41,268</b>	-	-	<b>38,472</b>	<b>48,791</b>	<b>51,533</b>	<b>53,801</b>
Office Expenses	4,192	-	-	3,723	4,424	4,266	4,479
Transport cost	2,973	-	-	1,697	3,346	3,461	3,834
Maintenance and Repair Cost	2,030	-	-	1,300	3,203	2,357	2,475
Other Use of goods and Services	2,555	-	-	3,051	5,160	4,868	5,111
Salary	29,148	-	-	28,644	31,899	34,102	33,595
<b>Total Expenditure</b>	<b>40,898</b>	-	-	<b>38,416</b>	<b>48,032</b>	<b>49,054</b>	<b>49,495</b>
<b>Total Gross profit</b>	<b>370</b>	-	-	<b>56</b>	<b>760</b>	<b>2,480</b>	<b>4,307</b>
Retained Earnings	5,556	-	-	-	-	-	-
Donation: Bio-Diversity	1	-	-	-	-	-	-
Donation: Botanical Garden	33	-	-	-	-	-	-
Grant from Ministry of finance	7,300	-	-	-	-	-	-
<b>Total Other income</b>	<b>12,890</b>	-	-	-	-	-	-
<b>Profit from other income</b>	<b>13,261</b>	-	-	<b>56</b>	<b>760</b>	<b>2,480</b>	<b>4,307</b>

**6.15.2.2 Projected Cash Flow Statement of Seychelles Parks and Gardens Authority**  
**SCR ('000)**

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>OPENING BALANCE</b>	-	-	7,793	18,305	18,853	19,853	21,353
<b>Cash flows from operating activities</b>	-	-					
Receivables	-	-	41,270	38,472	48,791	51,533	53,801
Payables	-	-	(11,087)	(8,593)	(12,930)	(12,595)	(13,424)
salaries	-	-	(27,973)	(28,644)	(31,899)	(34,102)	(33,595)
Exchange gain or Loss	-	-	26	30	32	33	35
<b>Net cash flow from operating Activities</b>	-	-	<b>2,235</b>	<b>1,265</b>	<b>3,994</b>	<b>4,870</b>	<b>6,816</b>
Additional Cash Received	-	-					
Retained Earnings from Nbgf	-	-	5,556	-	-	-	-
Ministry OF Finance Grant	-	-	7,300	-	-	-	-
Donations	-	-	34	-	-	-	-
Cash flow from other income	-	-	12,890	-	-	-	-
Total received from Operating Activities	-	-	15,125	1,265	3,994	4,870	6,816
<b>Cash flow from Investing Activities</b>	-	-					
Purchased of fixed assets	-	-	(1,306)		(3,203)	2,357	2,475
Minor projects	-	-			(500)	100	800
<b>Net cash flows from investing activities</b>	-	-	<b>(1,306)</b>		<b>(3,703)</b>	<b>(2,457)</b>	<b>(3,275)</b>
<b>Total from investing activities</b>	-	-					
<b>Net cash flow from activities</b>	-	-	<b>13,819</b>	<b>1,265</b>	<b>292</b>	<b>2,413</b>	<b>3,542</b>
Net increase (Decrease in cash)	-	-	10,513				
Cash at the beginning of the year	-	-	7,793	18,305	18,853	19,853	21,353
<b>Cash at the end of the year</b>	-	-	<b>18,305</b>	<b>18,853</b>	<b>19,853</b>	<b>21,353</b>	<b>23,153</b>

**6.15.2.3 Projected Capital Investment Plan of the Seychelles Parks and Gardens Authority**

**SCR ('000)**

Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		
							2020	2021	2022	2023	2024	2025	2026
<b>Major Capital Investments</b>													
Tortoise Nursery	Details Not Provided		300	SPGA A/C	2024	2024	Details Not Provided						
Vehicles			1,200	SPGA A/C	2024	2024							
Souvenir Boutique (Botanical Garden)			1,000	SPGA A/C	2024	2024							
Reception and Commercial Facility - Curieuse		Details Not Provided											
Trails & Associated Developments (Ticket Booth & Solar Panels )			300	SPGA A/C	2024	2024							
New Boats and Engines			1,425	UNDP GEF/R2R	2024	2024							
Major Renovation of Doctor's House -Curieuse			2,000	Curieuse Grant	2023	2024							

### 6.15.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

6.15.3.1 *Tax Implications by the Operations of Seychelles Postal Services*  
Details not provided in the MTFS of SPGA.

6.15.3.2 *Tax Implications by the Operations of Seychelles Postal Services*  
Details not provided in the MTFS of SPGA.

### 6.15.3.3 *Debt Payments Forecasts by the Seychelles Parks and Gardens Authority* SCR ('000)

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Repayment to Government	Cleaner's Corporative	-	-	-	2,000	2,000	1,600	-	-	-
	Interest for the Year	-	-	-	-	-	-	-	-	-
	Repayment of Capital	-	-	-	-	-	-	-	-	-
	Balance carried forward	-	-	-	-	-	-	-	-	-

### 6.15.3.4 *Anticipated Subventions and Grants by the Seychelles Parks and Gardens Authority*

\$SCR ('000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Grants	UNDP GEF Projects	-	-	-	-	-	-	\$136	-	-
	Adaptation Fund Project	-	\$424	\$102	\$80	\$83	\$81	\$77	-	-
	Ridge to Reef Project	-	\$288	\$48	\$108	\$44	\$46	\$30	\$13	-
	SEYCAAT	-	-	-	-	-	R468	R1,530	-	-

### 6.15.3.5 *Assumptions used for the Financial Projections of Seychelles Parks and Gardens Authority*

These assumptions are related to visitor trends, site performance, and overall strategic considerations:

- Visitor Trends and Seasonal Variation
- Impact of COVID-19
- New Sites and Potential Growth
- Comparison with National Trends
- Capacity for Growth
- Increasing Percentage Share of National Visitors
- Comparative Site Performance
- Historical Data
- Strategic Planning
- Operational Efficiency

## 6.15.4 KPIs, Risk Management Strategy and Reporting Obligations

### 6.15.4.1 Key Performance Indicators of the Seychelles Parks and Gardens Authority

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
Targeted Revenue Lines		-	-	41,271,408.56	38,472,404.69	48,791,299.80	51,533,241.39	53,801,185.96
New Business Developments	Souvenir Boutique	-	-		Curieuse and Fond B'offay Boutiques	-	-	-
	Opening of New Trails	-	-	Morne Seychellois and Trois Freres Nature Trail	Glacis Noire and Anse Major Nature Trail	Morne Blanc Nature Trail	-	-
	Sales Outlets for Soft Drinks	-	-	-	Copolia, Sans soucis & Glacis Noire Nature Trail Outlets	Morne Blanc Nature Trail	-	-
	Cafeteria	-	Botanical Garden Cafeteria	-	Biodiversity Centre Cafeteria	Curieuse Island Cafeteria	-	-
Number of tourist visiting Seychelles	-	182,849	332,068	400,000	420,000	441,000	463,050	
Tourists visiting our Parks	-	21,604	48,877	152,814	169,232	188,179	197,588	207,468
Staff Capacity Building	Marine Operations-WIocompas Certification	-	-	1 staff certified	2 staffs certified	2 staffs certified	2 staffs certified	-
	Certification from TGMI	-	-	1 staff	2 staffS	1 staff	-	-

### 6.15.4.2 Risks and Resilience Plan of the Seychelles Parks and Gardens Authority

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Lack of human resources to implement the Strategic Plan	Allocate funds and resources to effectively train staff
	Change in government/ management might affect the implementation of the Strategic Plan	Set up robust internal structure for smooth functioning and continuity
Financial Risks	External shocks,(e.g. global health pandemic, wars,low tourism arrivals etc) might deplete and the company might sustain for 6 months	Build up the reserve & Invest in long term deposit
	95% revenue depends on tourism	Explore alternative sustainable financial mechanisms such as a Trust Fund
	Credit Facility for applying of loans	Explore soft loans application
Operational Risks	Inflation	
	Rigid entry fees(SPGA's fees are regulated under the law)	Diversification and introduction of new commercial activities
Compliance and Regulatory Risks	Introduction of new Government policies and laws that might impose pressure on cash flow	Adaptation to new policies and laws (explore new opportunities)
Environmental and Social Risks	Climate Change	Adaptation and mitigation measures

### 1.1.1.1 *List of External Reporting's by the Seychelles Parks and Gardens Authority*

<b>Name/Title of the Report</b>	<b>Recipients of the Report</b>	<b>Description of the purpose, content and inclusion of the report</b>	<b>Frequency and Timing of the Report</b>
Quarterly financial Statements	PEMC		Quarterly
Financial statements	Board of Directors	Details of all the Financial Implications of the Entity	Monthly
Quarterly Report	SPGA Chairperson and Minister's Office	All SPGA Activities Detailed	Quarterly
Annual Report	PEMC, Board Chairperson, Minister's Office and Public	All SPGA Activities	Annually
Periodic scientific report	Board Chairperson and Minister's Office	Research and Monitoring Activities	Periodic

## 6.15.5 Stakeholder Engagement

### 6.15.5.1 *Statement by CEO*

The SPGA Strategic Plan 2022-2026, is the guiding document, spearheading the entity's direction and targets for the 5 years ahead. Through its implementation, the Authority's approach to its Public Enterprise status see to it that it is set to reach its ultimate potential and undertake best practices when managing the protected areas. We recognize our role and expertise in conserving and protecting the Parks and Gardens of Seychelles and thus, we are guided in our strategic aims by our well-defined mandates, firmly supported by our vision and mission statements and further reinforced by the core values of the organization.

Underpinning our conservation goals are 4 core priority strategies: (1) Targeted & Strategic Conservation (2) Resourcefulness (3) Financial Autonomy and (4) Financial Soundness, all of which are focused on taking the Authority to soaring heights. It is with great conviction, that we aspire to accomplish our goals and further have these translated into incredible achievements. Our efforts are strongly grounded in growing the passion for sustainable management and protection of the protected areas and designated gardens of Seychelles. We remain firm in our belief that we are providing added experiences for visitors and locals alike. With SPGA's unwavering commitment to sustainability in all of its facets and its clear vision, the Authority has embarked on a journey to solidify its position within the business and conservation market. We will strive to maintain our competitive edge at all times and deliver unparalleled value to all our clients.

**CEO**

Allen Cedras



#### **6.15.5.2 *Foreword by Chairperson***

The Seychelles Parks and Gardens Authority (SPGA) has been adamant in its regulatory obligations and corporate responsibility in order to deliver on its functions and mandates. Based on the current financial statements, position and indications, I anticipate that the organization is financially well rooted to being financially sustainable in the medium and long-term. Only through continued strategic planning and budgeting can the SPGA remain well on track and operational. I am confident that the vision and mission of the SPGA will shine through the actions and upcoming ventures throughout the coming years and that we continue to make positive and steady strides towards becoming a reputable and leading conservation body.

Following the adverse economic impacts of the COVID19 pandemic and the uncertainty in visitor arrivals, SPGA has adhered to its Business and Strategic Plans, focusing on adaptation to the changing business landscape, whilst safeguarding stakeholders, employees, visitors and sites.

We are prepared to reach new horizons and further note that this will involve targeted investments in key areas, strategic partnerships and relentless pursuit of excellence. We will leverage our existing strengths to diversify our offerings and create new revenue streams. Our aim is to increase our influence and make a lasting impact in the environment in which we operate. We recognize the importance of responsible business practices and will therefore intend to foster a culture of collaboration, transparency and accountability.

**Board of Directors Chairperson  
Lucas D’offay**

#### **6.15.5.3 *Statement by the Responsible Minister***

As a Ministry we have formulated and put into place policies, strategies and action plans for the conservation and sustainable use and management of resources by all Agencies under the portfolio. I am assured that my Ministry and its affiliated institutions, such as SPGA will take all possible measures to guide and regulate all developments and projects in conformity with conservation principles, as well as strategic financial sustainability so as to ensure that the Authority aligns itself with national priorities, through visionary planning and effective management controls. I am firmly assured that the SPGA will prioritize strengthening current services and aim to improve the overall service experience of clients.

Let us be reminded that to further reinforce and strengthen the SPGA’s financial soundness, we must bring forth a holistic and strategic approach to the management of the Authority, which shall undoubtedly underpin its success. With focus shed on efficient and effective management of the protected areas entrusted to the Authority, the strategic priorities remain inextricably linked to the vision and mission of SPGA. Through the SPGA Strategic Plan, the Authority is provided with a comprehensive framework for operational planning and implementation. The latter shall be achieved through monitoring, evaluation and learning plans that will have clear, actionable items and key performance indicators. The development and adoption of the MTFS provides the opportunity for SPGA to formulate strategies and re-orient services, with a greater focus on providing improved and strategic services, all amidst its conservation and management mandate.

**Minister for Climate Change and Environment**

## 6.16 Seychelles Postal Services (SPS)



### 6.16.1 Strategic Overview

#### 6.16.1.1 *Mandate*

As a member of the Universal Postal Unions, SPS is mandated to develop its business in line with that of the UPU postal strategy which involves, digitalisation, streamlining of customs process to facilitate ecommerce, improved services for the customer and sustainability of the post by diversifying its business to include digital trends such as crypto stamps, digital marketing and e-services to include e-government.

SPS has a social mandate which encompasses the UPU concept of Universal Service Obligation, which has a set KPIs for number of citizens per post office for social inclusion into the digital world of ecommerce, e-services, e-government. The USO concept also mandates that locally a customer cannot be penalized for postage based on distance the item has to travel, as an example a local letter is SCR6 no matter where it has to travel to within Seychelles.

#### 6.16.1.2 *Vision*

Our vision is to be amongst the leading operators in the provision of postal services and products in the region.

#### 6.16.1.3 *Mission*

- Meeting the Needs of the Citizens and Promoting Economic Growth Ensure that the postal sector meets the basic needs of citizens, fostering economic growth and digital citizenship.
- **Providing Accessible and Customer-Centric Postal Services**  
Offer customers a reliable, and customer-centric postal system that caters to their e-government, communications and e-commerce needs.
- **Prioritizing Safety, Security, Reliability, and Speed**  
Place utmost priority on mail safety, border security, reliability, and speed in the processing of mail items.
- **Enhancing Seychelles' Competitiveness**  
Increase the efficiency and effectiveness of the postal system and operations to enhance Seychelles' competitiveness, meeting the diverse needs of both local and global customers by creating an international mail transit hub.
- **Responsible and Strategic Infrastructure Investment:** Invest in operations infrastructure responsibly, considering safety, border control, economic, and strategic factors to minimize negative impacts.

#### **6.16.1.4 Strategic Priorities for 2024-2026**

- Digitalization (connectivity of systems, interactive website, online services).
- Employee capacity building in use of technology, Microsoft systems, International Postal System, delivery applications and customer service.
- Re-evaluate job descriptions and bring in line with modern postal requirements
- Create own scheme of service to align with modern postal requirements.
- Mail Security – Being accredited by the UPU
- E-Commerce growth - enabler of outbound and inbound ecommerce.
- National Addressing System – supporting the development of the project.
- E-services – book collections, deliveries, pay online, upload documents, postage calculators, bill payment, access to online purchasing of stamps, souvenirs and interface to online selling platforms.
- Crypto stamps - digital stamps with a paper twin, collectors' items.
- Courier service consolidation - government project to consolidate services.
- New IMPC - national warehouse to increase ecommerce volume, operate as a mail transit hub.
- Door to door delivery - improve delivery service, offer customers a seamless service
- Digital Marketing - DTC - direct to consumer.

#### **1.1.1.2 Key Challenges**

- Operating space
- Technology
- Employee capacity
- WIFI
- Pace of stakeholders
- Consumer awareness
- Business agility.

