



Inclusive Growth: A View from the Fund

Presented by

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October 31, 2013



Presentation Outline

- Inclusive growth defined
- Why inclusive growth?
- Sources of growth in Seychelles
- Policies to foster inclusive growth in Seychelles

What is Inclusive Growth?

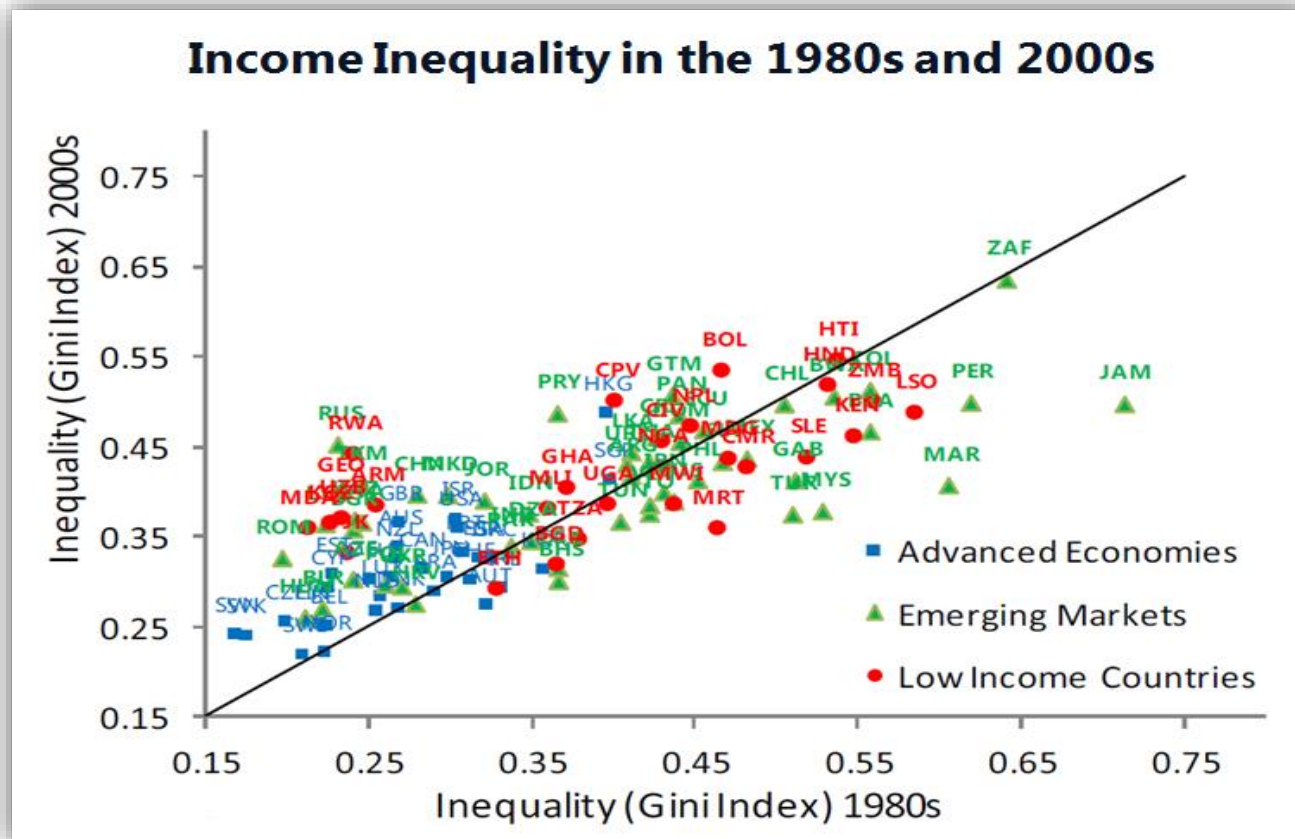
→ Core principles include:

- Fostering higher growth *and* productive employment
- Providing equality of opportunity to all segments of society
- Redressing some inequalities in outcomes

→ Inequality of outcomes (ex-post)
versus
Inequality of opportunity (ex-ante)

Why Inclusive Growth?

→ Globally: inequality falling / Seychelles: inequality rising



Why Inclusive Growth?

