IMPLEMENTATION PROGRESS AND RESULTS REPORT (IPR)

A. Report summary and proposed actions

Report Data

Project name:	ECONOMIC RESILIENCE AND GREEN RECOVERY SUPPORT PROGRAMME PHASE-II
Project code:	P-SC-K00-028
Country	Seychelles
Sector:	Multi-Sector
Environmental categorization	3-Category 3

Report type:	**Date of report:** 18.05.2026	**Mission:** FIELD MISSION 0001	
		From: 26.04.2026	To: 07.05.2026
Prepared by	**Task Manager:** Mosllem Ahmed ALAMIR AHMED	**Alternate Task Manager :**	**Division Manager :** GEBRE-SELASSIE Kalayu (ECGF2)

Project Data

PROJECT FINANCING in (USD)				
Financing source/instrument		Foreign currency	Local currency	Total
A.D.B.	Struct. Adjust.	25,000,000.00	0.00	25,000,000.00
T O T A L		25,000,000.00	0.00	25,000,000.00

PROCESSING MILESTONES (bank approved financing only)					
Loan Number	Date approved	Date signed	Date of entry into force	Date effective for first disbursement	Disbursement deadline
2000300001462	16.07.2025	21.08.2025	26.09.2025	26.09.2025	31.12.2026

LOAN AMOUNT (in UAC)					
Loan Number	Net loan	Approved (UAC)	Signed (UAC)	Cancelled (UAC)	Net Loan (UAC)
2000300001462	25,000,000.00	18,292,638.31	18,292,638.31	0.00	18,292,638.31
T O T A L		18,292,638.31	18,292,638.31	0.00	18,292,638.31

DISBURSMENT STATUS at supervision date (in UAC)					
Loan Number	Disbursed to date	Disbursed to date (UAC)	% Disbursed to date	Undisbursed to date (in UAC)	% Undisbursed to date
2000300001462	25,000,000.00	18,292,638.31	100.00%	0.00	0.00%
T O T A L		18,292,638.31	100.00%	0.00	0.00%

Executing and Implementation agencies	
Borrower	GOVERNMENT OF SEYCHELLES MINISTRY OF FINANCE
Guarantor	GOVERNMENT OF SEYCHELLES MINISTRY OF FINANCE
Executing Agency	Ministry of Finance, National Planning National Planning and Trade (MoFNPT)

Performance status

Progress towards development objective			
Rating on Development Objective (DO)	**Performance rating**		**Summary of key findings**
	Current	**Previous**	
	highly satisfactory		Overall, the programme is likely to achieve its goal and purpose by PCR stage in 2027 if the authorities take concerted efforts to implement the reforms envisaged. There has been considerable progress towards achievement of outcomes.
Implementation progress			

	Performance rating		Summary of key findings
	Current	**Previous**	
Rating on Implementation Progress (IP)	highly satisfactory		Implementation of the ERGRSP-II programme has demonstrated steady progress with most targeted results achieved by early 2026, providing a sound basis for preparing ERGRSP-III. At the specific operational outputs, 9 out of 12 output indicators (approximately 75%) were assessed as broadly achieved, while the remaining indicator is advancing, albeit more slowly than initially envisaged. At the high-level outcomes, 5 out of 7 outcome indicators (approximately 71%) are broadly on track, while the remaining 2 are progressing more slowly. This is not unexpected, as the outcomes capture the cumulative effects of reforms across the three phases of the ERGRSP series rather than any single operation. The Bank will continue to monitor progress on these measures during implementation of the proposed operation. The report notes the following key achievements. Advancing governance and economic management reforms. Reforms have moved from policy intent to adoption and implementation. Key achievements include expanded electronic public services, completion of the PEFA++ assessment, stronger public investment planning, mitigation of tax leakage, and enhanced tax transparency through the tax expenditure statement published in early 2026. Business and other tax revenues rose from 6.4 percent of GDP in 2023 to 8.2 percent in 2025, exceeding the 2026 target of 8.0 percent. The Tourism Environmental Sustainability Levy generated SCR 168 million in 2024 and about SCR 187 million in 2025, with projected revenues of about SCR 153 million in 2026 and SCR 156 million in 2027. Public investment planning has also improved through the Public Investment Management Policy, the Public Investment Management Unit and the Seychelles Infrastructure Agency. Digital public services increased from 35 percent of main services in 2023 to 45 percent in 2024, including e-services for license applications and business registration. Improving business competitiveness and economic diversification. Reforms have strengthened financial-sector resilience and improved the business environment. Key milestones include enactment of the Virtual Asset Service Providers Act, 2024; Seychelles Made Act, 2025; Seychelles Fisheries Authority Act, 2024; Licenses (Amendment) Act, 2024; and Fisheries and Aquaculture Act, 2025. The Non-Bank Credit Granting Institutions Act, 2025 established a framework for licensing, supervision, market conduct and consumer protection in non-bank credit intermediation. These reforms are reflected in stronger financial intermediation: private-sector credit growth increased from 7.4 percent in 2023 to 12.1 percent in 2024, exceeding the 2026 target of 9.6 percent. Enhancing environmental and climate resilience and economic inclusivity. The programme has supported reforms that strengthen climate resilience and inclusive growth. A key achievement is the integration of Nationally Determined Contribution adaptation and mitigation objectives into the National Development Strategy 2024–2028. Policy milestones include approval of the Solid Waste Management Policy 2025–2030, which supports waste minimization, circular-economy practices and reduced landfill dependence, and approval of the Hazardous Chemicals Bill, 2025, which strengthens oversight of the import, use, storage and disposal of hazardous chemicals. Youth unemployment has declined sharply, although employment outcomes for young women remain a priority.