## 6.16.2 Outlook of Financial Strategy

### 6.16.2.1 Projected Financial Position of Seychelles Postal Services

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Assets</b>							
<b>Non-Current Assets</b>	<b>10,996</b>	<b>8,990</b>	<b>8,362</b>	<b>7,956</b>	<b>12,030</b>	<b>8,598</b>	<b>8,598</b>
Property And Equipment	8,593	7,800	7,194	7,956	12,030	8,598	8,598
Intangible Asset	41	34	132	-	-	-	-
Right Of Use Assets	1,670	-	-	-	-	-	-
Deffered Tax	692	1,156	1,036	-	-	-	-
<b>Current Assets</b>	<b>31,873</b>	<b>31,145</b>	<b>31,187</b>	<b>33,514</b>	<b>31,190</b>	<b>31,190</b>	<b>31,190</b>
Inventories	5,797	5,838	5,650	5,135	5,388	5,649	5,134
Trade And Other Receivables	13,027	6,297	4,925	6,860	4,900	6,500	6,500
Cash And Cash Equivalents	13,050	19,010	20,612	21,519	20,902	19,041	19,556
<b>Total Assets</b>	<b>42,869</b>	<b>40,135</b>	<b>39,548</b>	<b>41,470</b>	<b>43,220</b>	<b>39,788</b>	<b>39,788</b>
<b>Equity And Liabilities</b>							
<b>Equity</b>	<b>31,486</b>	<b>31,189</b>	<b>29,565</b>	<b>30,855</b>	<b>33,220</b>	<b>29,788</b>	<b>29,788</b>
Share Capital	100	100	100	100	100	100	100
Capital And Other Reserves	28,599	28,599	28,599	28,599	28,599	28,599	28,599
Retained Earnings	2,787	2,491	866	2,156	4,521	1,089	1,089
<b>Non-Current Liabilities</b>	<b>2,112</b>	<b>2,629</b>	<b>2,585</b>	<b>2,990</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>
Lease Liability	872						
Employee Benefit Obligations	1,241	2,629	2,585	2,990	2,500	2,500	2,500
<b>Current Liabilities</b>	<b>9,271</b>	<b>6,316</b>	<b>7,399</b>	<b>7,625</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>
Lease Liabilities	716						
Trade And Other Payables	8,554	6,316	7,399	7,625	7,500	7,500	7,500
<b>Total Equity And Liabilities</b>	<b>42,869</b>	<b>40,135</b>	<b>39,548</b>	<b>41,470</b>	<b>43,220</b>	<b>39,788</b>	<b>39,788</b>

### 6.16.2.2 Projected Statement of Comprehensive Income of Seychelles Postal Services

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Revenue	29,864	15,250	17,037	28,167	45,808	63,158	78,996
Direct Operating Expenses	(7,321)	(5,390)	(4,463)	(6,391)	(5,727)	(5,727)	(5,727)
<b>Gross Profit</b>	<b>22,542</b>	<b>9,860</b>	<b>12,574</b>	<b>21,777</b>	<b>40,081</b>	<b>57,430</b>	<b>73,269</b>
Other Income	75	-	8,432	6,000	4,000	4,000	4,000
Employee Expenses	(7,124)	(2,474)	(16,731)	(17,466)	(19,654)	(19,216)	(19,216)
General And Administrative Expense	(3,991)	(3,751)	(4,185)	(5,315)	(6,756)	(7,948)	(7,948)
Depreciation Of Property And Equipment	(1,138)	(1,214)	(1,022)	(2,447)	(1,080)	(1,200)	(1,200)
Amortisation Of Intangible Asset	(7)	(7)	(10)	(8)	-	-	-
Amortisation Of Right Of Use Asset	(511)	(724)	-	-	-	-	-
Expected Credit Losses	(802)	(734)	302	-	-	-	-
Finance Income	12	123	9	11	111	111	111
Finance Costs	(147)	(135)	-	-	-	-	-
Exchange (Loss)/Gain	5,306	(1,704)	(873)	(263)	-	-	-
<b>(Loss) / Profit Before Taxation</b>	<b>14,217</b>	<b>(760)</b>	<b>(1,505)</b>	<b>2,814</b>	<b>16,702</b>	<b>33,178</b>	<b>49,016</b>
Taxation Credit	247	464	(120)		(2,951)	(8,387)	(12,347)
<b>(Loss) / Profit And Other Comprehensive (Expense) / Income For The Year</b>	<b>14,464</b>	<b>(296)</b>	<b>(1,624)</b>	<b>2,814</b>	<b>13,750</b>	<b>24,790</b>	<b>36,669</b>

**6.16.2.3 Projected Cash flow Statement of Seychelles Postal Services**
**SCR ('000)**

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Cash Flow From Operating Activities</b>							
(Loss)/ Profit For The Year	14,217	(760)	(1,505)	2,814	13,750	24,790	36,669
<b>Adjustments For:</b>							
Depreciation Of Property And Equipment	1,138	1,214	1,022	2,447	1,080	1,200	1,200
Profit On Disposal Of Assets	(75)	-	(81)	-	-	-	-
Amortisation Charge Of Intangible Asset	7	7	10	8	-	-	-
Amortisation Of Right-Of-Use Assets	511	724	-	-	-	-	-
Derecognition Of Right -Of-Use Assets And Lease Liability		74	-	-	-	-	-
Expected Credit Losses	802	734	(302)	-	-	-	-
Length Of Service Charge	1,083	1,494	635	-	-	-	-
Foreign Exchange Movement	(2,074)	1,256	855	-	-	-	-
	<b>15,607</b>	<b>4,743</b>	<b>635</b>	<b>2,455</b>	<b>1,080</b>	<b>1,200</b>	<b>1,200</b>
<b>Add: Changing In Working Capital</b>							
Increase In Inventories	(6,220)	3,715	2,892	1,646	1,222	1,839	1,585
Decrease/(Increase)In Trade And Other Receivables	(126)	(41)	188	(515)	(253)	(261)	(515)
Decrease/(Increase)In Trade And Other Payables	(4,850)	5,995	1,675	1,935	1,800	1,800	1,800
Decrease In Trade And Other Payables	(1,244)	(2,238)	1,029	226	(325)	300	300
<b>Net Cash Generated From Operations</b>	<b>9,387</b>	<b>8,459</b>	<b>3,527</b>	<b>4,101</b>	<b>2,302</b>	<b>3,039</b>	<b>2,785</b>
Employee Benefit Obligations	(882)	(105)	(680)	(425)	(1,620)	(1,620)	(1,620)
<b>Net Cash Inflow From Operating Activities</b>	<b>8,505</b>	<b>8,353</b>	<b>2,847</b>	<b>3,676</b>	<b>3,922</b>	<b>4,659</b>	<b>4,405</b>
<b>Cash Flow From Investing Activities</b>							
Purchase Of Property And Equipment	(491)	(421)	(416)	99	100	100	100
Purchase Of Intangible Asset	-	-	(54)	-	-	-	-
Proceeds From Sale Of Assers	75	-	81	-	-	-	-
<b>Net Cash Outflow From Investing Activities</b>	<b>(415)</b>	<b>(421)</b>	<b>(389)</b>	<b>99</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Financing Activity</b>							
Repayment Of Lease Liabilities And Net Cash Outflow From Financing Activity	(591)	(716)	-	-	-	-	-
<b>Net Increase In Cash And Cash Equivalents</b>	<b>7,499</b>	<b>7,216</b>	<b>2,457</b>	<b>3,775</b>	<b>4,022</b>	<b>4,759</b>	<b>4,505</b>
<b>Movement In Cash And Cash Equivalents</b>	<b>3,477</b>	<b>13,050</b>	<b>19,010</b>	<b>20,612</b>	<b>23,952</b>	<b>27,975</b>	<b>32,733</b>
At January 1,							
Increase	7,499	7,216	2,457	3,775	4,022	4,759	4,505
Foreign Exchange Movement	2,074	(1,256)	(855)	(435)			
<b>At December 31,</b>	<b>13,050</b>	<b>19,010</b>	<b>20,612</b>	<b>23,952</b>	<b>27,975</b>	<b>32,733</b>	<b>37,238</b>

#### 6.16.2.4 *Projected Capital Investment Plan of Seychelles Postal Services*

SCR ('000)													
Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast		
							2020	2021	2022	2023	2024	2025	2026
<i>Major Capital Investments</i>													
IPS	Cloud Technology	System integration	\$50	UPU QSF Fund	2024	2024	-	-	-	-	-	-	-
POS	POS System	System Integration	\$30	Japan Fund	2024	2024	-	-	-	-	-	-	-
National Warehouse	New airside IMPC	Space to increase inbound & ecommerce and operate as a hub + door to door deliveries.	R4000	Govt of Seychelles loan, over 9 years at 37k per month	2024	2024	-	-	-	-	222	444	444
Purchase of electric van	+ electric Van	-	-	-	-	-	-	-	-	-	-	-	-

#### 6.16.3 **Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies**

##### 6.16.3.1 *Tax Implications by the Operations of Seychelles Postal Services*

SCR ('000)							
Type of Tax	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Business Tax	248	464	(120)	-	(2,951)	(8,387)	(12,347)
PIT	563	557	467	410	450	450	450
VAT	-	-	-	-	45	45	45

##### 6.16.3.2 *Anticipated Dividend Declarations by Seychelles Postal Services*

SPS does not anticipate in declaring any dividend

### 6.16.3.3 Debt Payments Forecasts by Seychelles Postal Services

SCR ('000)

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Loan 01 From Government of Seychelles	Borrowings	WAREHOUSE + VAN	4,000	-	-	-	-	4,000	-	-
	Interest for the Year			Details Not included in the MTFS						
	Repayment of Capital Balance carried forward									

### 6.16.3.4 Anticipated Subventions and Grants by Seychelles Postal Services

R ('000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Subventions	Government	Subsidy	-	12,000	15,000	8,000	6,000	4,000	4,000	-
	IMF	-	-	-	-	-	-	-	-	-
	ADB	-	-	-	-	-	-	-	-	-
	EU, etc.	-	-	-	-	-	-	-	-	-
Grants	Government	USO	-	2,000	-	-	-	-	-	-
	IMF	-	-	-	-	-	-	-	-	-
	ADB	-	-	-	-	-	-	-	-	-
	EU, etc.	-	-	-	-	-	-	-	-	-

### 6.16.3.5 Contingencies of Seychelles Postal Services.

SPS does not anticipate any contingent liabilities

### 6.16.3.6 Assumptions used for the Financial Projections of Seychelles Postal Services.

The assumptions made in this projected financial statement are based on the following:

- Infrastructure investment - IMPC warehouse, upgraded technologies
- Employee capacity – Training in systems and change in work schedule and pattern.
- Economic Outlook - International and regional economic trends
- Trade/Customs/Aviation Regulations - No changes in current customs import allowances.
- Airline Routing – No changes in current routing but instead, additional routes/airline connections.
- Agile Development - Responsive to change as when it occurs, ability to deviate from strategy if no longer valid.
- Financing - borrowing from GoS.

## 6.16.4 KPIs, Risk Management Strategy and Reporting Obligations

### 6.16.4.1 Key Performance Indicators of the Seychelles Postal Services.

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
<b>Delivery Performance</b>	Meet targets set by UPU/suppliers & Customer Expectations.	-	-	D+10	D+10	D+5	D+5	D+5
Volume Increase	Ecommerce (in and outbound)	-	-	157k items	250k items	500k item	500k items	650k items
<b>Consolidated Technologies</b>	IPS Cloud, POS, DPS	-	-	-	-	-	-	-
Revenue regeneration	As per budget	-	-	-	-	-	-	-
<b>Volume increase</b>	Transit Mail	-	-	-	-	-	1M items	1M Items
Operations Efficiency	SOPs validated by the UPU and certified.	-	-	-	-	Security Accreditation + SOPs	-	-
<b>Training</b>	Total comprehension of all system by employees.	-	-	-	-	Ongoing	Ongoing	Ongoing

- Re delivery performance - D means “day of arrival” for tracked items. So, 10 days after arrival.
- Volume increase is the amount of ecommerce we receive and send. Revenue is based on that and on type of mail service used.
- Consolidate technologies - part of UPU KPI to have the latest system, but there is a cost implication which the Post has to bear.
- Transit mail is mail we process that goes via SPS warehouse to another country.
- Operations efficiency - SOP in place, accredited mail flow process physically and digitally, mail security accreditation, these are all UPU KPI for Africa Region.

### 6.16.4.2 Risks and Resilience Plan of the Seychelles Postal Services.

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
<b>Strategic Risks</b>	Economic downturn, delayed investments in infrastructure, technology and of project initiation	Monitor ecommerce spending, continuously chase stakeholders. Diversify business into other areas/products, agile strategy.
<b>Financial Risks</b>	Global economic downturn, less online shopping, no tourists, change in customs allowance.	Reduce operating costs, maintain a cash reserve, change employee contracts, engage temporary headcount. Diversify business into other areas/products
<b>Operational Risks</b>	System failure, employee capacity, delayed deliveries, airlines issues. Poor delivery performance, loss of business to competitors	Move to cloud technology backed by the UPU, training of employees. Improve performance, put in place daily processing targets.
<b>Compliance and Regulatory Risks</b>	Mail security, customs and aviation regulation changes, end to end tracking for supplier and customer. DATA protection rules	Complete UPU security certification, work with customs closely for monitoring, ensure supplier end to end tracking is timely. Keep abreast of security changes in aviation, WCO and customer protection laws.



<b>Environmental and Social Risks</b>	Packaging used for ecommerce	Work with suppliers to reduce packaging and use recyclable materials
<b>PESTEL</b>	Trade regulations, change in customs allowances, change in employee contracts for shift work, exchange rate, inflation, consumer spending, upgrading and adopting new technology, supply chain disruptions due to natural disaster in supplier territories, data protection laws, KYC/AML	Keep abreast of regulations such as ICS2 for EU, EAD/STOP ACT for USA. Work with customs/WCO to ensure ecommerce is a seamless process for customer to avoid loss of business. Engage employees early about changes, re-structure where needed to accommodate new HC but not increase. Monitor global ecommerce trends/inflation/consumer spending. Invest in adaptable technology with API functionality that can evolve and not remain static. Comply with KYC/AML and data protection laws.

#### 6.16.4.3 *List of External Reporting's by the Seychelles Postal Services*

<b>Name/Title of the Report</b>	<b>Recipients of the Report</b>	<b>Description of the purpose, content and inclusion of the report</b>	<b>Frequency and Timing of the Report</b>
Compliance Report – covers all international obligations for operations	UPU/USPS/Other postal operators/Airlines etc.	EAD – Electronic Advanced Data/CARDIT Exchange/Tracking events/EMS reporting/Customer queries	Monthly
Performance Report	Ecommerce partner/UPU/Regulator	Mail Americas/Singapore Post etc.	Weekly
FP&A Reports	Board	Financial reporting/debtors list	Monthly
Mail Volume Report/Customer Queries based on Customer Service charter.	Board/Regulator	Mail Volume by category Customer complaints Refunds Missent mail Returned mail	Monthly
CEO Report	Board	Personnel, projects etc.	Monthly
Security Certification	UPU	Security compliance & enhancements to improve mail safety	Monthly
ORE (Operation Readiness for E-Commerce)	UPU	Monitoring by the UPU against their set KPI for African Region	Monthly
AFS	Shareholder	Annual Financial Statement	Yearly
Sales report	Board	Philatelic shop sales	Monthly
Inventory/Asset Counts	Board	Assets/shop inventory	Monthly
Debtor's list	Board	Debtors, local & international	Monthly
SAPOA Report	SAPOA/PAPU	Development and compliance	Quarterly
NFT Sales	FSA	Sales/KYC	Monthly
SOP	UPU	Standard operating procedures	Annually
Customer Data	Customs	Customer shopping trend	As & when required
Access to Information	Public	Any requested information	As & when required.

## 6.16.5 Stakeholder Engagement

### 6.16.5.1 *Statement by CEO*

Committed to transforming Seychelles Postal Services to ensure it stays relevant, and reinvents itself as a key logistic player in the region, enabling local and international ecommerce by adopting digitalisation and streamlining processes to offer customers a seamless service. I believe that the post's long-standing history and network as the original logistics provider is an asset that can be built on and developed to enhance economic development.

Seychelles Post Office is one of the most iconic buildings in Victoria and also possibly one of the oldest businesses in Seychelles. Existing since the 1800s it has kept our islands in communication with the rest of the world. SPS is still a key business and offers a vital service to the country. However, with the developments in communications technology and private courier services, the post office has somewhat been left behind. One of our key priorities is to digitalise SPS to make our processes easier and faster and to serve our customers more efficiently, automating behind-the-scenes processes, using technology supplied by the Universal Postal Union (UPU) and developing our own add-on systems. Adding a point of sale (POS) system for our retail service at the counter and in our shop. Building a new website that will be the gateway to our services and give our customers more information on what we do and offer. That is information on pricing for postage, online customs declaration forms, online payment for shipments, mail redirection service, virtual mailboxes, online payment for post boxes and an e-commerce site allowing direct access to brands using the post office for shipment and also inviting local businesses to use our platform for their selling and shipping needs.

With all these exciting ideas, we need to develop our teams to meet these challenges and put in place new ways of working. Changing mindset on how we approach work is also key to these changes.

We are also reviving philately and will be going digital with some of our old stamps to attract NFT stamp collectors. NFT stamps are digital stamps or artwork collected online and kept in digital portfolios.

We are looking to further develop our courier service to tie in with Express Mail Service (EMS), as well as explore digital addressing, as we have so many issues with delivering letters. We have started delivering EMS door to door and soon for parcels and small packets too, and in future even collect items to be posted.

SPS also has a social mandate which is the Universal Service obligation which it needs to adhere to despite it being a loss-making concept which is currently being challenged by all postal operators globally. Since the pandemic many postal operators have found the market challenging due to the intense competition in ecommerce and only now is the post shifting its attention to being run as a business, as governments try to recover funds provided as subsidies.

As a member of the UPU and the Designated Postal Operator of Seychelles, SPS' development strategy aligns with that of the UPU for global postal development.

### 6.16.5.2 *Foreword by Chairperson*

Previously a Government Department and a division of the Ministry of Finance for many years, the Seychelles Postal Services (SPS) was incorporated in 2010 as a limited liability company under the Companies Act 1971 with the Government of Seychelles as the sole shareholder, after a new Postal Act was enacted. The evolution of a modern customer service-orientated public enterprise from over 200 years of a budget-dependent civil service department of central government was - and remains – the biggest challenge. Not least, a change of public and corporate mindset which considers that access to postal services and communication with the rest of the world to be a basic human right to be provided by a national government regardless of the cost, further compounded by a ‘civil service’ mentality displayed by staff who having been in a service monopoly for so long, fail to comprehend the challenges of providing a service to a customer. The greatest challenge of all, remains to catch up with a world that has moved on, where electronic media has replaced the written word and the internet has replaced mail bags.

Our aim has been to get aboard the band wagon, rewrite the business model, facilitate e-commerce, diversify our business and invest in technology and retrain our staff, to keep up with customer expectation. Investment in technology is specific and necessary, and expensive. In a recent UPU report, Seychelles scored low on the postal development index. Compared with more advanced postal operators elsewhere, there is much catching up to do.

#### **International Scene**

The postal sector has been undergoing a paradigm shift over the last 30 years, from a highly regulated paternalistic relic of the industrial era to an efficient and cost-effective facilitator of exchanges of goods and services in an era of global Internet connectivity, driven by exacting demands from customers. The modern postal customer does not subscribe to the postal system; rather, he *demand*s good service, and fully expects it to be supplied at an optimal cost. In this new era, opportunities abound and many remain untapped. Besides adapting to the rapidly changing environment, postal policy makers and operators have also driven these changes, first by separating posts from telecommunications, and then – particularly in industrialized countries – by refocusing on a narrower range of activities and increasing productivity, before diversifying into new (or not so new) activities. Technology substitution, as well as to a lesser extent liberalization and globalization, has dramatically increased competitive pressure.

