

July 29, 2021

**The Acting Chair’s Summing Up
Seychelles—Request for an Extended Arrangement Under the
Extended Fund Facility
Executive Board Meeting 21/80
July 29, 2021**

Executive Directors commended the authorities for containing the spread of the COVID-19 pandemic and leading the world in the pace of vaccinations. They noted that while the economy was hit hard by the crisis, it has already begun to recover in 2021, but the near-term outlook remains subject to considerable uncertainty. Directors agreed that the new Fund arrangement will support the recovery and anchor reform priorities for sustainable and inclusive growth, and its steadfast implementation will help catalyze additional external financing and mitigate risks to the outlook.

Directors considered that the ambitious growth-friendly fiscal adjustment will preserve fiscal and debt sustainability, while securing inclusive growth and protecting social spending. They welcomed the authorities’ efforts to develop a medium-term fiscal framework and improve spending efficiency.

Directors underscored that prudent debt management is essential to reduce vulnerabilities. They commended the authorities for successfully extending domestic debt maturities and reducing rollover risks. Directors emphasized the importance of further improvements to public debt management capacity.

Directors welcomed the authorities’ efforts to improve transparency and efficiency in government expenditures, and plans to enhance revenue mobilization, contain fiscal risks, and reform state-owned enterprises. They underscored the importance of publishing information on the use of pandemic-related funds.

Directors considered that an accommodative monetary stance remains appropriate at this juncture. They encouraged close monitoring of inflationary pressures and allowing the exchange rate to continue acting as a shock absorber.

Directors encouraged the authorities to continue to safeguard the stability of the financial sector by closely monitoring loans restructured during the pandemic and to limit further extensions. Continued efforts to enhance the effectiveness of the AML/CFT framework were also emphasized.

Directors underlined the importance of advancing structural reforms to promote private sector development, support economic diversification, and build resilience to climate

change. They also encouraged continued efforts to foster financial inclusion, including through digital finance, and advancing the governance reform agenda. Directors noted that capacity development is important to underpin the reform agenda's implementation.