Overall project performance classification

	Performance rating		Summary of key findings
Overall Project Performance (PP, PPP or NPPP)	**Current**	**Previous**	The programme is classified as not potentially problematic with high likelihood for a major turnaround as its implantation progresses towards the completion date.
	Non Potentialy Problematic Project		

Issues, risks and actions for management consideration

Issues affecting project implementation				
Key issues	**Corrective actions**	**Responsible**	**Deadline**	**Status**

Need for follow-up to ensure that the Audited Government Consolidated Financial Statements (AGCFS) are not submitted to the Bank late.	The Bank will keep close dialogue with the MoFNPTI to ensure that the AGCFS for 2025 is submitted to the Bank timely.	Bank Team and MoFNPTI	31.10.2026/Ongoing	**In progress**

Main risks and mitigation			
Risks	**Mitigation measures applied or proposed**	**Responsible**	**Deadline**
COUNTRY’S POLITICAL AND GOVERNANCE CONTEXT A global economic slowdown may intensify in the short term due to various shocks and escalating regional conflicts. Revenue and fiscal consolidation measures could face social and political resistance, considering the upcoming 2025 elections. Ensuring macro-fiscal resilience and boosting investor confidence are essential.	The operation enables the Bank to collaborate with partners such as the IMF and the World Bank to sustain reform momentum during the 2025 election cycle, which has been concluded in early October 2025.	Bank Team and MoFNPTI	31.10.2026 (DONE)
IMPLEMENTATION CAPACITY Capacity constraints may lead to failure to comply with reporting requirements and/or uneven implementation of actions/activities en visaged under the program	Close Bank dialogue with the Government to ensure key processes are completed timely. Enhanced and continuous monitoring and dialogue with Development Partners (DPs) and other stakeholders on implementation of agreed measures. Institutional Capacity Building and Fiduciary Clinic (ICFC) by the Bank and continued technical assistance support by the Bank and other DPs is crucial for success in implementation of envisaged reforms.	Bank Team and MoFNPTI	31.10.2026 (Ongoing)

B. Results reporting and assessment

Progress towards development objective (project purpose)

State the project development objective (usually the project purpose as set out in the Results-based Logframe) and assess progress
Strengthen Seychelles Governance Reforms for a resilient, inclusive, and green economic recovery.

Outcome reporting

Outcome indicators (as per RLF)	Baseline value	Most recent value	End target	Progress toward endtarget (%)	Assesment
Governance and economic management improved					
Business Tax’ and 'Other Taxes' (incl. Tourism Environmental Sustainability Levy) to GDP ratio increased (%)	6.400	8.100	8.000	106.25%	**Achieved/Likely to be achieved** 2023 baseline: 37.0%; 2024 actual: 37.0%; 2025 revised estimate: 38.4%. Official projections show a decline to 34.6% in 2026 and 32.7% in 2027, placing the program target within reach.
Expenditure and net lending (% of GDP) decreased (%)	37.000	38.400	35.200	- 77.78%	**Achieved/Likely to be achieved** 2023 Baseline: 37%; 2024 Actual: 37%; 2025 Estimate: 38.4%; and Projections: 34.6% (2026); 32.7% (2027). However, the target of 35.2% for 2026 is likely to be met, as ‘Expenditure and net lending’ is projected at 34.6% of GDP in that year.