#### **Domestic Scene**

Notwithstanding incorporation as a limited company, SPS has remained a member of the Universal Postal Union (UPU) since October 1977. Membership of UPU, requires that we continue to provide a universal postal service, such as acceptance, processing, conveyance and delivery of postal items e.g., parcels, small packets and letter post classified as priority and non-priority and EMS, all of which has changed little over the years.

As is the case globally with many postal service providers, SPS has been having some challenges in this new digital era, as postal services face declining mail volumes and low margins in the highly competitive e-commerce business and the challenges of balancing over- and under-capacity in the postal network while ensuring constant service quality and customer proximity at a sustainable cost.

In spite of this, thousands of items are still being processed daily and an increase in e-commerce volumes is clearly apparent and the post has an opportunity to re-invent itself to provide its customers with a better service and contribute to economic growth and prosperity.

### 6.16.5.3 *Statement by the Responsible Minister*

MTFS has not been presented and discussed with the responsible Minister.

## 6.17 National Information Services Agency (NISA)

### 6.17.1 Strategic Overview

#### 6.17.1.1 *Mandate*

The National Information Services Agency (NISA) was enacted under the National Information Services Agency Act 4 of 2010. Its main function is to compile, produce, publish and print the national newspaper, *Seychelles NATION*.

#### 6.17.1.2 *Vision*

Our vision is to remain the *leading, trustworthy, factual information outlet* across all media platforms with a global reach

#### 6.17.1.3 *Mission*

Our mission is to educate, entertain and disseminate factual information in a timely and objective manner through the publication of the *Seychelles NATION* newspaper and other appropriate technological medium, to help people shape their decisions.

#### 6.17.1.4 *Strategic Priorities for 2024-2028*

##### **Financials**

- 1) Increase sales and revenue
- 2) Increase return on investment / Return on capital employed
- 3) Reduce operational cost

##### **Customer**

- 1) Improve internal TAT
- 2) Diversification of sales & products offerings by segments
- 3) Improve digital offerings and portfolios

##### **Compliance**

- 1) Improve on reporting to PEMC
- 2) Compliance to all regulations
- 3) Defining and embedding a Business Continuity Plan

#### 6.17.1.5 *Key Challenges*

##### **Property**

The Agency is currently facing challenges relating to both of its properties. The Victoria property was acquired / Handed over to another Ministry. Inspection by the other party has already been done. The second property at Bois De Rose, is being leased from a political party.

##### **Newspaper**

Trends related to readership of physical newspaper versus technological medium is a key challenge within our industry. Although the impact is not immediate, the management remains mindful and cautious with the change of mindset. Cost of material vs revenue cost (Advertising revenue) With the ever increase of raw materials and other cost to serve, finding the right balance to increase revenue is a challenge as digital advertising is cannibalizing revenue streams of newspaper earnings

## 6.17.2 Outlook of Financial Strategy

### 6.17.2.1 Projected Financial Position of National Information Services Agency

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Property, plant and equipment	16,471	15,478	14,559	13,897	13,057	12,518	11,357
Intangible assets	19	9	-	13	3	-	-
Right of use asset	7,505	4,863	4,651	4,440	6,100	5,795	5,490
Deferred tax asset	2,610	-	-	-	-	-	-
<b>Non-current assets</b>	<b>26,605</b>	<b>20,351</b>	<b>19,210</b>	<b>18,350</b>	<b>19,160</b>	<b>18,313</b>	<b>16,847</b>
Inventories	5,462	3,874	3,805	3,805	3,805	3,805	3,805
Trade and other receivables	2,740	3,285	2,211	2,211	2,211	2,211	2,211
Current tax asset	14	14	-	-	-	-	-
Cash and cash equivalents	4,131	4,761	5,156	4,470	5,861	7,714	11,580
<b>Current assets</b>	<b>12,346</b>	<b>11,933</b>	<b>11,172</b>	<b>10,487</b>	<b>11,877</b>	<b>13,730</b>	<b>17,596</b>
<b>TOTAL ASSETS</b>	<b>38,951</b>	<b>32,284</b>	<b>30,382</b>	<b>28,836</b>	<b>31,038</b>	<b>32,043</b>	<b>34,443</b>
Retained earnings	19,371	14,552	15,385	16,958	18,283	19,440	21,567
<b>Equity</b>	<b>19,371</b>	<b>14,552</b>	<b>15,385</b>	<b>16,958</b>	<b>18,283</b>	<b>19,440</b>	<b>21,567</b>
Borrowings	7,408	4,221	708	-	-	-	-
Provision for employee benefit	1,595	1,487	1,558	1,963	2,214	2,462	2,587
Lease liability	7,718	4,963	4,887	4,815	6,502	6,411	6,812
Deferred tax	-	2,845	2,609	2,256	1,947	1,695	1,120
<b>Non-current liabilities</b>	<b>16,720</b>	<b>13,517</b>	<b>9,762</b>	<b>9,034</b>	<b>10,664</b>	<b>10,568</b>	<b>10,518</b>
Trade and other payables	969	950	1,387	1,595	1,595	1,595	1,595
Borrowings	1,515	3,236	3,516	708	-	-	-
Current tax liability	-	-	144	354	308	252	575
Deferred income	376	30	187	187	187	187	187
<b>Current liabilities</b>	<b>2,860</b>	<b>4,216</b>	<b>5,235</b>	<b>2,844</b>	<b>2,091</b>	<b>2,035</b>	<b>2,358</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>38,951</b>	<b>32,284</b>	<b>30,382</b>	<b>28,836</b>	<b>31,038</b>	<b>32,043</b>	<b>34,443</b>

### 6.17.2.2 Projected Statement of Comprehensive Income of National Information Services Agency

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Revenue	21,765	20,875	23,393	24,368	24,506	24,935	25,453
Operating costs	20,671	19,150	21,748	21,976	22,488	23,216	22,566
<b>Operating Profit</b>	<b>1,094</b>	<b>1,725</b>	<b>1,645</b>	<b>2,392</b>	<b>2,018</b>	<b>1,719</b>	<b>2,888</b>
Finance Income	137	50	41	65	167	225	337
Finance Costs	1,647	1,140	930	642	552	534	523
	<b>(1,510)</b>	<b>(1,089)</b>	<b>(888)</b>	<b>(577)</b>	<b>(385)</b>	<b>(309)</b>	<b>(186)</b>
<b>Profit for the year before taxation</b>	<b>(416)</b>	<b>636</b>	<b>756</b>	<b>1,815</b>	<b>1,633</b>	<b>1,410</b>	<b>2,701</b>
Taxation	(4,903)	5,455	77	354	308	252	575
<b>Profit for the year after taxation</b>	<b>4,486</b>	<b>(4,819)</b>	<b>679</b>	<b>1,461</b>	<b>1,325</b>	<b>1,157</b>	<b>2,126</b>

6.17.2.3 *Projected Cash Flow Statement of National Information Services Agency*

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>OPERATING ACTIVITIES</b>							
Profit before taxation	(416)	636	756	1,815	1,633	1,410	2,701
<i>Adjustments</i>							
Depreciation on property, plant and equipment	1,431	1,309	1,211	1,345	1,367	1,483	1,475
Amortization of intangible assets	7	9	9	-	-	-	-
Amortization of Right of Use Asset	313	211	211	211	305	305	305
Provision for employee benefit					252	248	125
Gain due to decrease in consideration of rental property	-	(213)	-	-	(375)	-	-
Interest Payable	1,647	1,140	930	642	552	534	523
	<b>2,981</b>	<b>3,092</b>	<b>3,118</b>	<b>4,013</b>	<b>3,733</b>	<b>3,979</b>	<b>5,130</b>
<b>Movements in working Capital</b>							
(Increase)/Decrease in trade and other receivables	520	(545)	1,074	-	-	-	-
(Increase)/Decrease in inventories	(3,180)	1,588	69	-	-	-	-
Increase/(Decrease) in accounts payable	(54)	(20)	437	208	-	-	-
Increase/(Decrease) in deferred income	(116)	(346)	157	-	-	-	-
Provision for employee benefit	27	(107)	71	405	252	248	125
	(2,802)	570	1,808	613	252	248	125
Tax refund / (Paid)	(16)	-	-	(158)	(354)	(308)	(252)
Interest on borrowing	(1,647)	(1,140)	(930)	(642)	(552)	(534)	(523)
	<b>(1,663)</b>	<b>(1,140)</b>	<b>(930)</b>	<b>(800)</b>	<b>(905)</b>	<b>(843)</b>	<b>(776)</b>
<b>Net cash flow from operating activities</b>	<b>(1,484)</b>	<b>2,522</b>	<b>3,996</b>	<b>3,826</b>	<b>3,080</b>	<b>3,384</b>	<b>4,479</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>							
Purchase of tangible assets	(265)	(316)	(291)	(684)	(863)	(1,363)	(500)
Purchase of intangible assets	(23)	-	-	(18)	-	-	-
<b>Net cash flow from investing activities</b>	<b>(289)</b>	<b>(316)</b>	<b>(291)</b>	<b>(702)</b>	<b>(863)</b>	<b>(1,363)</b>	<b>(500)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>							
Repayment of loan	(2,758)	(1,465)	(3,233)	(3,738)	(700)	-	-
Repayment of Lease Liability	(99)	(111)	(76)	(72)	(127)	(169)	(113)
<b>Net cash flow from financing activities</b>	<b>(2,857)</b>	<b>(1,577)</b>	<b>(3,309)</b>	<b>(3,810)</b>	<b>(826)</b>	<b>(169)</b>	<b>(113)</b>
<b>Net movement in cash and cash equivalents</b>	<b>(4,630)</b>	<b>630</b>	<b>395</b>	<b>(686)</b>	<b>1,391</b>	<b>1,853</b>	<b>3,866</b>
Cash and Cash equivalent as at January 01	8,761	4,131	4,761	5,156	4,470	5,861	7,714
<b>Cash and Cash equivalent as at December 31</b>	<b>4,131</b>	<b>4,761</b>	<b>5,156</b>	<b>4,470</b>	<b>5,861</b>	<b>7,714</b>	<b>11,580</b>

6.17.2.4 *Projected Capital Investment Plan of National Information Services Agency*

SCR ('000)

Project Name	Project Purpose and Description	Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
<i>Major Capital Investments</i>								
-	-	-	-	-	-	-	-	-
<i>Replacements and upkeep of Assets (PPE)</i>								
Motor vehicle		-	-	-	-	-	500	
Computers/ Printers / Chairs / etc	To replace faulty ones	265	316	291	702	863	863	500

## 6.17.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

### 6.17.3.1 Tax Implications by the Operations of National Information Services Agency

SCR ('000)

Type of Tax	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Business Tax	(4,903)	5,455	77	354	308	252	575
PIT	867	747	815	908	951	951	951
VAT	2,413	2,331	2,762	3,440	3,676	3,740	3,818

### 6.17.3.2 Anticipated Dividend Declarations By National Information Services Agency NISA does not anticipate declaring any dividend

### 6.17.3.3 Debt Payments Forecasts By National Information Services Agency

SCR ('000)

Lending Organization	Description	Purpose of Borrowings	Total Debt Amount (Capital)	Total Borrowings and Debt Servicing						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Loan 01 From Nouvobanq Bank	Borrowings	Financing of printing machine + Renovation of property	20,000	-	-	-	-	-	-	-
	Interest for the Year	-	-	983	405	508	224	8	-	-
	Repayment of Capital	-	-	(2,758)	(1,465)	(3,233)	(3,516)	(708)	-	-
	Balance carried forward	-	-	8,922	7,457	4,224	708	-	-	-

### 6.17.3.4 Anticipated Subventions and Grants By National Information Services Agency NISA does not anticipate in receiving any subventions or grants

### 6.17.3.5 Contingencies of National Information Services Agency NISA does not anticipate any contingent liabilities

### 6.17.3.6 Assumptions used for the Financial Projections of National Information Services Agency

- 1) The new Board of Directors of NISA has just been appointed. The task of the new Board of directors is to provide new directions for the Agency. We are currently finalizing the strategic plan of the Agency that will guide us through the 5 years to come. Whilst this is being done, some of the Key Performance Indicators have come to light that have been used, based on the present circumstances. Once the plan is finalized, we may have to change some of those KPI's. The forecast for 2025 and 2026 will also change.
- 2) Assumption is made that all revenue will be collected during the year they are incurred.
- 3) Assumption is made that all expenses will be paid during the year they are incurred.
- 4) Assumption is made that all inventory will be used during the year they are purchased.

## 6.17.4 KPIs, Risk Management Strategy and Reporting Obligations

### 6.17.4.1 Key Performance Indicators of the National Information Services Agency

Title of Key Performance Indicators	Description	Achievements of KPIs						
		Actual Figures			Provisional	Forecast		
		2020	2021	2022	2023	2024	2025	2026
Return on investment / Capital employed	Profit generated from investment made / Total assets – current liabilities	3%	6%	7%	9%	7%	6%	9%
Net Profit margin	Profit generated after all cost from the sales value	-2%	3%	3%	7%	7%	6%	11%
Operational Profit Margin	Profit generated from operation	5%	8%	7%	10%	8%	7%	11%
Operational cost	% change in operational cost year on year	-10%	-7%	14%	1%	2%	3%	-3%
Staff turnover	% staff leaving per year	7%	18%	22%	6%	0%	2%	2%
Customer complaint	Number of complaints received per year					Max 5	Max 5	Max 5
Staff training rate ( Long term)	Number of staff entering the training program per year	2	2	2	3	3	3	3
Increase in online presence	% increase in online presence	-	-	-	-	100%	100%	100%

### 6.17.4.2 Risks and Resilience Plan of the National Information Services Agency

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
<b>Strategic Risks</b>	The business model is not successful	The board of NISA with the Management has worked on a strategic plan, with the focus on diversification. Many scenarios have been discussed in order to ensure the success of the plan.
	The core business of the Agency, the newspaper becomes obsolete ( Especially the physical newspaper)	The Agency is working on a diversification model to counter such eventuality
<b>Financial Risks</b>	Foreign exchange rate risk - Almost all of the inventory and spare parts for the printing machine of NISA is bought overseas. Any changes in foreign exchange rate poses a risk on the ability of the Agency to pay should the increase be substantial.	Monitor risk. The Agency will have to bear the cost or pass on to customers.
	Interest rate risk – The Agency is currently servicing a loan at the commercial bank. Any upward changes in interest rate will have a negative impact on the Finance of the Agency	The loan balance will clear off in 2024. Any changes will have minimal impact.
<b>Operational Risks</b>	The Agency’s Victoria location has been acquired by another government entity.	Currently the Agency is still trying to find other locations
	The Agency is at risk of not having an office to run its operation	
	Risk in landlords not selling the property at Bois De Rose	
	Printer or related equipment malfunction	As part of our strategy, a Business Continuity Management plan is being developed.



	Breakdown in the supply of printing inventory	Having multiple supplier – Both locally and internationally
<b>Compliance and Regulatory Risks</b>	Non-compliant to procurement Act, PEMC Act, Licensing Authority, Seychelles Revenue Commission and other regulatory bodies	The Agency has to keep abreast of all laws and regulations that may have a direct or indirect impact on its operation.
<b>Environmental and Social Risks</b>	Fire may completely damage the property with all its offices and equipment.	A business continuity plan is being worked on by the Agency
	Potential risk of weather related impact or act of God (eg. Tsunami of 2004)	Along with the Business continuity plan, a digitization plan is also being developed to ensure the business remains in operation through all digital channels, plus using clouds services
<b>PESTEL</b>	Policies of the Government related to media houses Operational policies - Changes in government policy relating to media and information may have an impact on our operation. The government may decide to privatize all media houses	Monitor Risk. Board will have to regroup to review strategy and determine impact and required action.
	Fiscal policy - The government's decision to reduce its budget expenditure may indirectly affect our operation. Most times the items that are reduced are related to printing and stationary as well as newspapers.	Diversification strategy of the Agency.

#### 6.17.4.3 *External Reporting's by the National Information Services Agency*

<b>Name/Title of the Report</b>	<b>Recipients of the Report</b>	<b>Description of the purpose, content and inclusion of the report</b>	<b>Frequency and Timing of the Report</b>
Annual Report	PEMC Responsible Minister Minister of Finance, trade and National Development National Assembly of Seychelles	Reporting on operational, Environment, social and financial activity of the Agency	Annually
Audited Financial Statements	PEMC Responsible Minister Minister of Finance, trade and National Development National Assembly of Seychelles	Reporting on the audited financial statements prepared by the Agency	Annually
Quarterly Reports	PEMC	Reporting on quarterly unaudited financial performance of the Agency	Quarterly

#### 6.17.5 **Stakeholder Engagement**

The MTFS is in draft mode and yet to be approved by the BoDs and the responsible Minister for NISA. As such, the statement of commitments by the CEO, BoDs and the responsible minister is not included.

# **SECTION 5**

## **Fiscal Risk Statement**



# Fiscal Risk Statement 2024

November 2023

This document provides an overview of the major fiscal risks facing the Budget for 2024. The Fiscal Risk Statement (FRS) comments on general economic risks and uncertainties, specific fiscal risks related to Budget execution, and presents a risk framework for public enterprises. Combined, this allows for the disclosure of risks to public finances and appreciation of the context within which the Government operates. The FRS is compiled and prepared by the Ministry of Finance, National Planning & Trade, with input from the Public Enterprise Monitoring Commission.

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# Acronyms and abbreviations

## List of acronyms

CBS	Central Bank of Seychelles
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IMF	International Monetary Fund
MFAD	Macroeconomic Forecasting and Analysis Division
MoFNPT	Ministry of Finance, National Planning & Trade
NBS	National Bureau of Statistics
ND	Natural Disaster
PB	Primary Balance
PE	Public Enterprise
PEMC	Public Enterprise Monitoring Commission
PFM	Public Finance Management
PIM	Public Investment Management

# 1. Introduction

Continued stability and economic growth, whilst ensuring the sustainability of public finances over the medium term remains as the foremost objective for the Government. This document is aimed at identifying the main fiscal risks facing the 2024 Budget. Fiscal risks are defined as factors that may cause fiscal outcomes to deviate from expectations or forecasts. These consist of potential shocks to public finances relating to the macroeconomic environment, Budget execution risks, as well risks from Public Enterprises (PEs)<sup>1</sup>.