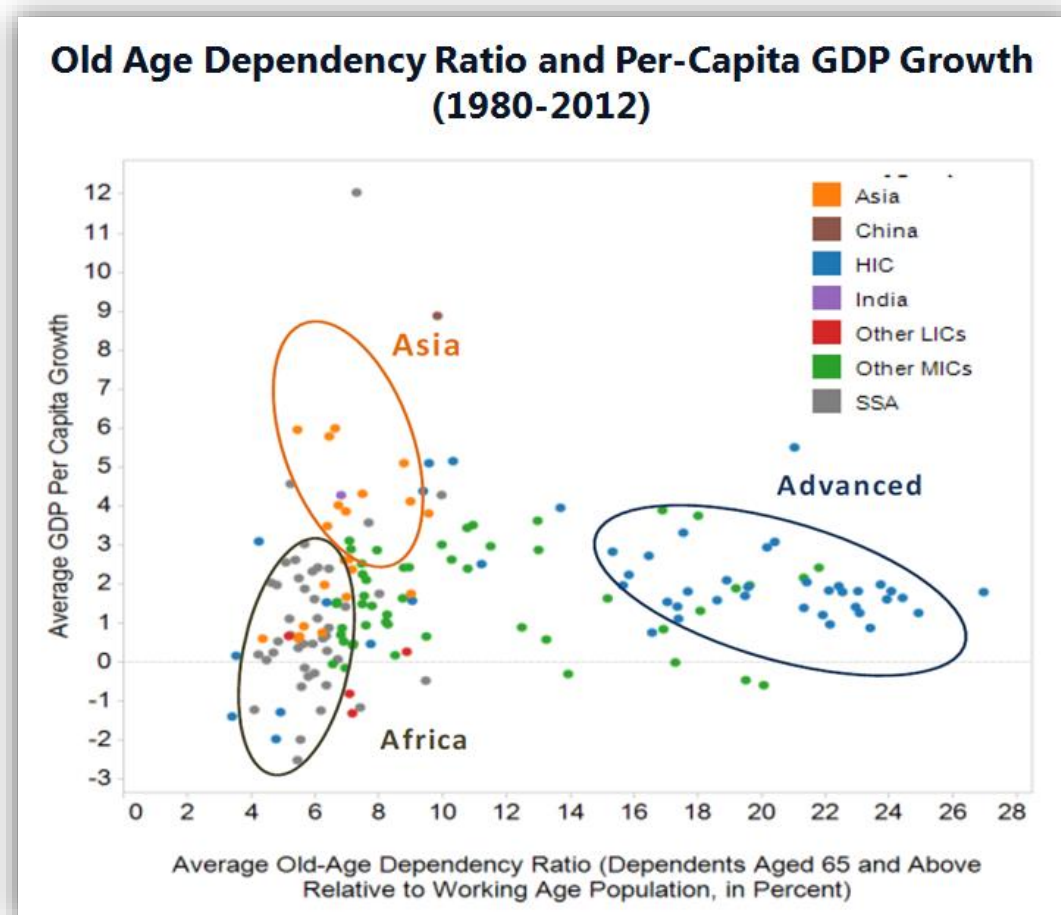
→ Three megatrends at work:

1. Technological innovation → premium on skilled labor
2. Globalization → trade and financial integration tradeoffs
3. Demographics → doubling of global labor force

... and these trends will continue in the future

Why Inclusive Growth?

- **Challenge:** Productive employment to young entrants in labor force
- **Strategy:** Productivity enhancing and employment friendly growth