Business competitiveness and economic diversification enhanced					
Credit to the private sector (12-month % change, gender disaggregated) (%)	7.400	12.100	9.600	213.64%	**Achieved/Likely to be achieved** 2023 baseline: 7.4%; 2024 actual: 12.1%. IMF projections point to 10.2% in 2025 and 9.4% in 2026. Recent official sources do not provide gender-disaggregated credit data.
Tourism revenue growth (12-month % change) increased (%)	9.000-	8.000	3.000	141.67%	**Achieved/Likely to be achieved** CBS estimates tourism earnings increased by 19% from January to November 2025 compared with the same period in 2024, while the IMF projects tourism growth of about 8% for 2025. Downside risks remain from weaker European demand and the Middle East conflict through aviation, shipping, fuel costs, and tourism sentiment.
Fisheries contribution towards the economy (% of GDP) increased (%)	2.600	2.900	2.800	150.00%	**Achieved/Likely to be achieved** 2023 baseline: 2.6%; 2024 actual: 2.9%; 2025 estimate: 2.5%; target: 2.8% in 2026. Meeting the target will require faster implementation of fisheries governance reforms, value-addition measures, and related infrastructure reforms.
Environmental and climate resilience and inclusivity of economic growth strengthened					
CPIA score on Environmental Policy and Regulations (so6)	4.000	5.000	4.500	200.00%	**Achieved/Likely to be achieved** The latest available AfDB CPIA score for Environmental Policy and Regulations is 5.0, above the 2026 target of 4.5.
Youth unemployment rate (15-24 years), (gender disaggregated) (%)	16.000	10.400	14.000	280.00%	**Achieved/Likely to be achieved** Nonetheless, the gender dimension remains challenging. The official Q4 2024 rate was 8.2%, compared with a 2023 baseline of 16%: female youth still accounted for 50.5% of unemployed youth.
[WOMEN]-Youth unemployment rate (15-24 years), (gender disaggregated) (%)	13.000	14.400	14.000	140.00%	**Achieved/Likely to be achieved** Nonetheless, the gender dimension remains challenging. The official Q4 2024 rate was 8.2%, compared with a 2023 baseline of 16%: female youth still accounted for 50.5% of unemployed youth.

Outcome rating			
Rating on project outcomes	**Performance rating**		**Summary of key findings**
	Current	**Previous**	Progress on outcome indicators is linked to specific actions under the whole ERGRSP operation and will be evident in Phase III. In the meantime, however, four of the outcomes are fully met and there is high likelihood that the remaining three will be met by December 2027, the operation's completion date. Progress on outcome indicators is linked to specific actions under the whole ERGRSP operation and will be evident in Phase III.
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Output reporting

Output indicators	Most recent value	Annual target	End target	Progress towards annual target (%)	Progress towards end of	Assessment

					project target (%)	
Tax revenue performance improved						
Publish in the Official Budget Statement inventory of existing tax expenditures on VAT and business tax, and an estimate of annual revenue cost (*)	YES	NA	Yes	NA	NA	**On track** Achieved. The Government published the 2026 Tax Expenditure Statement with the 2026 Budget on 12 February 2026, formalizing reporting on VAT and business tax expenditures and their annual revenue cost.
Completion of 50% of the 25 transfer pricing cases under ongoing risk review in April 2025	YES	NA	Yes	NA	NA	**On track** Achieved. The Seychelles Revenue Commission (SRC) has completed 24 of the 25 (96%) transfer pricing cases under review by the end of April 2025, with the last case completed in September 2025. Transfer pricing regulations have been finalized and gazetted, providing clarity on the primary law and documentation requirements aligned with the arm's-length principle.
Efficiency of public spending and public service delivery strengthened						
Number of main public services with electronic delivery channels (*) (nbr)	10.000	10.00	10.000	100.00%	100.00%	**On track** Achieved. The 2026 Program Performance-Based Budget report shows that electronic delivery channels reached 45% of main public services by December 2024, up from 35% in 2023, driven by the expansion of digital services. The three new e-services launched are: License Application, Civil Status Documents, and Business Registration. These channels improve service delivery and transparency and aid the fight against corruption.
The 2025 Seychelles Public Expenditure and Financial Accountability with Gender and Climate Frameworks (PEFA++) Assessment is conducted, and the report is published	YES	NA	Yes	NA	NA	**On track** Achieved. A PEFA++ assessment, including a PEFA gender-responsive budgeting assessment and a PEFA Climate assessment, has been conducted, and the PEFA Secretariat has validated the report. A PFM action plan, based on the PEFA ++ assessment, has been developed and approved by the Cabinet on 29 April 2026.
Resilience of the financial sector enhanced						
Cabinet approval of the Non-Bank Credit Granting Institutions (NBCI) Bill, 2025 (*)	YES	NA	Yes	NA	NA	**On track** Achieved. The Bill advanced past Cabinet approval and became law as the Non-Bank Credit Granting Institutions Act, 2025 (Act 7 of 2025), published in the Official Gazette on 11 July 2025. It established a licensing and supervisory framework for non-bank lenders.