Seychelles as a small island economy, remains in a fragile position due to its remoteness, relatively limited resources and heavy dependence on international trade. **Given the exposures faced by the country, macroeconomic risks, largely emanating from external shocks, have been identified as the main source of risk in 2023 and the medium term.** To the extent that further negative changes in the economic environment occur, this will impact Government expenditure (acting as a stability buffer) and revenue forecasts. Government will have to: either reduce and reschedule its planned expenditures, limit its scope; undertake additional financing and so increasing the debt stock; or not honour its debt obligations, resulting in crisis.

The risk framework presented below represents has four broad categories related to the macroeconomic situation, Budget spending, PE operations, and potential mitigation strategies.

**Table 1. Budget Fiscal Risk Framework**

Risk Category	Major issues considered
<b>Macroeconomic risks</b>	Shock scenario analysis to evaluate impact of macroeconomic variables on GDP growth, Budget aggregates and Debt target
<b>Budget execution risks</b>	Additional and unforeseen spending pressures, capital project under-execution levels Impact of natural disasters on contingency reserves
<b>Public Enterprise risks</b>	Identified risk parameters affecting all Public enterprises
<b>Climate Fiscal risks</b>	Climate risks and its impact on Public finances
<b>Risk Mitigation</b>	Key measures that can be taken to offset the impact of such fiscal risks

<sup>1</sup> Note that this document does not look at ‘Financial Stability’ risks. This is covered by the CBS in a specific report.

Although these categories are clearly defined, fiscal risks remain correlated and are inter-dependent, with one particular risk, affecting more than one category (especially the case for macroeconomic risks and the performance of PEs). For example, an unforeseen increase in fuel price will impact both Government excise tax revenue on petroleum, assuming a partial negative demand effect, and non-tax revenue in the form of dividend from PEs heavily reliant on fuel (given the higher operating costs). This will impact overall revenue and provide a constraint towards planned public spending, resulting in increased pressure on the primary surplus and debt targets.

## 2. Macroeconomic Risks

Seychelles faces numerous external vulnerabilities such as large swings in international commodity prices and changes to the global economic landscape, which can affect our economic activities. As a small island state with an open economy, the country remains susceptible to external shocks which poses considerable threat to the economy given the strong reliance on tourism exports, as well as the importation of oil, food and other commodities.

**Macroeconomic developments can cause fiscal outcomes to deviate from projections for key macroeconomic variables and is consequently a major source of fiscal risk.** Such variables include; Real GDP growth, oil prices, interest rates, exchange rates and commodity prices.

In this section, we consider various risks and have simulated shock scenarios, as well as sensitivity analysis, to quantify potential budgetary impacts.

- For **macroeconomic risks**, shocks on inflation, and shocks on exchange rate are measured, and the direct effect on nominal GDP.
- Fiscal risks related to **Government debt** are also analysed through further stress tests.
- Finally, a **combined shock scenario** is also presented using the on-going Middle East conflict as the case study. This scenario also presents broader macroeconomic impacts, as well as that on the Budget and public debt.

Each risk scenario will be compared against the current baseline as per the 2024 Budget. The baseline scenario follows the medium-term fiscal framework, accounts for no further policy changes, and incorporates assumptions based on the best information available at the time of publication.



## 2.1 Macroeconomic Assumptions

The below table presents the main macroeconomic assumptions underpinning the 2024 Budget estimates and of which all shock scenarios are based upon.

**Table 2. Macroeconomic assumptions 2023-2027**

	<i>Actuals</i>		<i>Estimates</i>		<i>Projections</i>			
	2020	2021	2022	2023	2024	2025	2026	2027
Nominal GDP (SR' m)	24,294	25,347	28,221	29,094	30,317	32,034	334,078	36,454
Real GDP growth	-8.5	2.5	8.9	3.8	4.0	3.9	3.9	3.9
GDP deflator growth	1.2	1.8	2.2	-0.7	0.2	1.7	2.4	3.0
CPI (annual average)	1.2	9.8	2.6	-0.8	0.3	2.0	3.0	3.5
SR/€ (average)	20.26	20.04	...	...	...	...	...	...
SR/US\$ (average)	17.62	16.90	...	...	...	...	...	...

Source: Macroeconomic Framework Working Group

## 2.2 Sensitivity Analysis to macroeconomic variables

This section presents several sensitivity analysis on inflation and exchange rates in an attempt to identify the impact of macroeconomic risks on economic growth and Government balances. Fan charts for each shock will be presented at the end in Box 1.

### Inflation Shocks

Nominal GDP refers to the monetary value of all the finished goods and services produced in a country's economy in a given time period evaluated at current market prices. Real GDP differs from nominal in that it accounts for changes in prices due to inflation; a general rise in the price level. Inflation itself is influenced by several factors, mainly changes in oil and commodity prices, and any change in inflation rate will predictably impact real GDP estimates. For tax revenue growth, the main proxy considered is nominal GDP.

#### *Sensitivity analysis*

Given our high dependency on imports, several external factors such as fluctuations in oil prices or in commodity prices, will have a direct impact on inflation. This will then have an impact on Nominal GDP and inevitably affect Government's revenue.

**Given the sensitivity of revenue to nominal GDP (a buoyancy of about '1.0' for the majority of taxes), it is estimated that:**

**A 1 percentage point increase in inflation rate would translate into a SR 256m, or 0.8 per cent increase in nominal GDP.**

The direct impact on tax revenue is an estimated increment of SR 26.8m, or 0.3 per cent.

The positive effect will also impact on Non-tax revenue especially in terms of dividend receipts from PEs, which can be hard to quantify and so not included in this simulation. There will be additional effect on the Budget as increased inflation will inevitably translate into higher expenditure.

However, should the end-of-period projected deflation materialize, the impact would be the reverse. While spending should ideally be less costly, tax revenues in nominal terms would decline consequently.

## Exchange rate Shocks

---

Being highly dependent on imports and revenue inflows, fluctuations in the exchange rate also poses a risk to the Nominal GDP. The risks of exchange rate volatility are augmented given the current freely floating regime, which allows the currency to appreciate or depreciate dependent on market forces. It is important to note that swings in exchange rates also has an inflationary effect.

### *Sensitivity analysis*

Fluctuations in exchange rate directly affects nominal GDP, which directly impacts Government's tax revenue growth. Another direct impact in terms of revenue is on external grants, which are mainly from international donors and comes in the form of foreign currency. In view of the current economic climate, a depreciation of the Seychelles rupees against US dollars and the Euro seem plausible to explore.

**Given the sensitivity of exchange rate to nominal GDP, it is estimated that:**

**A 1 per cent *depreciation* in the SR/USD rate would result in an SR 103m, or 0.3 per cent decrease in nominal GDP.**

Assuming no other effects, this would translate into a potential SR 17.5m or 0.2 per cent decrease in tax revenue.

In addition, net foreign currency denominated expenditure would augment by about SR 7.6m or 1 per cent.

**Given that most of the country's earnings is in Euro, it is estimated that:**

**A 1 per cent *depreciation* in the SR/EUR rate, would increase nominal GDP by 54m, or 0.2 per cent.**

Assuming no other effects, this would translate into a potential SR 9.2m or 0.1 per cent increment in tax revenue.

No linked expenditure costs are considered given that these are denominated in USD.

It should be highlighted that the difference in the results emanate from the currency in consideration. Given that majority of the country's expenses are USD denominated, it is reasonable that a depreciation of the rupee against the dollar would imply that nominal GDP and revenue would decrease whereas FX

denominated expenditure would increase as a result. On the other hand, given that most of the country's earnings are in Euro, a depreciation in the SR/EUR rate would predictably translate into higher revenue.

Fluctuations in exchange rate will also affect the country's debt dynamics (explained in section 2.3) as well as the expenditure side especially on the foreign exchange receipts and other Government spending.

**Table 3. Summary of Macroeconomic shocks**

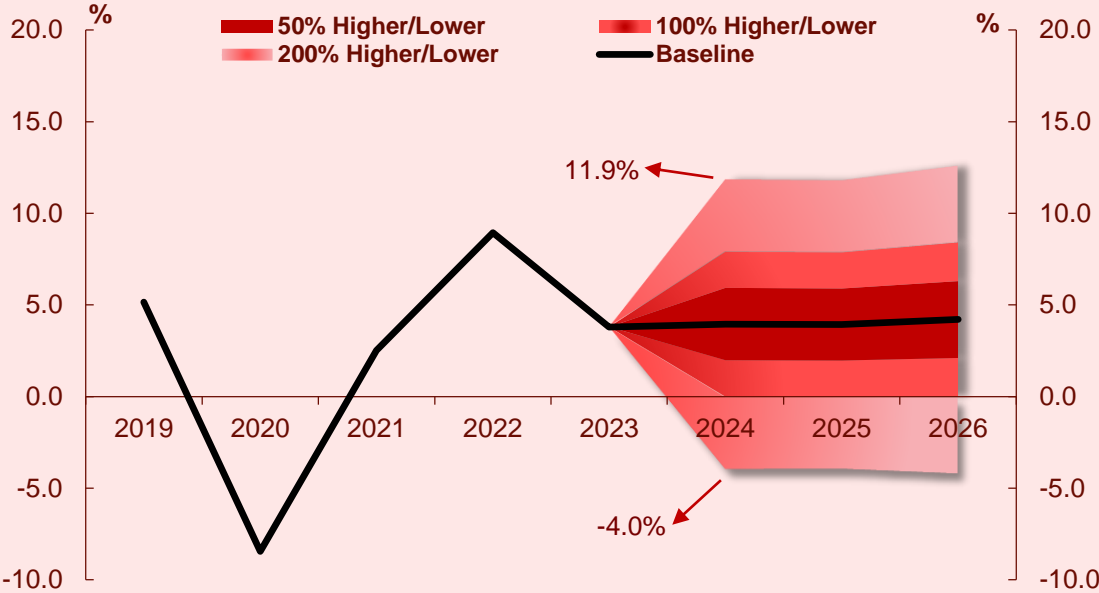
Variables	Shock	Impact (SR' m)		Impact (% change)	
		Nominal GDP	Revenue	Nominal GDP	Revenue
Inflation	1% Rise	256	26.8	0.8	0.3
SR/USD ex. rate	1% Depreciation	-103	-17.5	-0.3	-0.2
SR/EUR ex. rate	1% Depreciation	54	9.2	0.2	0.1

Source: Macroeconomic Forecasting & Analysis Division Estimates, MoFNPT

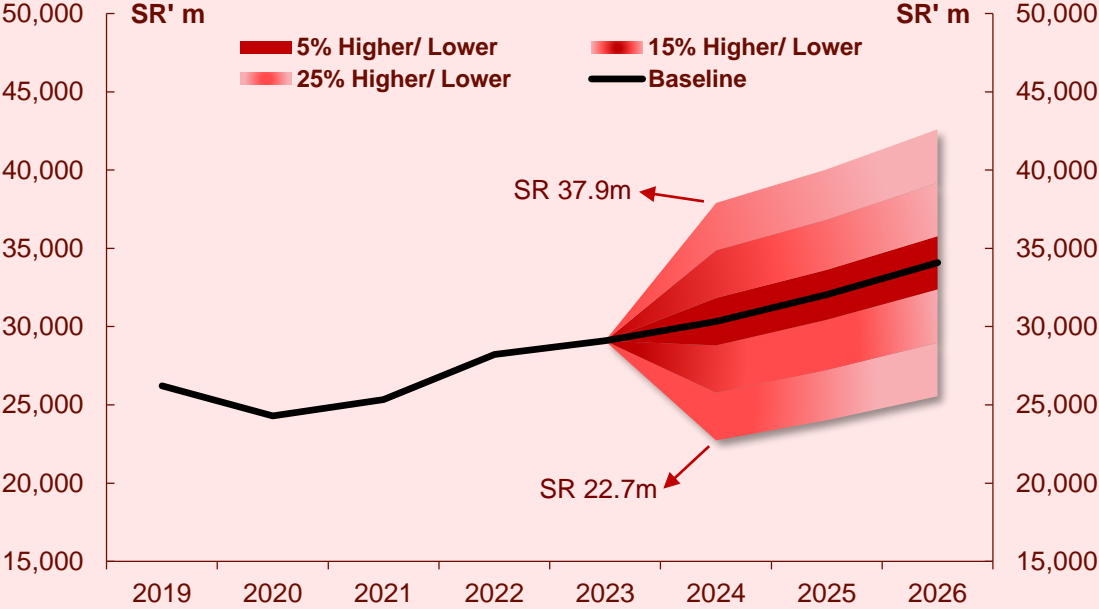
The following fan charts presented below depict the three scenarios of macroeconomic developments: baseline, upside and downside when different shocks were applied.

**Box 1: Macroeconomic shocks: Fan charts**

**Figure 1: Real GDP deviations from Baseline**

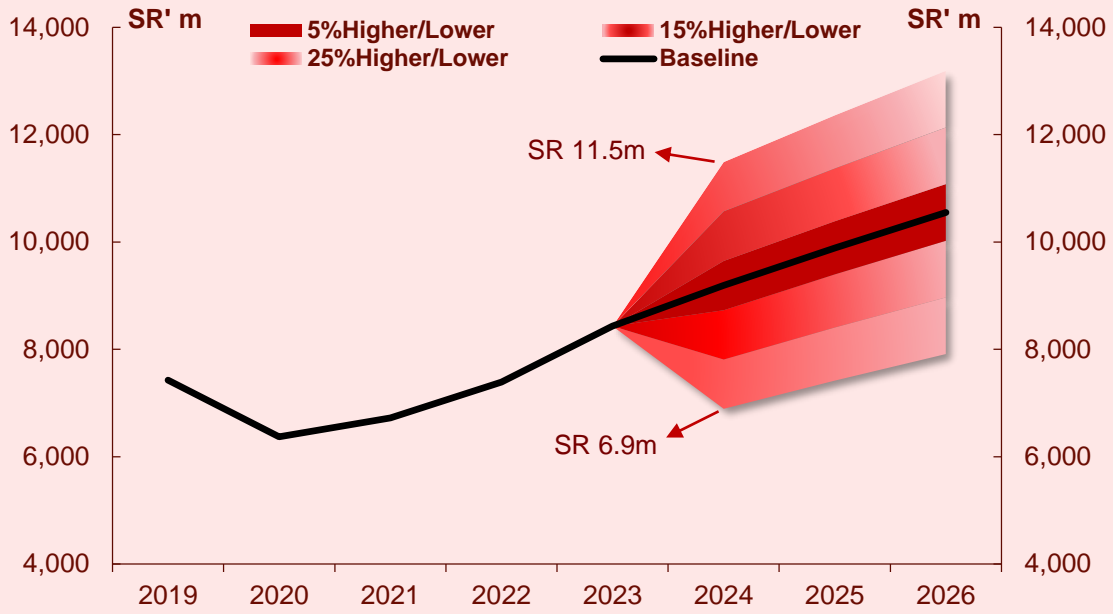


**Figure 2: Nominal GDP Level deviations from Baseline**

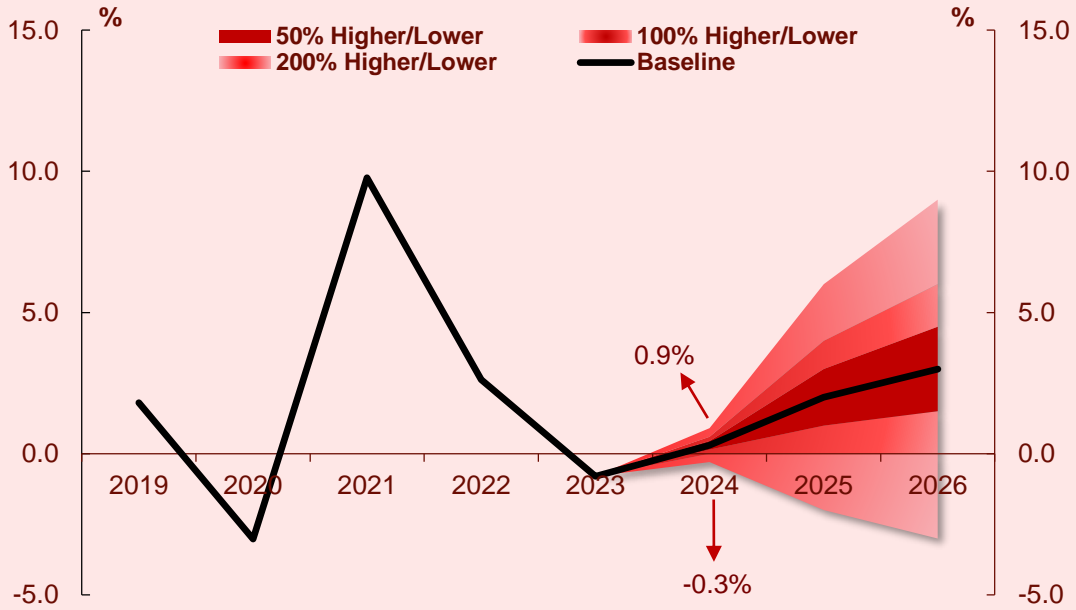


Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

**Figure 3: Tax Revenue deviations from Baseline**



**Figure 4: Inflation deviations from Baseline**



Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

## 2.3 Debt Dynamics Tool - Assessing shocks on Debt

Shocks on debt were simulated using the IMF Debt Dynamics Tool (DDT) in an attempt to highlight potential impacts to the planned public debt trajectory. For the purpose of this exercise, the following stress tests were applied separately to the following debt parameters in 2024:

- **One negative standard deviation shock:**
  - Primary balance to GDP
  - Real GDP growth rate
  - Exchange rate
  
- **Five standard deviations shock<sup>2</sup>:**
  - Real effective debt interest rates

Standard deviations<sup>3</sup> are used as a degree of shock as it measures the average amount of variability in a dataset during a period.

