

 Early Warning System

WB-P178209

SEYCHELLES SECOND FISCAL SUSTAINABILITY AND CLIMATE
RESILIENCE DEVELOPMENT POLICY FINANCING



Quick Facts

Countries	Seychelles
Financial Institutions	World Bank (WB)
Status	Proposed
Bank Risk Rating	U
Voting Date	2022-11-08
Borrower	The Republic of Seychelles
Sectors	Finance, Law and Government
Investment Amount (USD)	\$ 15.00 million



Project Description

According to bank documents, the Program Objectives of this proposed programmatic series are to (i) strengthen medium-term fiscal sustainability; (ii) strengthen resilience and (iii) strengthen policies to create an enabling environment for inclusive and sustainable growth. The financing of US\$15 million provided by this operation will address Seychelles' immediate funding needs. The proposed approach is a programmatic series of three operations focused on strengthening the government's medium to long-term reforms. The DPF program was modified at the time of the preparation of the second DPF due to some adjustments to timing of the Government's reform agenda as well as underlying capacity constraints at the Attorney General's office. Overall, the policy reforms under the second DPF remain grounded in recent analytical work and extensive policy dialogue.

The programme will be implemented under three pillars:

Pillar A aims to strengthen medium-term fiscal sustainability by reducing fiscal risks from SOEs and restoring the public debt path on a downward trajectory. The effect of COVID-19 on the economy and the resulting increase in borrowing has raised the urgency of measures to reduce fiscal risks and strengthen fiscal management. Consequently, enhancing revenue performance, and reducing fiscal risks are a priority for maintaining medium-term fiscal and debt sustainability, while cementing the public debt ratio on a declining path.

Pillar B aims to strengthen physical and financial resilience. Seychelles remains vulnerable to the adverse effects of natural hazards and climate change. In addition, the impact of the pandemic on the economy (growth and employment) poses significant risks to the financial sector. The GoS has shown strong leadership to better understand the sources of vulnerabilities and to build greater resilience against natural hazards, climate change impacts and financial sector risk.

Pillar C aims to strengthen policies to create an enabling environment for inclusive and sustainable growth by strengthening the legal and regulatory framework for the digital and blue economies. The digital economy offers a unique opportunity for Seychelles to accelerate economic growth, promote competition and enhance public service delivery. To realize the potential for transformative economic growth, there is a need to strategically and proactively invest in the elements of the digital economy to ensure that businesses and people can keep pace and thrive in an increasingly digital world. With the outbreak of COVID-19, there is an added urgency to transition to digital financial services and benefit from its gains in efficiency, tailored products, and new services. Similarly, the blue economy seeks to advance productivity and growth using Seychelles' natural endowments while proactively preserving them.



Investment Description

- World Bank (WB)



Contact Information

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