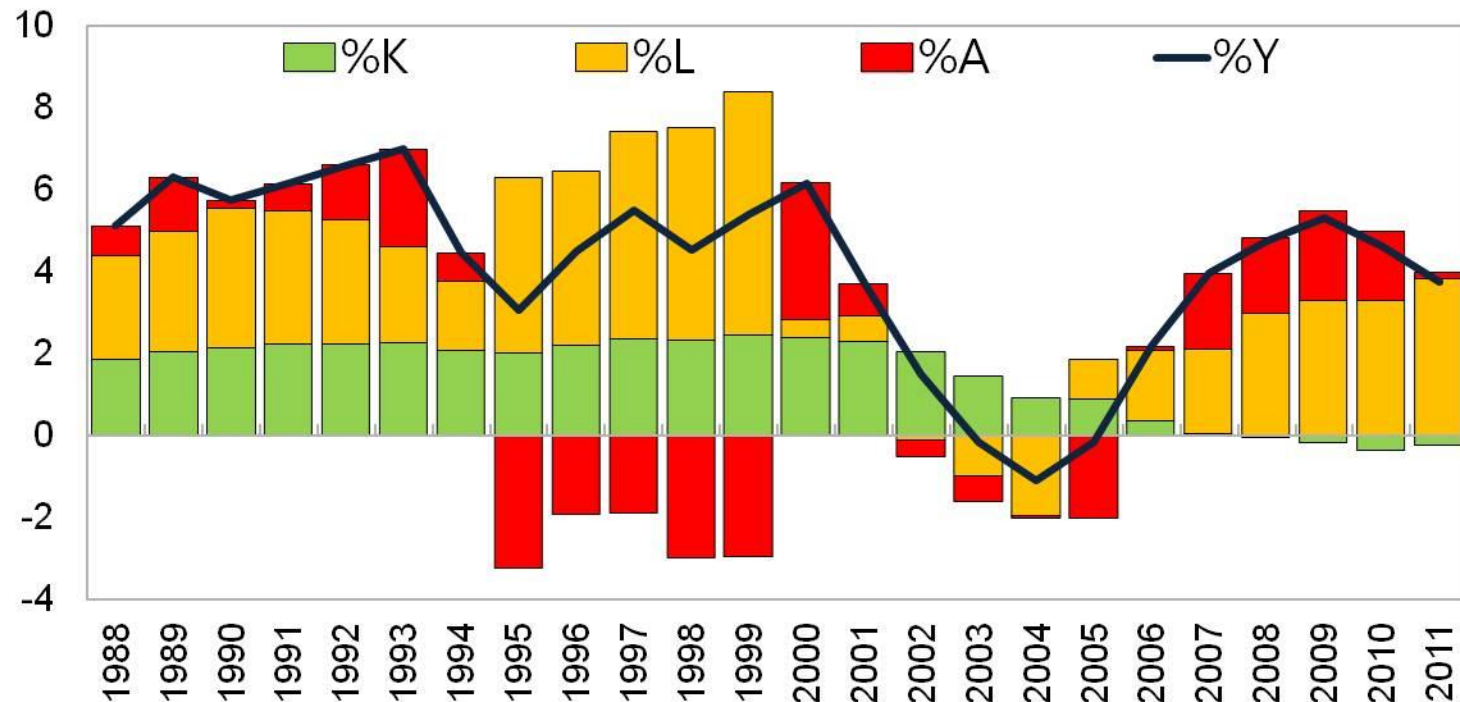


Sources of Growth

- Productivity and labor contributions positive and rising since 2007
- But more needs to be done to sustain productivity growth