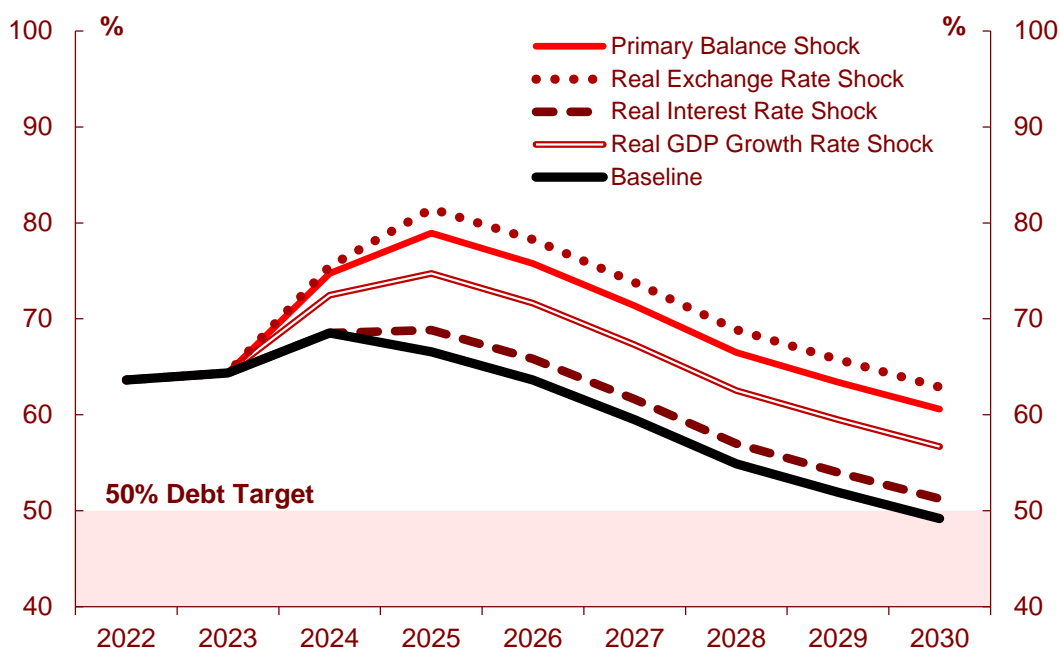
With the current positive outlook, debt vulnerabilities are expected to reduce in line with the pre-pandemic target of achieving a total public debt to GDP level of about 50 per cent by 2030. In the event that the baseline is maintained, total Government and Government guaranteed debt is projected to reach the target by the said date. Figure 5 depicts the public debt to GDP path over 2024 to 2030 after applying the aforementioned shocks for one year starting 2024.

---

<sup>2</sup> Based on the current dynamic of the domestic and foreign interest rates, a shock of 5 standard deviation is deemed reasonable for this scenario

<sup>3</sup> Standard deviation using 2016-2023 averages

**Figure 5. Gross Nominal Public Debt: Stress Tests (% of GDP)**



Source: Macroeconomic Forecasting and Analysis Division Estimates-DDT, MoFNPT

Given that the **largest deviation from the baseline in the scenarios was as a result of shocks on the real exchange rates followed by that on the Primary balance**, it can be said that public debt is highly sensitive to changes in these parameters.

In terms of fiscal risk and debt management, these should be the main areas of focus for the Government – building more resilience towards external vulnerabilities and ensuring fiscal discipline towards the attainment of Primary balance targets.

**Table 4. Summary of Debt simulations**

Variables	Size of Shock (Standard Dev.)	Impact on Public Debt Path	
		Public Debt Projection as at end of 2030 (% of GDP)	% change from Baseline
<b>Baseline</b>		<b>≤ 50</b>	
<b>Exchange Rate (SR)</b>	<b>1 SD = 23.29</b>	<b>62.91</b>	<b>27.8</b>
Primary Balance (% GDP)	1 SD = -6.19	60.58	23.1
Real GDP growth (%)	1 SD = -6.17	56.71	15.2
Real Interest Rate (%)	5 SD = 7.4	51.28	4.2

Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

*Sensitivity Analysis*

**Exchange rates**

Any fluctuation in exchange rates will affect external debt repayments in local currency terms, and dependent on the nature of the change, will impact the debt target either positively or negatively – In this case, a depreciation of the rupee will mean a higher rupee cost to service debt denominated in foreign currency.

For the year 2023, the Seychelles rupees remain fairly strong and stable. This, coupled with the positive economic growth would translate into a lower public debt stock. However, given the uptake of new external debt in the last quarter of the year, exchange rate remains a sensitive factor impacting the total debt level.

**Given the sensitivity of exchange rates to external debt, it is estimated that:**

**A 1 per cent depreciation in the ‘end-of-period’ SR/USD rate would result in 0.5 per cent increase in external debt stock for the year 2024.**

**Primary balance**

Primary Balance being the difference between total revenues including grants and primary expenditure excluding interest provides an insight into financing requirement i.e. changes in debt required to bridge the gap between revenue and expenditure.

Any deviation from the Budgeted revenue envelope or expenditure estimates will directly impact the primary balance and as a result affect the country’s debt path.

**Given the sensitivity of primary balance to total public debt, it is estimated that:**

**A 1 percentage point decrease in the primary balance would result in 1.5 per cent increase in total debt stock for the year 2024.**

**Real GDP**

Real GDP is the monetary value of goods and services produced in a country in a given period of time adjusted for inflation. Any fluctuations in the real GDP growth rate will indirectly impact both total revenue and expenditure and consequently effect changes in financing needs of a country in terms of public debt stock.

**Given the sensitivity of real GDP growth to total public debt, it is estimated that:**

**A 1 percentage point decrease in the real GDP growth rate would result in 0.9 per cent increase in total debt stock for the year 2024.**



### **Real effective Interest rate**

Real effective interest rate refers to the cost of borrowing accounted for inflation. Changes in either domestic or foreign real effective interest rates will directly impact the cost of debt and the total public debt portfolio as a result.

**Given the sensitivity of real interest rate to total public debt, it is estimated that:**

**A 1 percentage point increase in the real effective interest rate on local currency denominated debt would result in 0.4 per cent increase in total debt stock for the year 2024.**

**A 1 percentage point increase in the real effective interest rate on foreign currency denominated debt would result in 0.4 per cent increase in total debt stock for the year 2024.**

## **2.4 Macroeconomic shock scenario simulation: Middle East conflict**

For the purpose of this report, two scenarios are explored covering the on-going crisis in the Middle East; a *conservative scenario* whereby the conflict remains contained, and an *extreme case scenario* with escalation into a full-blown war engulfing the region.

Seychelles is highly vulnerable to external shocks and heavily dependent on tourism as the main driver of economic activity (accounting for just under a quarter of published GDP in 2021). Any change in visitor arrivals, a key driver for tourism growth, will have a direct impact on real GDP, and will indirectly impact inflation, tax revenue, the primary balance target, and consequently public debt. Tourism earnings in foreign currencies will also be impacted and this may filter through to inflation via the exchange rate channel.

### **Scenario 1: Conservative**

- Complete exclusion of Israeli market from tourism arrivals forecasts for the year 2024  
*The baseline forecast for arrivals growth in 2024 is 5 per cent (the Israeli market accounts for about 5 per cent of the total)*
- 10% rise in global fuel prices (to about USD 100/barrel)

### **Scenario 2: Extreme Case**

- Complete exclusion of Israeli market from tourism arrivals forecasts for the year 2024  
*(same as above)*
- 1/3 negative shock to Middle Eastern flights  
*Middle Eastern carriers account for about 36 per cent of total passengers to Seychelles*
- 60% rise in global fuel prices (to about USD 145/barrel)

The potential impacts of both scenario across all macroeconomic accounts – Real, Fiscal, Monetary and Balance of Payments, were simulated and are presented in the sections to follow. Box 2 overleaf summarizes both case scenarios in comparison to the baseline.

### Scenario results: Conservative

- Given the above scenario, **projected visitor arrivals growth in 2024 would be -0.2 per cent (5 per cent reduction from baseline growth)** amounting to 18,305 visitors.
- With lower than expected arrivals, this may translate into lower tourism-related sectoral growth and consequently, **real GDP growth for 2024 may fall by about 0.65 percentage points.**
- **Projected tourism earnings denominated in foreign currency is estimated to be lower by 5 per cent** relative to baseline.
- The 5 per cent decline in tourism earnings coupled with the 10 per cent increase in global oil prices implies **a 6.2 per cent or 90 cents weakening of the Seychelles Rupee against the US Dollar** in comparison to baseline.
- Using simple regression analysis, it is estimated that **for every depreciation of one rupee, the year-on-year inflation increases by 1.4 percentage point under the shock scenario.**
- Additionally, a 10 per cent increase in global oil prices would likely translate into **an additional increase in yearly consumer price index (CPI) by about 1.2 percentage point** as a pass through to both imported and domestically produced goods.
- The increased CPI coupled with the depreciation of the domestic currency would translate into **a negative deflator and consequently, nominal GDP for 2024 may decrease by about 3 per cent.**
- From a fiscal stance, lower GDP growth will directly **impact total tax revenue by an estimated 1.9 per cent or SR 175m in 2024.**
- A lower revenue envelope coupled with a higher FX denominated expenditure will directly **lower the primary balance by 0.5 per cent of GDP equivalent to SR 151m.**
- As a result, additional financing will be required to bridge the gap so as to maintain the agreed primary balance target of 50 per cent by 2030. Subsequently, **total public debt is likely to increase by about 7.4 per cent of GDP** from a baseline 65.6 per cent to 72.9 per cent in 2024.

## Scenario results: Extreme Case

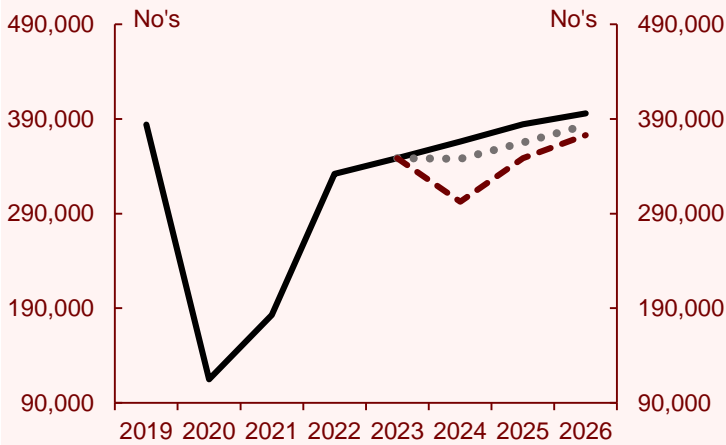
- In the extreme case, **projected visitor arrivals growth in 2024 would be -13.3 per cent (17 per cent reduction from baseline growth)** amounting to 63,665 visitors.
- With lower than expected arrivals, this may translate into lower tourism-related sectoral growth and consequently, **real GDP growth for 2024 may fall by about 2.17 percentage points.**
- **Projected tourism earnings denominated in foreign currency is estimated to be lower by 17.4 per cent** relative to baseline.
- The 17 per cent drop in tourism earnings implies **a 48.4 per cent or 7 rupee weakening of the Seychelles Rupee against the US Dollar** in comparison to baseline.
- Using simple regression analysis, it is estimated that **for every depreciation of one rupee, the year-on-year inflation increases by 1.4 percentage point under the shock scenario.**
- Additionally, a 15 per cent increase in global oil prices would likely translate into **an additional increase in yearly consumer price index (CPI) by about 4.4 percentage point** as a pass through to both imported and domestically produced goods.
- The increased CPI coupled with the depreciation of the domestic currency would translate into **a higher negative deflator and consequently, nominal GDP for 2024 would decline significantly by about 10 percent.**
- From a fiscal stance, lower GDP growth will directly **reduce total tax revenue by an estimated 6.8 per cent or SR 625 m in 2024.**
- The lower total revenue envelope coupled with the higher FX denominated expenditure will directly **worsen the primary balance for the year by 1.7 per cent of GDP equivalent to SR 510m** (from a budgeted surplus of 1.1 per cent of GDP to a deficit of 0.7 per cent of GDP).
- As a result, additional financing will be required to bridge the gap so as to maintain the agreed primary balance target of 50 per cent by 2030. Subsequently, **total public debt is likely to increase significantly by about 28.4 per cent of GDP** from 65.6 per cent to 93.9 per cent in 2024.

## Box 2. Impact of downside shock on macroeconomic indicators

— Baseline    ..... Conservative    - - - Extreme

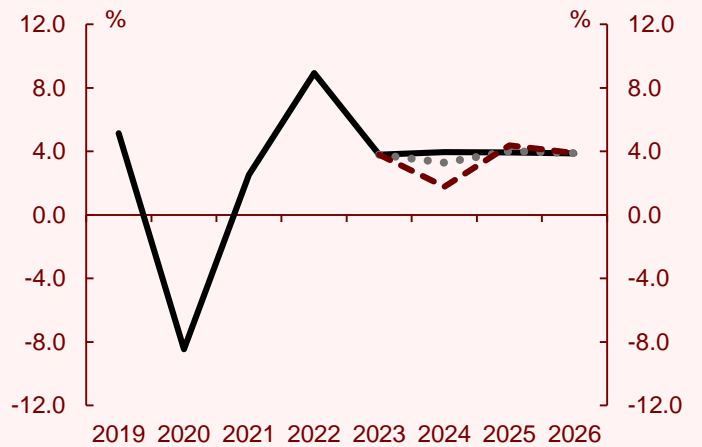
**Figure 6. Scenario Shock on Tourism Arrivals**

*Estimated visitor arrivals for 2024 would drop by:  
Conservative: 0.2 per cent  
Extreme: 13.3 per cent*



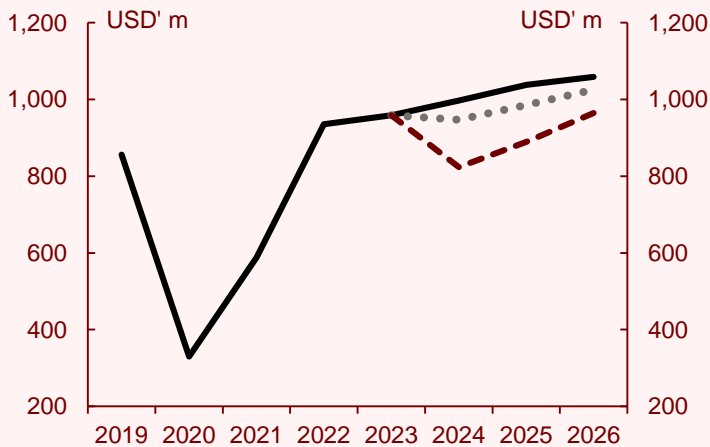
**Figure 7. Scenario Impact on Real GDP**

*Lower tourism output impacts overall GDP growth by:  
Conservative: 0.65 pp.  
Extreme: 2.17pp.*



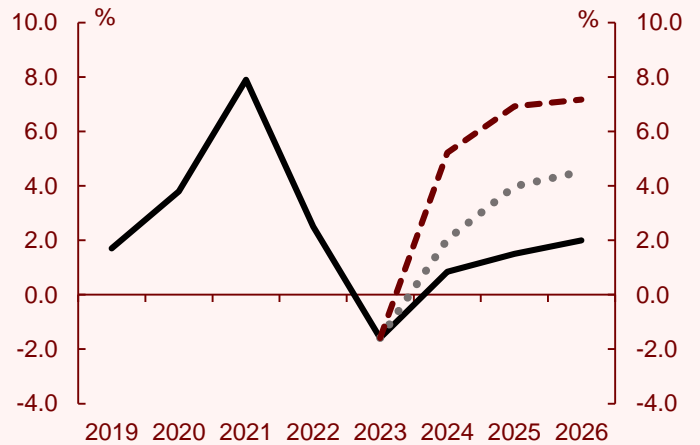
**Figure 8. Scenario Impact on Tourism Earnings**

*Earnings from tourism will be offset by:  
Conservative: 5 per cent  
Extreme: 17.4 per cent*



**Figure 9. Scenario Impact on Inflation**

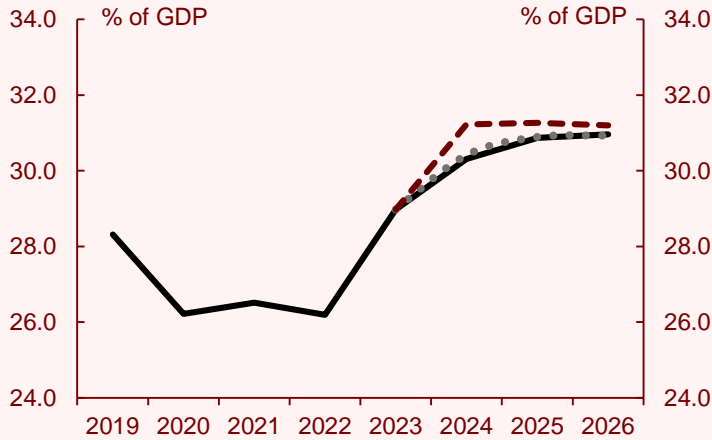
*...which may result in y-o-y inflation increasing by:  
Conservative: 1.2 pp.  
Extreme: 4.4 pp.*



