

IMF Staff Reaches Staff-level Agreement on the Fifth and Sixth Reviews of the Extended Fund Facility and the Resilience and Sustainability Facility and Conducts Discussion on the 2026 Article IV Consultation with Seychelles

March 19, 2026

End-of-Mission press releases include statements of IMF staff teams that convey preliminary findings after a visit to a country. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board. Based on the preliminary findings of this mission, staff will prepare a report that, subject to management approval, will be presented to the IMF's Executive Board for discussion and decision.

- IMF staff and the Seychellois authorities reached a staff-level agreement on the policies needed to complete the two final reviews under the 36-month Extended Fund Facility and Resilience and Sustainability Facility.
- Seychelles has made strong progress toward key economic objectives, including a reduction of public debt, rebuilding foreign exchange reserves, strengthening the monetary policy framework and financial sector supervision, and advancing climate related reforms.
- Supported by strong economic outturns in 2025, these achievements have left Seychelles in a stronger position as it confronts new shocks emanating from ongoing conflict in the Middle East.

Washington, DC: An International Monetary Fund (IMF) team led by Mr. Todd Schneider, Mission Chief for Seychelles, visited Victoria from March 4-19, 2026, to conduct discussions for the two final reviews (5th

and 6th) under the Extended Fund Facility (EFF) and Resilience and Sustainability Facility (RSF) arrangements and the 2026 Article IV Consultation. Consideration by the IMF Executive Board is tentatively scheduled for May 2026.

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

We are pleased to announce that IMF staff and Seychellois authorities have reached a staff-level agreement on policies to complete the final reviews of Seychelles' 36-month EFF and RSF arrangements. Subject to reform implementation and approval by the IMF Executive Board, Seychelles will receive a disbursement of up to SDR 32.9 million (about \$45 million), bringing total disbursements to SDR 76.7 million (about \$105.1 million) since May 2023.

The Seychelles economy saw robust performance in 2025. Real GDP growth is estimated at 5.1 percent, driven by record tourist arrivals, while consumer price inflation was just below zero. The government fiscal balance for 2025 is estimated as a primary surplus of 2.5 percent of GDP, which helped reduce the level of public and publicly guaranteed debt to 53.6 percent of GDP. Higher tourism earnings helped shrink the external current account deficit to 6.5 percent of GDP—facilitating an increase in central bank foreign exchange reserves to just over 4 months of import cover.

Performance under the EFF arrangement has been strong. All quantitative targets for end-June 2025 were met, and all but one for end-December. The government has implemented (or is expected to finish soon) most structural reforms under the EFF, although two will take additional time. The Central Bank of Seychelles had intended to launch a pilot retail-oriented window for banks to purchase government securities by January 2026, but more time is needed to

complete prerequisite reforms, specifically to establish a Real Time Gross Settlement System and a Central Securities Depository. A second reform—to complete pilot functional reviews of the ministries of finance, education, and health by end-2025—is now expected to be completed, with support from the World Bank, before the end of 2026 as an important input to a comprehensive analysis of the size and structure of the public sector.

Climate-related reforms under the RSF have also made good progress. Several measures with respect to managing and reporting climate-related financial sector risk have been completed by CBS. Remaining reform measures related to an analysis of gaps in climate-related data, and publication of a climate risk exposure assessment of the banking sector are expected to be completed before the end of the program. One other reform measure—to establish an implementation framework for a multi-year system for end-use electricity tariffs that are cost reflective—is pending, subject to review and approval by the Cabinet.

The mission held detailed discussions on the outlook for 2026 considering recent developments in the Middle East. Based on conservative assumptions regarding the disruption to air connectivity and tourist spending, real GDP growth is projected to slow to about 1.5 percent in 2026. Higher international prices for oil and food together with rising freight costs are projected to bring average consumer price inflation to 2.6 percent in 2026. The decline in tourist income, combined with higher import prices, could lead to a deterioration of the external current account balance to an estimated 7.8 percent of GDP, and a modest decline in central bank foreign exchange reserves. Lower tourism activity is also likely to reduce government revenues and increase the overall fiscal deficit. These projections are highly tentative given the rapidly changing external environment.

The mission recommends the government consider contingency measures on both the expenditure and revenue side to adjust to these developments, and that any additional spending measures are well targeted to the most vulnerable segments of the population and temporary in nature. Exchange rate flexibility will also be a necessary tool to enable adjustment and maintain external buffers. Emphasis on structural reforms to enhance the business environment, promote diversification, inclusive growth, and stronger resilience to climate related shocks will be critical over the medium-term.

“The mission is grateful for the authorities’ excellent cooperation as well as the candid discussions. As Seychelles approaches the successful conclusion of the EFF and RSF arrangements, the IMF remains committed to supporting Seychelles in maintaining macroeconomic stability in the face of new shocks and advancing its reform agenda to support resilience and sustainable and inclusive growth.”

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