Full operationalization of the Central Bank Core Banking System and any one of the following two systems: (a) Central Securities Depository (CSD), and (b) Real-Time Gross Settlement (RTGS)	NO	NA	Yes	NA	NA	**On track** On track. On May 12, 2025, CBS successfully launched its new Quantum CORE Banking System (QCBS), replacing the legacy platform that had been in operation since 2010. The Core Banking System is a back-end platform that handles banking transactions and supports the bank's customers. Its introduction signifies a major milestone in the modernization of Seychelles' financial infrastructure. The rollout of the RTGS has progressed well, with its go-live now expected by June 2026. The delay reflects the need first to stabilize the Core Banking System, a prerequisite for the full implementation of both platforms.
Economic diversification advanced						
Cabinet approval and submission to the National Assembly of the Fisheries and Aquaculture Bill, 2025 (Bill No. 2 of 2025) (*)	YES	NA	Yes	NA	NA	**On track** Achieved. The Fisheries and Aquaculture Bill, 2025, was published in the Official Gazette on 11 April 2025, approved by the National Assembly on 14 May 2025, and entered into force on 27 June 2025.
Cabinet approval of the Report on Recommendations and Action Plan arising from the study to better understand the dynamics of the tourism sector	YES	NA	Yes	NA	NA	**On track** Achieved. The analysis of the tourism sector's dynamics, economic contribution, and revenue potential has been completed. The findings inform policies to build a climate-resilient, diversified tourism industry that considers gender considerations. The Cabinet approved the Action Plan from the study on 29 April 2026.
Environmental and climate resilience reinforced						
Cabinet approval of the Solid Waste Management Policy (2025-2030) (*)	YES	NA	Yes	NA	NA	**On track** Achieved. Cabinet approved the Solid Waste Management Policy 2025–2030 on 22 May 2025, setting out the framework for a more sustainable and circular waste-management system.
: Cabinet approval of an Integrated Resource Plan (IRP) that outlines short to medium-term electricity generation options, demand side management (DSM), and transmission network expansion, including r	YES	NA	Yes	NA	NA	**On track** On track. On 3 July 2025, Cabinet approved the Power Procurement Plan 2025–2026, a necessary step for the Integrated Resource Plan (IRP). The IRP is expected to be approved by Cabinet in May 2026. This plan details short- to medium-term electricity generation strategies, demand side management, and transmission network expansion, including renewable energy.
Economic inclusivity advanced						

Cabinet approval of Employment (National Minimum Wage) (Amendment) Regulations 2025 (*)	YES	NA	Yes	NA	NA	**On track** Achieved. On 13 March 2025, the Cabinet approved the minimum-wage increase, and the Employment (National Minimum Wage) (Amendment) R egulations, 2025 were published on 24 March 2025, becoming effective on 1 April 2025.
Cabinet approval of the Employment Bill	NO	NA	Yes	NA	NA	**On track** On track. Progress on the Employment Bill's approval has been slower than anticipated. The draft of the Employment Bill, revised based on stakeholder consultations, was approved by the Cabinet of Ministers on 12 February 2025. However, given the change in Government Administration, the draft Bill will be presented to the new cabinet in May 2026. Based on the outcome of the discussion, the AG's office will proceed with drafting the Bill. The target is to go to the National Assembly in June 2026.

Output rating			
	Performance rating		**Summary of key findings**
	Current	**Previous**	
Rating on project outputs	4		A satisfactory implementation progress has been made under ERGRSP-II which provides the basis to prepare the second phase of the operation in accordance with the Bank's PBO policy. As of November 2025, out of the thirteen carefully selected output indicators, eleven outputs fully met and/or exceeded, while good progress has been made in the implementation and delivery of the remaining two outputs indicators. Ultimately, these outputs, by programme closure, are likely to lead to remarkable achievements of the outcomes envisaged under this programme.

Development objective (DO) rating

Progress towards development objective			
	Performance rating		**Summary of key findings**
	Current	**Previous**	
Rating on Development Objective (DO)	highly satisfactory		Overall, the programme is likely to achieve its goal and purpose by PCR stage in 2027 if the authorities take concerted efforts to implement the reforms envisaged. There has been considerable progress towards achievement of outcomes.

Additional and/or unanticipated outcomes/outputs (optional)

Indicator	Baseline	End target	Most recent value