— Baseline    ..... Conservative    - - - Extreme

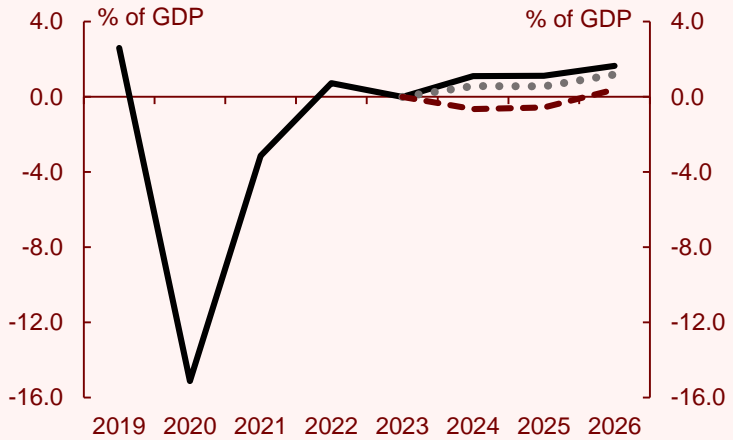
**Figure 10. Scenario Impact on Tax Revenue**

Lower GDP growth will impact tax receipts by:  
 Conservative: 1.9 per cent or SR 175m  
 Extreme: 6.8 per cent or SR 625m



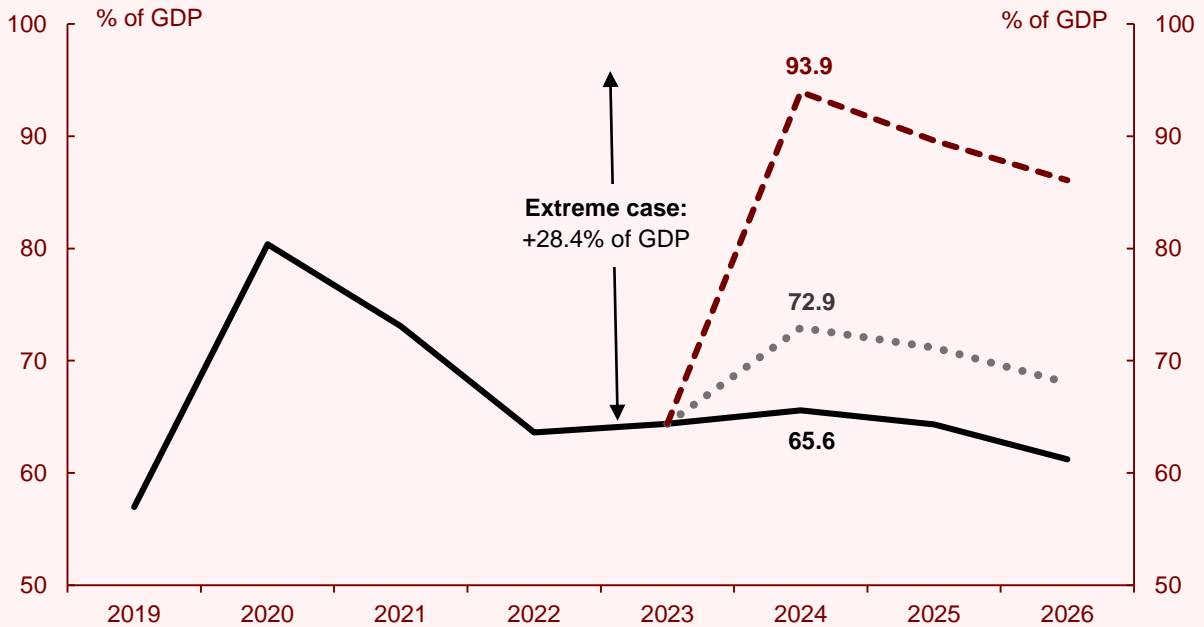
**Figure 11. Scenario Impact on Primary Balance**

...resulting in a worse PB from 1.1 per cent to:  
 Conservative: 0.6 per cent  
 Extreme: -0.7 per cent...



**Figure 12. Scenario Impact of Public Debt**

...and a direct increase in 2024 debt by:  
 Conservative: 7.4 per cent of GDP.  
 Extreme: 28.4 per cent of GDP.



Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT  
 Simulations on Tourism earnings and Inflation were provided by CBS

### *Sensitivity Analysis*

Given the sensitivity of visitor arrivals to real GDP, it is estimated that:

**A 1 per cent fall in tourist arrivals would result in a decline of about 0.16 percentage points in the real GDP growth estimate.**

Ceteris paribus, this would translate into a potential drop in tax receipts by about SR 10.6 m or 0.12 per cent.

## **3. Budget Execution Risks**

### *Capital projects*

Capital project management is a key area of Budget execution risk. Numerous projects have not been executed as planned over the past five years resulting in Budget opportunity costs, significant cost overruns, delays in related service delivery, and added strain on public finances. Cost overruns on a project also means that the respective implementing agency has to re-allocate funds from other projects, or request for supplementary appropriations.

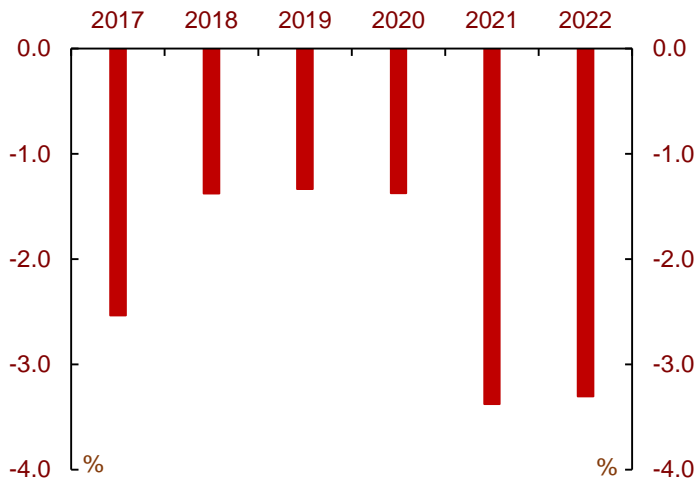
Under-execution is one of the key challenges faced when undertaking capital projects. Deficiencies are encountered in project implementation, mainly attributed to delays in procurement, challenges in project planning, a lack of human resources and capacity. These core reasons result in lower actual capital spending compared to what was budgeted. This is often at the expense of other spending needs (such as other priority projects or programmes) which could have been financed had this fiscal space been available. Consequently, capital under-execution represents a major public finance management risk, resulting in sub-optimal resource allocation and distribution, both of which can hinder economic growth.

Over the period 2017 to 2022, the execution rate for capital expenditure (CAPEX) averages to about -41.6 per cent (final spent over initial Budget). **For the year 2022, an under-execution rate of 61.1 per cent or about 3.5 per cent of GDP (amounting to SR 933m) was recorded.** In comparison to 2021, this represents an increase of about 9 per cent. Figure 13 and 14 overleaf depicts the under-execution cost as a per cent of GDP and the execution rate over the same period.

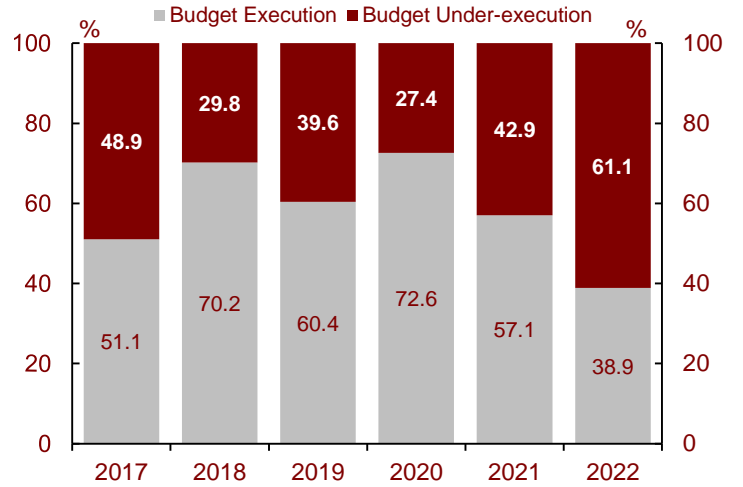
For the year 2023, CAPEX is projected at SR 1.2bn, representing 4.2 percent of GDP. By the end of the second quarter, only 14 per cent of the total vote was materialised, suggestive of possible delays in implementation of projects and under-execution following trend. Consequently, the line has been revised downwards accordingly by about SR 37m vis-à-vis the mid-year estimate.

**Capital expenditure is projected at SCR 1.4bn or 4.6 per cent of GDP for the year 2024. This represents an increase of about SR 173m compared to 2023.** This is mainly attributed to expected commencement and completion of new projects next year.

**Figure 13. Actual vs Budget (% of GDP)**



**Figure 14. Capital Expenditure execution (%)**



Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

## 4. Public Enterprise Risks

**Public enterprises can be a major source of fiscal risk to public finances if they do not perform well financially.** Fiscal risk analysis identifies, quantifies and discloses the fiscal risk exposure of the Government of Seychelles arising from the Public Enterprises (PEs). Given the size of this sector as part of the economy, it is important to monitor these enterprises to ensure good financial performance, as well as the sustainability of operations.

Fiscal risks arise from a variety of sources and affect the financial performance of PEs. A PE operating inefficiently could see its financial returns decline, its debt increase and its solvency could be at risk. This will affect its operations and the ability to deliver on its core mandate. In turn, this may result in lower fiscal flows via dividend payments to Government, and additional fiscal costs to the Budget, as well as an unsustainable level of debt for that PE.

**There are substantial fiscal risks emanating from the PEs in Seychelles.** The key fiscal risks in Seychelles includes:

1. **Macroeconomic shocks** for instance, exogenous shocks resulting in fluctuations for commodity prices particularly for oil, interest and exchange rates, real estate prices and tourism growth rates.
2. Fiscal risks emanating from other **expenditure and revenue developments** for example higher increases in salaries or in QFAs or lower sales of PEs which reduces the net profit or increases losses.
3. **Contingent liabilities** of which the Government either have legal or no legal obligations to intervene in cases where PE faces liquidity problems.
4. **Arrears**, whereby debts continue to accumulate, become uncollectible, are written off, resulting in profitability and liquidity problems.
5. **Deficiencies in the institutional framework** such as the significant non-compliance of PEs to the PEMC Act and other governing legislations.

This section, is summarised from the 'Public Enterprises Fiscal Risk Report 2022' prepared by the Public Enterprise Monitoring Commission (PEMC) which analyses risks faced by PEs for the 2022 fiscal year only. As such, there is no disclosure on risks faced by or resulting from PEs in 2023. This section does provide, however, a thorough look at the state of fiscal risks emanating from and affecting PEs as per the most current financial statements.



## 4.1 Summary of Public Enterprise (PE) risks 2022

Description	Recommendation												
<p><b>1. Contingent liabilities</b></p> <p><i>Public Enterprises (PEs) may face contingent liabilities stemming from various origins, including guarantees on their borrowings, government loans to PEs, and legal disputes involving these entities. The actualization of such contingent liabilities has the potential to augment the overall public debt.</i></p>													
<p><b>1.1 Explicit</b></p> <p><b>1.1.1 Government guarantees</b></p> <p>Government guarantees on PE borrowings constitute contingent liabilities as the Government would be required to manage the debt on behalf of the Public Enterprises should they fail to meet their obligations. At December 31, 2022 these guarantees and Government on-lending to PEs accounted for approximately 7% (SCR129m) of total PE debt.</p>	<p>Mechanisms such as guarantee fees, partial guarantees, quantitative ceilings on guarantees could be considered.</p>												
<p><b>1.1.2 Loans from Government to PEs</b></p> <p>Government loans extended to PEs are regarded as contingent liabilities, as the Government would not be able to recover the outstanding amounts in the event that the PEs are unable to repay their loans.</p> <p>PEs having loans outstanding from the Government at the end of 2022 are as follows:</p> <p><b>1.1.2.2 Public Utilities Corporation</b></p> <p>PUC entered into indemnity agreements with the Government relating to payment obligations from the following institutions, the <b>balances outstanding</b> at December 31, 2022 as per PUC AFS 2022 are as follows:</p> <table border="1"> <thead> <tr> <th>Creditor</th> <th>Outstanding Balance (SR m)</th> </tr> </thead> <tbody> <tr> <td>European Investment Bank (EIB)</td> <td>SR 373m</td> </tr> <tr> <td>Agence Française de Développement (AFD)</td> <td>SR 119m</td> </tr> <tr> <td>African Development Bank</td> <td>SR 233m</td> </tr> <tr> <td>Arab Bank for Economic Development in Africa (BADEA)</td> <td>SR 138m</td> </tr> <tr> <td>Saudi Fund for Development (SFD)</td> <td>SR 195m</td> </tr> </tbody> </table>	Creditor	Outstanding Balance (SR m)	European Investment Bank (EIB)	SR 373m	Agence Française de Développement (AFD)	SR 119m	African Development Bank	SR 233m	Arab Bank for Economic Development in Africa (BADEA)	SR 138m	Saudi Fund for Development (SFD)	SR 195m	<p>Loans from the Government to PEs should be subject to scrutiny and could be linked to targets.</p>
Creditor	Outstanding Balance (SR m)												
European Investment Bank (EIB)	SR 373m												
Agence Française de Développement (AFD)	SR 119m												
African Development Bank	SR 233m												
Arab Bank for Economic Development in Africa (BADEA)	SR 138m												
Saudi Fund for Development (SFD)	SR 195m												
<p><b>1.1.3 Government guarantees for Public-Private Partnerships (PPPs) undertaken by PEs</b></p> <p>PPPs can be an important source of fiscal risk as they can create explicit and implicit contingent liabilities. In the event of failure of a PPP whereby a PE is the contracting authority, a risk arises if projects are incomplete and the debt of the PPP is transferred from the PE to the Government. Other instances could be court-mandated obligations for the Government to pay compensation for the collapse of a PPP agreement. The PE or the Government may also lose crucial assets to the investor if a PPP agreement collapses.</p>	<p>A detailed risk assessment should be conducted before a PE engages in a PPP to identify potential fiscal risks and contingent liabilities. The review and approval process of the PPP should include the Ministry of Finance, the PEs' Responsible Ministry and the Commission. The draft Public-Private Partnership Bill 2019 details the feasibility study to be undertaken. Consideration could also be given to value for money assessments for PPPs. The Government could also maintain a central register of PE PPP commitments.</p>												

## 1.2 Implicit

### 1.2.1 Loans between PEs

Loans between PEs can be a risk as both the debtor PE and the creditor PE may require Government assistance during a liquidity crisis and potential default. This risk is amplified in scenarios where multiple PEs in debt face challenges in meeting their obligations simultaneously, especially during economic downturns, which places greater strain on the PEs that are creditors.

Within the borrowing arrangements between PE, there exists a form of lending known as inter-company lending, which involves parent companies providing funds to their subsidiaries. Some of these loans are interest-free, with undefined repayment terms. This type of lending, lacking security and a guarantee of repayment, can be likened to a cross-subsidy or a capital injection. Cross-subsidies among PE may divert resources away from more productive investment opportunities and could be seen as an off-budget financial transaction.

The implementation of approval thresholds on PE borrowing, whereby the PE would require the approval of the Ministry of Finance through the Public Debt Committee and its Responsible Ministry before signing new borrowing. Such approval should remain irrespective of whether a Government guarantee would be required. This could be done through PE borrowing and debt management plans.

### 1.2.2 Bailouts

Utilizing the fiscal resources of the Government to rescue PEs can impose a significant burden on the national budget and have adverse effects on the Government's financial standing. PEs might be incentivized to take on excessive risks, such as accumulating substantial debt, due to the perception of a potential government bailout, even in the absence of a formal commitment. These bailouts can reduce the motivation for PEs to enhance their efficiency and build resilience against macroeconomic challenges.

Bailouts or subsidies provided to PEs could be attached to certain conditions for the PE to fulfil, such as defined actions to improve efficiency. For instance, the funding may be disbursed in tranches, subject to certain pre-agreed conditions being fulfilled.

Providing PE Management with performance-based incentives may also aid in improving PE efficiency; this should be supported by transparent PE reporting to limit the risk of earnings management.

### 1.2.3 Legal claims against PEs

Legal disputes involving PEs can present the Government with potential risks. When a PE faces financial difficulties and is incapable of fulfilling the financial obligations arising from a legal judgment, the Government might be required to intervene and settle these obligations to prevent any disruption in the PE's service delivery. This situation can exert financial strain on the budget and the overall financial stability of the Government.

#### 1.2.3.1 *Air Seychelles Ltd*

In response to the petition submitted by the Bondholders on August 24, 2021, Air Seychelles' Board and Management made the decision to initiate voluntary administration for the Company/Group due to their financial challenges. On December 7, 2021, both the Bondholders and the Government of Seychelles voted in support of a rescue plan, which entailed granting a 66.7% discount on the amounts owed to them. However, the Bondholders established a condition that these payments were to be completed by March 31, 2022, a condition that the Group and Company failed to meet.

Systematic reporting by PEs of significant pending lawsuits to the Commission.

On May 10, 2022, an amount of USD28Mn from Air Seychelles was deposited into an escrow account, with Pool and Patel Chartered Accountants serving as the designated escrow agent. The escrow agent acknowledged the receipt of these funds on the same day. Consequently, the Noteholder committee, upon this confirmation, instructed their local legal counsel to officially withdraw the winding up petition on May 11, 2022. This withdrawal was accepted by both Air Seychelles' local legal counsel, Georges and Co. Attorneys, and the legal counsel representing the Government of Seychelles, who were present during the hearing.

Subsequently, the funds were transferred to the Bondholders' accounts on May 11, 2022, and the Bondholders confirmed the receipt of these funds.

## 2. Macroeconomic risk

*Fluctuations in the macroeconomic environment can influence the financial performance of Public Enterprises, affecting their contributions to the National budget in terms of taxes and dividends, as well as their funding requirements from the budget.*

### 2.1 Exchange rate risk

Public Enterprises engaged in operations and transactions conducted in foreign currencies are susceptible to the fluctuations in exchange rates. As of December 31, 2022, approximately 78% (equivalent to SCR1.6Bn) of PEs' debt was denominated in foreign currencies, with 54% (SCR1.0Bn) in U.S. dollars, 23% (SCR499Mn) in Euros and 4% in AED (SCR118Mn).

Use of mechanisms to transfer the risk directly associated with particular PEs, such as hedging and insurance instruments.

## 3. Other revenue and expenditure developments

*All PE face the vulnerability of revenue and expenditure fluctuations, which could have an impact on their operational outcomes. Diminished profitability in Public Enterprises may lead to reduced tax payments and dividends to the Government, potentially necessitating additional subsidies or recapitalization.*

### 3.1 New or increased Quasi-Fiscal Activities (QFAs)

A Quasi-Fiscal Activity (QFA) refers to an undertaking carried out by a PEs on behalf of the Government without compensation. These QFAs can be imposed on PEs through various means such as pricing policies, regulations, or other mechanisms.

These QFAs have the potential to negatively affect the financial performance of PEs, resulting in a decrease in the revenue that the Government would otherwise receive from them. They may lead to ongoing financial losses and a lack of investment by the PEs, which, in turn, could have an impact on overall economic growth. PEs that are in a weak financial position may require government support to continue providing services related to QFAs. This support might come in the form of capital injections, subsidies, or debt restructuring, and it can impose a significant burden on the government's budget.

Policy mandates of PEs should be transparently disclosed and compensated.

Moreover, the lack of transparency surrounding QFAs can create an incentive for PE management to justify their underperformance, especially in sectors where there are no private sector counterparts for benchmarking. This lack of transparency may further exacerbate the issues associated with QFAs.

Common QFAs identified by PEs for 2022 are as follows:

- Charging prices below market/cost level
- Absorption of transportation cost of commodities to other islands by PEs

### 3.2 COVID-19

After the onset of the COVID-19 pandemic in 2021, Seychelles' economic condition has undergone a subsequent readjustment, approaching a state of operation nearly resembling the pre-pandemic normalcy. All previously imposed restrictions and specific measures have been lifted, and normal operations reinstated.

### 3.3 Climate change

The adverse effects of climate change can have a detrimental impact on the financial performance of Public Enterprises. Public Enterprises might incur extra expenses to modify their operations in order to address and reduce the influence of climate change.

PEs identify and quantify the costs related to the adaption and mitigation of the impacts of climate change on their operations.

## 4. Institutional risks

### 4.1 Oversight framework

The Ownership policy for PEs was approved by the Cabinet of Ministers in January 2021, given that prior to this there was a lack of clarity between the roles of the Government, Responsible Ministry and PE Board due to the absence of an ownership policy. In addition, provisions have been made in the new Public Enterprises Act 2023 clearly distinguishing the roles of the Board of Directors of PEs, Management of PEs, PEMC and the Government of Seychelles.

There were no formal performance targets set for PEs by the Government, in addition to an absence of formal public policy targets. This leads to a lack of strategic direction for the PE, leaving the PE Boards to formulate their objectives. It is complex to measure the performance of PE Board and management in the absence of such targets. However, with the enactment of the Public Enterprises Act 2023, provisions have been made whereby Performance Targets for both the Board of Directors of PEs as well as the CEO of PEs is required to be prepared and approved by the Responsible Ministers and Board of Directors, respectively.

Development of formal performance targets for the PEs by the shareholder to minimise the risk of PE bailouts and to provide the shareholder's expectation to the PE Board. International good practice recommends that the PE ownership unit sets financial targets in collaboration with the Responsible Ministry to ensure that there is alignment between these targets and policy targets

### 4.2 Lack of resources of the Commission

The Commission lacks the necessary resources to adequately scrutinize the finances, operations, and budgets of PEs and to conduct a thorough risk analysis in a timely manner to provide advice to decision-makers.

Improved allocation of resources to the Commission, to enhance its capacity.

### 4.3 Selection process of Board members

Enhanced transparency is necessary in the selection and designation of board members. The absence of a skills matrix for each PE could result in deficiencies in the appointment procedure. However, the introduction of the National Nomination Committee in 2023, will address a number of concerns relating to the selection process of Board Directors

Strengthen Corporate Governance within the PE sector supported by a formal, transparent nomination and appointment process for directors.

A register of directors would broaden the horizon of the nomination and appointment authorities, leaving an open and transparent process for prospective candidates to apply to be included in the register, increasing the likelihood that candidates are appointed on Boards corresponding to their skills.

### 4.4 Lack of compliance (PEMC Act)

The Commission lacks the enforcement powers to compel PEs to comply with its information requests. The inadequate legal provisions contribute to the delay in conducting an effective and efficient analysis.

Untimely and incomplete reporting by PEs, delays the Commission's reporting and ultimately hinders the availability of timely analysis to decision-makers. Prompt reporting by PEs also aids in improving the accountability of PE Boards and Management.

Introduction of enforcement mechanisms within the PEMC Act.

#### 4.5 Internal control deficiencies

The lack of an audit committee or an internal audit function (whether internal or outsourced) for PEs may result in deficiencies in their internal controls and risk management mechanisms.

PE Boards should ensure that internal audit procedures are developed within PEs, supported by an internal audit function reporting directly to the Board.

Source: PEMC

### DISCLAIMER

PEMC informs all stakeholders that, as of October 20, 2023, not all PEs have provided Audited Financial Statements (AFS) for the year ending December 31, 2022, despite diligent efforts to collect and compile this information<sup>4</sup>. Consequently, the data presented in this report is based on the information available from PEs that have provided their AFS up to this date. Please be aware that the absence of financial data from certain PEs may affect the comprehensiveness of this report.

## 5. Climate Change Risks

The Seychelles climate is tropical, with daily average temperatures of between 24 and 30°C. The climate is strongly influenced by the ocean, mainly through changes in monsoonal winds and ocean currents. Residing in the equatorial region and in the western Indian Ocean, the country experiences two main seasons, the North-west monsoon and the South-east trade wind. In addition, the topography strongly encourages rainfall patterns, with the months of October to April being the wet period.

Climate change impacts the economy, health and security holistically. Such change poses a risk to the country's fiscal position via lower productivity, investments and output coupled with increased mitigation costs. As such, climate change-related risks and impacts need to be identified and assessed to reduce loss and damage.

### 5.1 Climate fiscal risks

Seychelles' economy relies heavily on tourism and the tropical climate may very well be a motivator for visitors to choose this destination amongst other factors. If there were increased average temperatures or abnormal rainy periods causing floods, this may negatively impact the tourism sector. It could lead to lower visitor arrivals and possibly translate into lower earnings and all tourism-related businesses would be adversely affected. This could dampen economic growth and consequently lead to lower revenues collected.

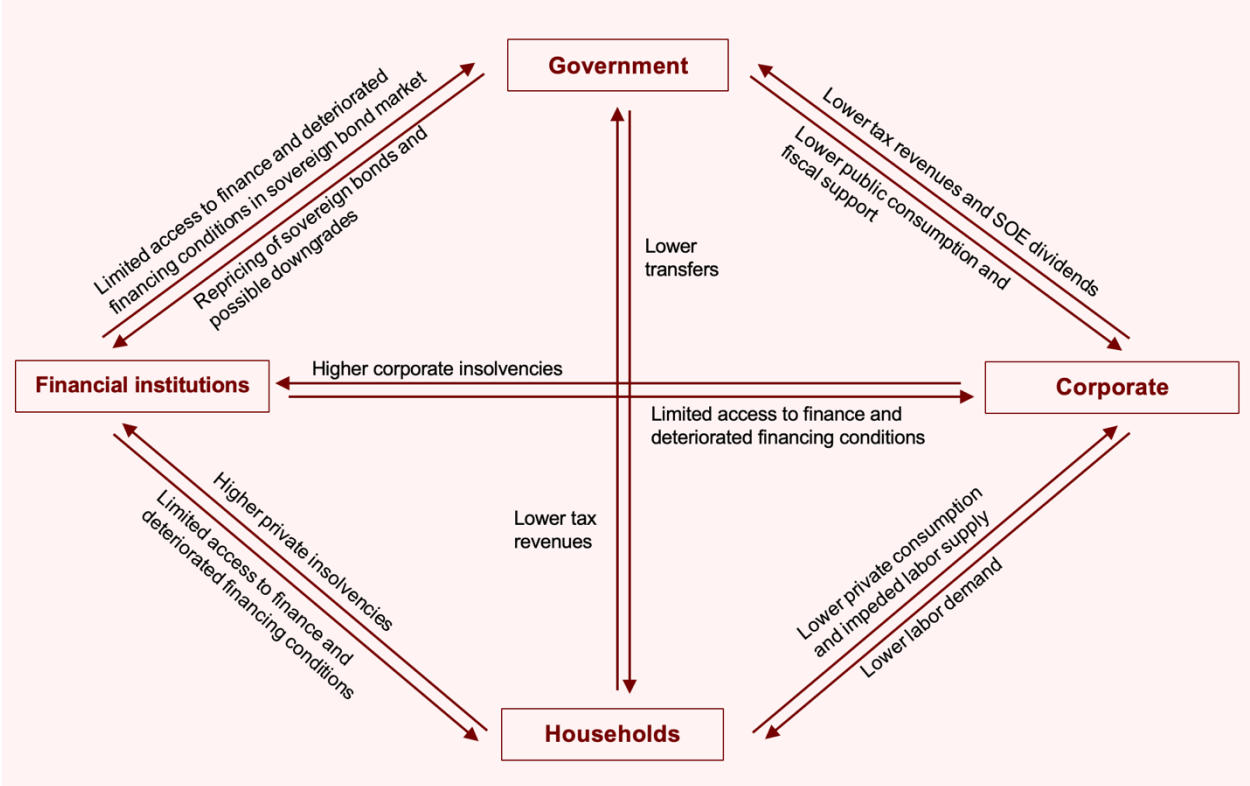
Climate change also poses a risk on the budget from an expenditure perspective. In the event of any climate change related incident or disasters, such as floods, landslides, coastal erosion which can destroy properties, roads and other infrastructure, the Government would have to step in and spend more towards

<sup>4</sup> PEs not yet submitted their signed AFS are as follows: Seychelles Fishing Authority (SFA), Seychelles Postal Services (SPS), Property Management Corporation (PMC), Seychelles Parks and Gardens Authority (SPGA), 2020 Development Company Limited (2020 Dev), Paradis Des Enfants Company Limited (PDEE), Societe Seychelloise d'Investissement (SSIL)

adaptation, mitigation. This increased spending would have a direct impact of the primary balance and overall fiscal position of the economy.

Figure 15 depicts the macroeconomic effects of climate change across different sectors. It shows how each sectors are interconnected and the ripple effect caused when one sector is impacted by climate change. For instance, it shows that if a corporate is negatively impacted by climate change, this will in turn lead to lower profits which will reflect as lower tax revenues for the government and lower dividends for shareholders. This spills over in households, as if businesses are affected, they will mostly need to cut their cost and therefore workers might be laid off and that causes unemployment and lower income tax revenues for the government etc.

**Figure 15: Macroeconomic effects of Climate Change**



Source: International Monetary Fund

## **Fiscal Risks from Natural Disasters**

Natural disasters (NDs) are extreme weather events such as earthquakes, floods, hurricanes etc., which occur suddenly, and can cause great damage to human health and safety, as well as critical infrastructure. Dependent on the scale, these usually have high fiscal costs, which would result in a negative shock to the national Budget and broader economy.

Given this, **natural disasters are a source of fiscal risk** and can cause fiscal outcomes to deviate from target and projections. This section will attempt to analyse the impact of a potential ND over the medium term.

### *Natural disasters in Seychelles*

As is the case for other small island states, the Seychelles remains vulnerable to adverse weather events and climate change. However, NDs are not prevalent and have had limited occurrence over the past 30 years given our geographic position. While heavy rains and passing cyclones are more common, these have not led to 'disasters'.

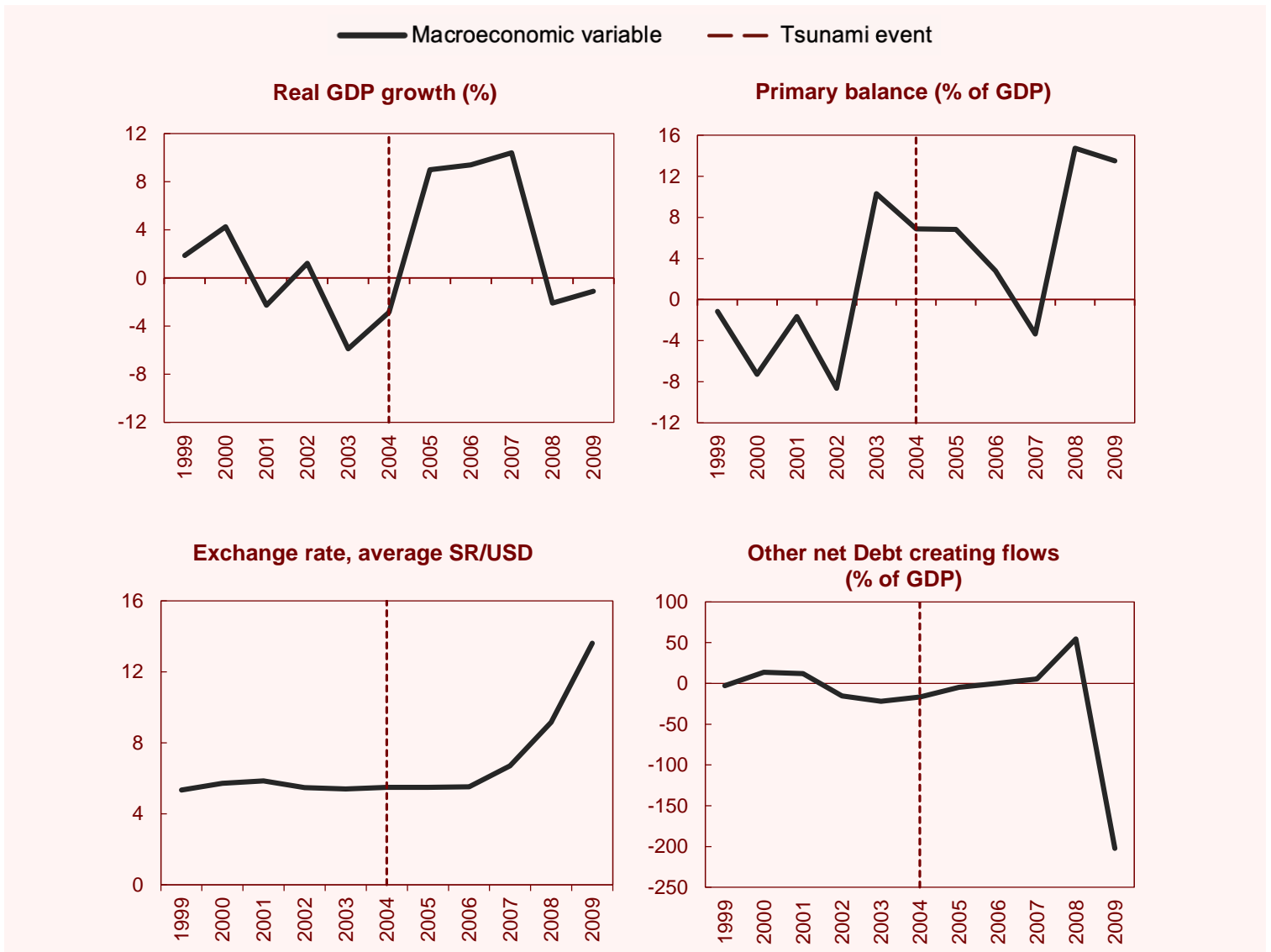
**The definition of a ND, as per the International Disaster Database 'EM-DAT'** (from the Centre for Research on the Epidemiology of Disasters – CRED, at the Université Catholique de Louvain), is as an event which overwhelms local capacity where at least one of the following holds:

- 10 or more fatalities;
- 100 or more people affected;
- Declaration of state emergency; and,
- Call for international assistance

Given this, the only such event categorised as a ND for Seychelles in the EM-DAT, is **the 26<sup>th</sup> December 2004 Indian Ocean Tsunami**. In this event, an earthquake off Indonesia triggered a tsunami, which led to powerful tidal surges hitting our islands, resulting in the loss of two lives, and hundreds of citizens affected through damage to their homes and livelihoods. Exceptionally heavy rainfall on 29 December compounded the effects of the tsunami, causing flooding and landslides. Total reported economic losses (directly or indirectly) related to the disaster amounted to about 3.6 per cent of GDP:

The figure below highlights the macroeconomic trends 'pre' and 'post' disaster. While it is hard to single out the impact of the ND, the change between these periods can be analysed.

**Figure 16: Overview of behaviour of key variables around the 2004 Natural disaster shock**



Source: Seychelles 2004 Tsunami, EM\_DAT, IMF ND\_DDT



### *Natural Disaster Debt shock*

Ensuring fiscal sustainability and reducing public debt to 50 per cent by 2030 is the major fiscal target for Seychelles over the medium term. The inherent uncertainty associated with NDs can be considered as a scenario when undertaking stress tests (shocks) on the baseline debt path.

Using the IMF Debt Dynamics Tool (DDT), and the **newly introduced extension template for Natural disasters (IMF ND\_DDT)**, a natural disaster scenario was constructed based on the last recorded ND event in the country - the 2004 tsunami. In essence, the question being asked is:

*“what would be the impact of another tsunami event on public debt in 2024?”*

The shock scenario presented below attempts to replicate the historical disaster impact on current baseline projections. Shocks were calibrated as follows:

- Computing historical change in the value of each relevant variable during the 2004 disaster (observed data ‘pre’ and ‘post’ disaster);
- Assuming that 2024 scenario shocks to each relevant variable to be 50 per cent of that in 2004 with exception of the Primary balance (PB).
- Assuming the PB shock to be a result of a 100 per cent increase in the 2024 budgeted ‘Contingency fund’ (0.3 per cent of GDP).

The **above scenario assumes that the impact of a tsunami in 2024 would be about half of that in 2004** given that in the 20 years since, much effort has been made on adaptation strategies, especially with regards to coastal reinforcement. Furthermore, having navigated through the 2008 financial crisis, and having successfully completed numerous IMF reform programmes, the Seychelles economy is more resilient in 2024 than in 2004, with public finances and debt on a more sustainable path. For this reason, the PB shock was adjusted further to reflect a more realistic scenario, whereby the existing ‘Contingency fund’ would be doubled (to SR 176m from SR 88m budgeted in the 2024 baseline). Table 5 below presents the shock parameters.

**Table 5: Summary of Natural disaster scenario shock - 2024 Debt simulations**

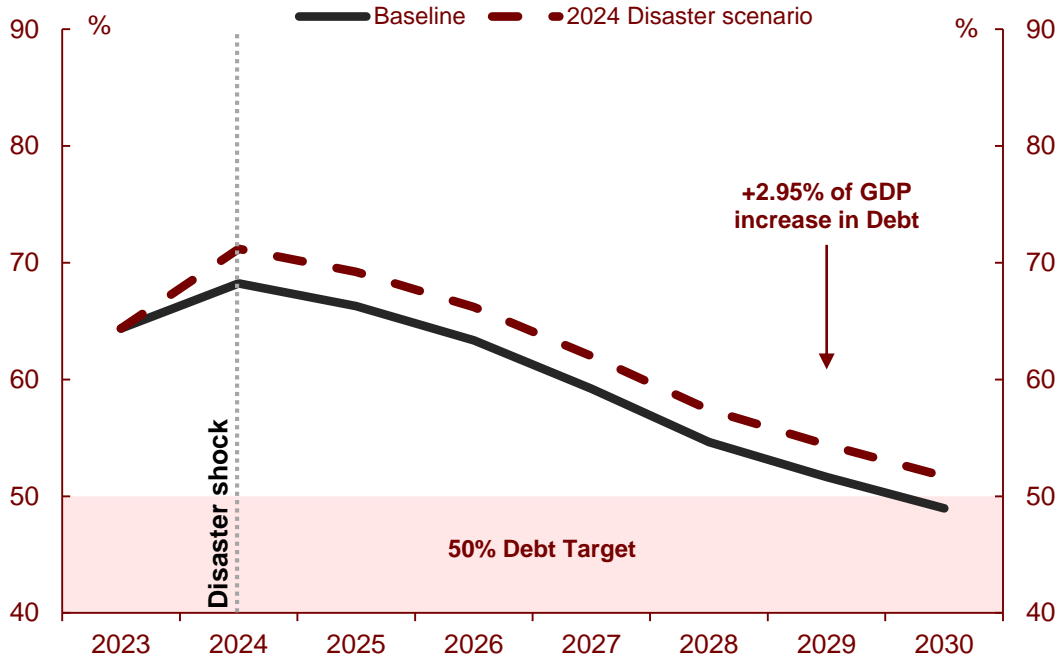
Variables	<i>Shocks: Size of change ‘pre’ and ‘post’ disaster from baseline</i>	
	2004 Tsunami Actual	2024 Tsunami Scenario
Exchange rate change (% , avg)	3.29	1.64
Domestic debt effective interest rate (%)	1.43	0.72
External debt effective interest rate (%)	0.08	0.04
GDP deflator inflation (%)	0.60	0.30
Primary Balance (% of GDP)	-3.40	-0.30*
Other net debt-creating flows (% of GDP)	5.31	2.65
<b>Disaster scenario Debt impact (% of GDP)</b>		<b>2.95</b>

Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

\*Note. 2024 scenario assumed change of key variables to be 50% of 2004 event with exception of the PB

As can be seen in Figure 17 below, the impact of the 2024 natural disaster scenario on the Debt path is an increase of about 3 per cent of GDP. The main drivers of this increase are the 'other net debt-creating flows' and the PB.

**Figure 17: 2024 Natural Disaster (Tsunami) shock on Debt (% of GDP)**



Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT, IMF ND\_DDT

This exercise has shown that the potential fiscal cost of a similar natural disaster occurring in Seychelles is likely to offset the public debt path upwards enough to result in missing the planned 50 per cent target by 2030.

## 6. Risk Assessment Matrix 2024

Given the fiscal risks presented in this document, a fiscal Risk Assessment Matrix (RAM) was developed (Table 5). The main risks were assessed based on analysis and judgement. These were assigned a 'likelihood' and 'impact' value, from low to high using a scale of '1 to 3' in increasing severity. Possible transmission mechanisms and potential policy responses to mitigate the impact and likelihood of the risks are also presented. Effectiveness of mitigation measures was also assigned a value using the same scale.

**Table 6: Risk Assessment Matrix 2024**

Risks Identified	Likelihood/ Time Horizon	Impact	Transmission	Mitigating Measure	Effectiveness of mitigating measures
<b>External Risks</b>					
Tourism arrivals shock	Med-High/ST-MT	High	Persistent inflation in advanced economies may lead to lower tourist arrivals. This risk is further compounded by the recent Middle East conflict as flights from Israel to Seychelles have been halted and given that Israeli nationals make up roughly 5% of tourist arrivals. Spillover effects can include rising fuel prices, which will put additional pressure on tourism markets.	Provide additional fiscal buffers and contingencies to lessen the impact of lower economic growth on Budget targets.  Speed up efforts to diversify the economy to increase output and FX earnings.	Medium
Large movements in the international fuel price	High/ST	Med-High	Potential for further increases in international fuel prices as a result of the continued Russia-Ukraine war, as well as the new Middle East conflict. An increase in international fuel prices will increase outflows through more expensive purchases affecting external balances, and increased pressure on exchange rates.	Monitor developments in the international oil market and allow exchange rate to move freely to absorb shocks. Review reserve adequacy. Move towards less fuel dependency and improve energy mix (long-term) i.e. further investment in renewable energy sources.	Med-Low
<b>Macroeconomic Risks</b>					
Exchange rate shock	Med-High/ST-MT	Med-High	Despite a recovery of the Euro against the US dollar, depreciation of the Euro is still a strong possibility in the short to medium term given the continuing energy crisis and macroeconomic issues facing the Eurozone. Continued inflationary pressure in Europe is likely to result in lower tourism earnings, and added pressure on the exchange rate. The above would increase inflationary pressures, impact on Budget revenues and costs, and Seychelles' ability to service its debt.	Employ innovative marketing and pricing strategies to support growth in tourism arrivals.  Speed up efforts to diversify the economy to increase output and broaden FX earnings.  Continuing the campaign to curb import related consumption, including in terms of energy imports.	Medium
Inflation shock	Med/ST-MT	Med-High	High and volatile costs of global oil and commodity prices will increase pressure on domestic prices through increasing import costs. An increase in inflation will affect Budget spending, cost of living, business confidence and general financial stability.	Proactive monetary policy intervention.  Continuing the campaign to curb import related consumption.	Medium

## Fiscal Risks

Increase in Budget Gross Financing Needs	Med-Low/ST	Med-High	Lower economic growth from a potential tourism slowdown due to geopolitical conflict and fuel price hikes, shortfall in meeting tax revenue targets, high spending pressures, and shortfalls in planned external financing would deteriorate fiscal balances and would increase financing needs.	Build up contingency buffers. Tighten and ensure fiscal discipline. Develop alternative financing and debt strategies.	Med-High
Missing IMF Programme performance targets	Med-Low/MT	Med-High	Uncertainty over the direction of global recovery, continued vulnerability to external shocks (of which are materializing), slower implementation of policy reform measures, and increasing financing needs would lead to a worsening fiscal position, missing quantitative performance targets, marking a departure from the sustainability path.	Ensure continuous monitoring and evaluation of performance benchmarks.	Med-High

## Public Enterprise risks

PE contingent liabilities	Med/ST-MT	Med-High	Poor financial performance of PEs (debt and arrears accumulation, liquidity shortages, and revenue shortfalls) resulting in requests for Government support placing additional strain on the Budget and public debt.	Reinforce PE monitoring and develop early warning mechanisms, as well as fiscal strategies. Review PE contingency plans, ensure greater contingency reserves, and negotiate suitable financing terms for guarantees.	Medium
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## Other Risks

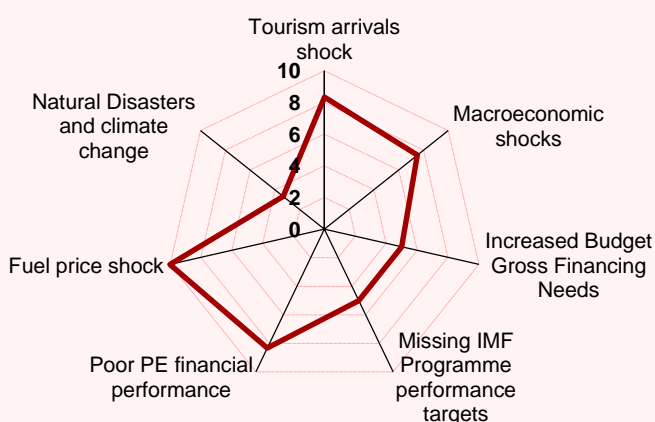
Natural disasters and climate change	Low/No specific time	High	Climate change poses a long-term fiscal risk threat with high impact to Budget finances. A single disastrous event is, however, unlikely.	Develop disaster management fiscal plans. Ensure that Budget contingency buffers are provisioned for in the event of a natural disaster occurring. Source additional financing for climate change adaptation and mitigation projects e.g. improving coastal infrastructure resilience.	Med-Low
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Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

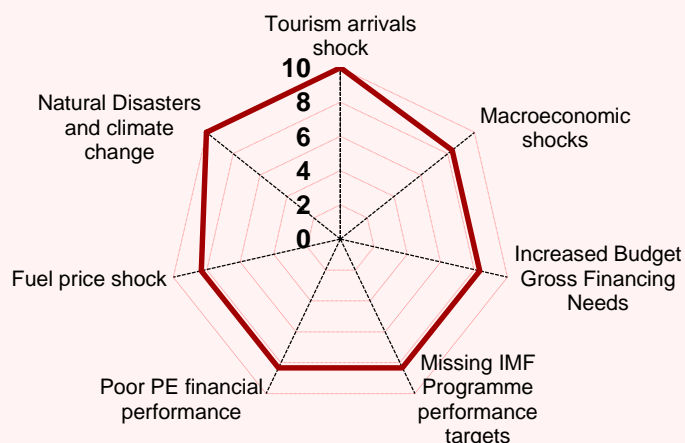
The following radar charts presented below depict the RAM estimates for 2024 on 'likelihood, impact and effectiveness of mitigation measures' based on the values assigned. A radar chart is a two-dimensional chart displaying multivariate data with several quantitative variables represented on axes starting from the same point.

Figure 18: RAM 2024 charts

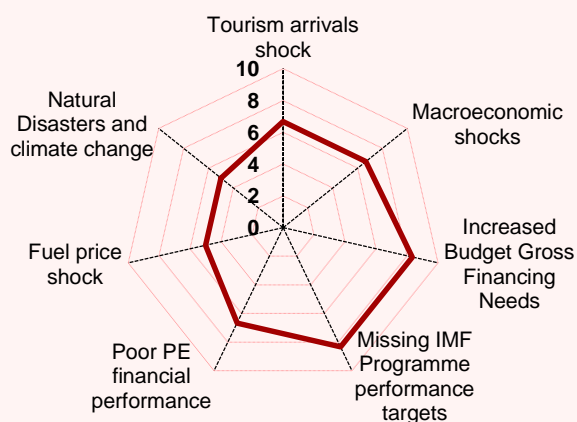
### Risk Likelihood



### Risk Impact



### Effectiveness of mitigation measures



Note that the rating scale of '1 to 3' has been expressed in percentiles for presentation purposes.

As can be seen from the charts, the likelihood of major risks is mostly medium to high in 2024 as the economy continues along the recovery path.

These risks also are high impact indicating vulnerabilities worsened by the pandemic.

Additionally, all the risks identified cannot be fully mitigated.

Source: Macroeconomic Forecasting and Analysis Division Estimates, MoFNPT

## 7. Mitigating Fiscal Risks

As part of the process of identifying, evaluating and analysing fiscal risks, strategies and methods to mitigate the possible impact of such risks are crucial for an economy. All of the aforementioned risks discussed in this document will affect the fiscal position of the country, and impact upon fiscal targets and fiscal sustainability. Risk mitigation therefore is a major priority for the Government.

Below are several strategies and initiatives that can be undertaken to help in mitigating fiscal risks. The Government remains committed towards further expanding its options towards this cause.

### 7.1 Broad approaches to mitigation

- **Maintain a Budget contingency provision** for fiscal risks that are likely to materialise. This is expensed in the Budget to cover for any unforeseen expenditures that may arise, which were initially not predicted during Budget preparation. Currently, this is estimated at SR 50m and is included as part of 2024 Budget.
- Make provisions in the **Budget to cater for the evaluation of fiscal risks**. More capacity in this area will result in better policy responses.
- **Transferring risks through hedging and insurance instruments**. This would help in mitigating the macroeconomic risks associated to the PEs in particular.
- **Impose caps and limits on the liabilities public entities can accumulate**.
- **Improve upon reporting requirements of PEs**. This is currently being undertaken by PEMC as of this year.
- **Make specific Budget provisions to cater for PE risk**. This involves appropriate subsidisation to PEs in case institutional risks, and contingent liabilities were to materialise into the fiscal risks, and for the proper planning of costs associated to QFAs.
- **Implementing a coordinated reporting framework** between MoFNPT, the responsible ministries, regulators and the PEs concerning any decisions that would affect key stakeholders negatively. This framework would also allow risks to be identified and tackled early.

### 7.2 Mitigating Climate risks

- **Source additional financing in order to invest in sustainable and environmental projects**. Under the current agreed EFF and RSF program with the IMF, the country is able to access financing to strengthen economic resilience and sustainability to reduce risks associated with climate change.
- **Build environmentally sustainable and climate-resilient infrastructure**. The IMF Climate-Performance Investment Management Assessment (C-PIMA) provides recommendations to build climate-proof infrastructure to increase resilience to the effects of climate change.

- **Develop strategies and policies to support national climate change objectives.** Key strategies and plans across the various sectors are vital to attract additional financing and investment to achieve the country's climate goals.
  - **Climate-smart agriculture strategies.** This is in order to help farmers better adapt their crops and livestock to climate change to promote food security. It can be through efficient water irrigation, rainwater harvesting etc. This is already being partially implemented under the Seychelles National Agriculture Investment Plan (SNAIP).
  - **Development of a long-term sustainable plan and management strategy of tourism infrastructure.** This can be done through the formation or review of regulations regarding any beach developments, mainly set-back distance of any construction that can potentially damage the coast.
- **Improve the existing fiscal risk analysis** by completing an exclusive mapping of fiscal risks emanating from climate change and quantifying such through long-term fiscal sustainability analysis.
- **Enhance the capacity of the Disaster Risk Management Department.** This is so to improve response strategy to climate change and promote effective monitoring in order to enable early action to be taken to reduce the impacts of climate change.

## 8. Conclusion

**The Fiscal Risk Statement covers potential fiscal risks that threaten the Government's Budget in the period ahead.** Macroeconomic risks are considered as the source of fiscal risk with the highest likelihood and with far reaching effects. The most significant macro fiscal risks over the next three years are lower-than-expected economic growth, higher-than-expected inflationary and exchange rate pressures which impacts nominal GDP, threatens revenue envelope and adversely affect debt forecast.

**To highlight different sources of fiscal risks, sensitivity analysis was simulated across numerous variables such as inflation and exchange rates.** Fan charts presented effects of changes in the estimated real and nominal GDP, tax revenue and inflation rate when different magnitude of shocks were applied.

**Fiscal stress tests on public debt were simulated using the IMF Debt Dynamics Tool.** Exchange rate, primary balance, real interest rate and real GDP growth were the four variables considered and shocked. It was observed that debt is most sensitive to volatility in real exchange rates, followed by changes to the Primary balance ratio to GDP. In both shock scenarios, debt deviated the most from the baseline downward trajectory.

**A combined shock scenario was also presented which evaluated the potential macroeconomic impact of the current ongoing Middle East conflict.** In both the conservative approach and the worst case scenario, this specific shock on tourism arrivals and global oil prices negatively impacted economic growth. With lower than expected arrivals, expected tourism earnings in foreign currency are estimated to decline, applying pressure on the domestic market and potentially increasing yearly inflation expectations. The worsening of these macroeconomic variables will have an adverse effect on the revenue envelope, posing a threat to the Primary balance, and consequently affect the planned debt reduction target.

**A summary of risks facing Public Enterprises have also been presented. These are categorised as contingent liabilities, macroeconomic risks, operational risks and institutional risks.** This disclosure is important as fiscal risks emanating from PEs represent a substantial risk on public finances. Shocks particularly from oil prices, interest rates, exchange rates and inflation affects significantly PEs such as Air Seychelles, IDC, PUC, SEYPEC and STC. Other factors, such as contingent liabilities and calls on Government guarantees across PEs, also have potential negative impact on Government. Risks deriving from deficiencies in Government's institutional framework could also take a toll on Seychelles' fiscal aggregates and such discrepancies produce uncertainty and inadequate guidance undermining compliance transparency and accountability.

**The document also features a brief qualitative section on climate change risks to Budget. Although not very detailed, some key fiscal risks emanating from climate change was highlighted and was seen to have adverse effect not only on the Government but across different sectors as well.**

**Finally, the Risk Assessment Matrix presented likelihood and impact values to major fiscal risks. In addition to this, possible Government strategies necessary to help mitigate overall fiscal risk are discussed.**

Current fiscal policies in place are designed to reduce these risks and to ensure that Government targets are achieved, although more could be done to safeguard the future. The Government remains committed towards this.