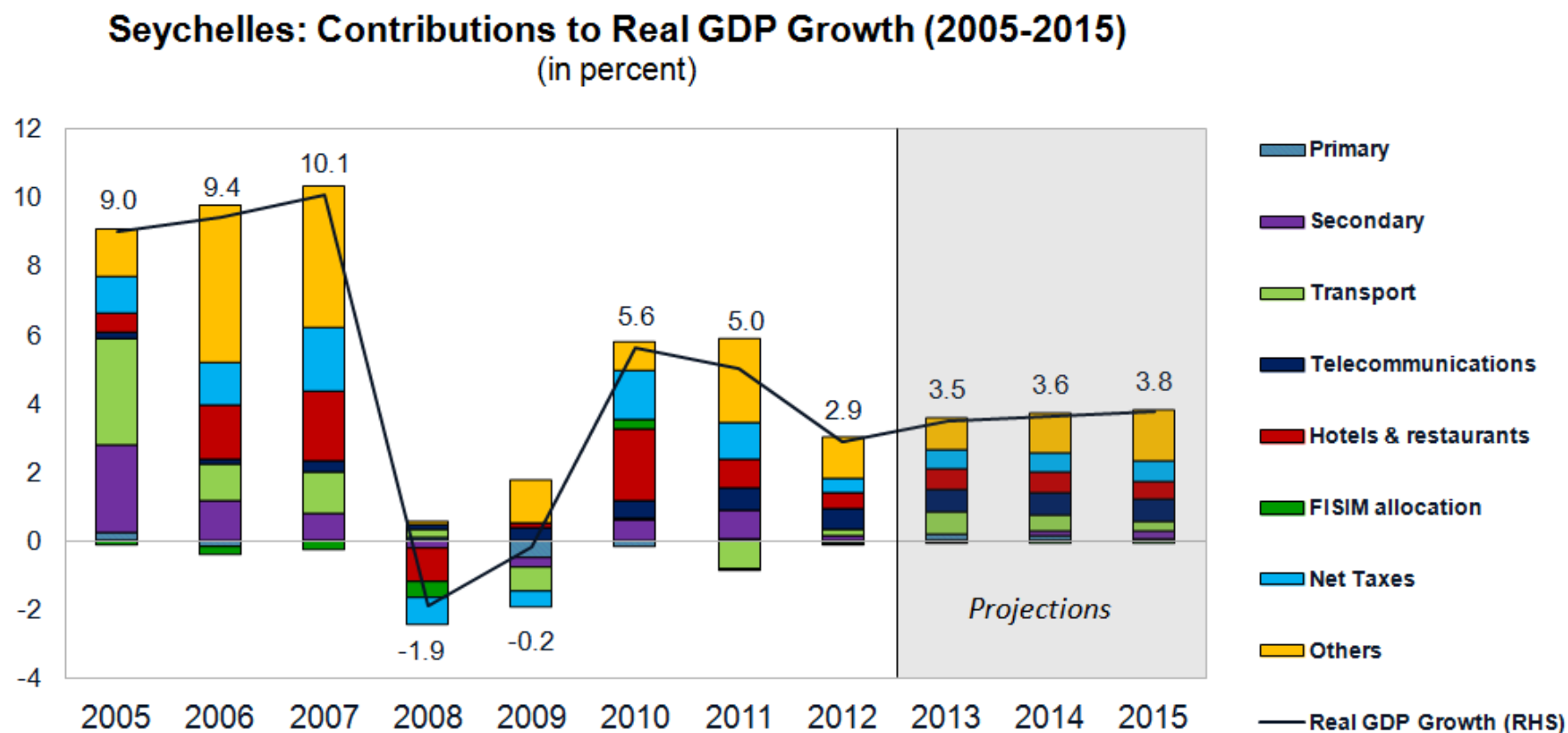
Seychelles Growth Decomposition

(5 year rolling average, percent)



Sources of Growth

→ Improved growth dynamics driven by tourism, others [define], and telecommunication sectors



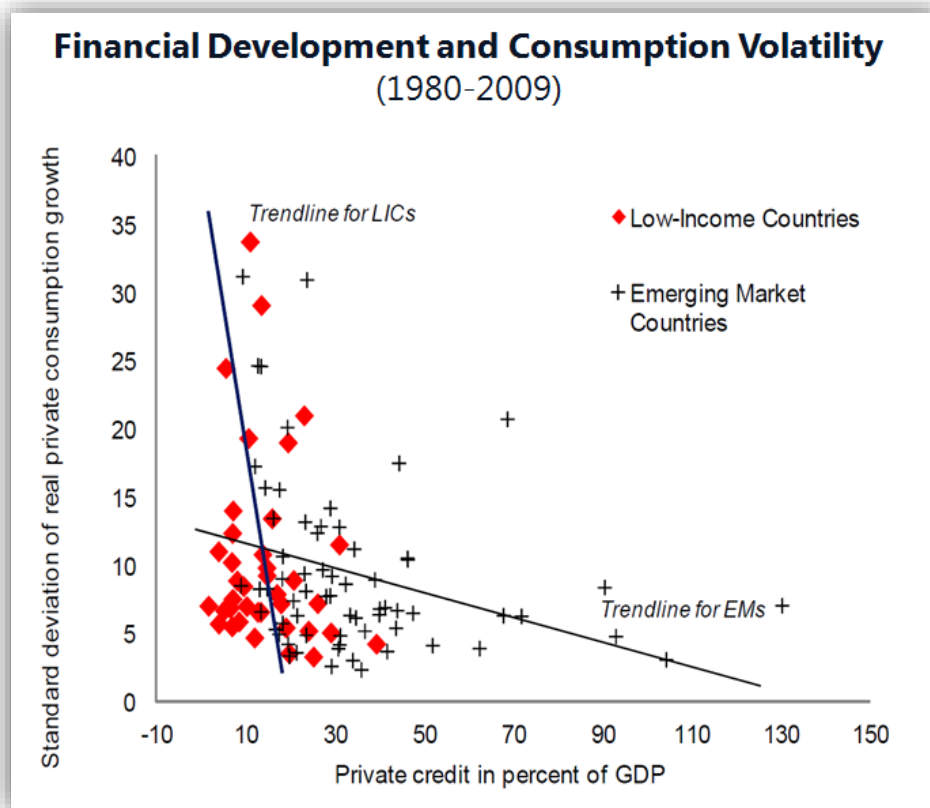
Medium Term Growth Strategy

Financial deepening

- Manage volatility
- Support effective policy frameworks

→ Initiatives

- SMEs support
- Mobile payment system
- Increased financial intermediation



Medium Term Growth Strategy

Diversification in higher value added activities

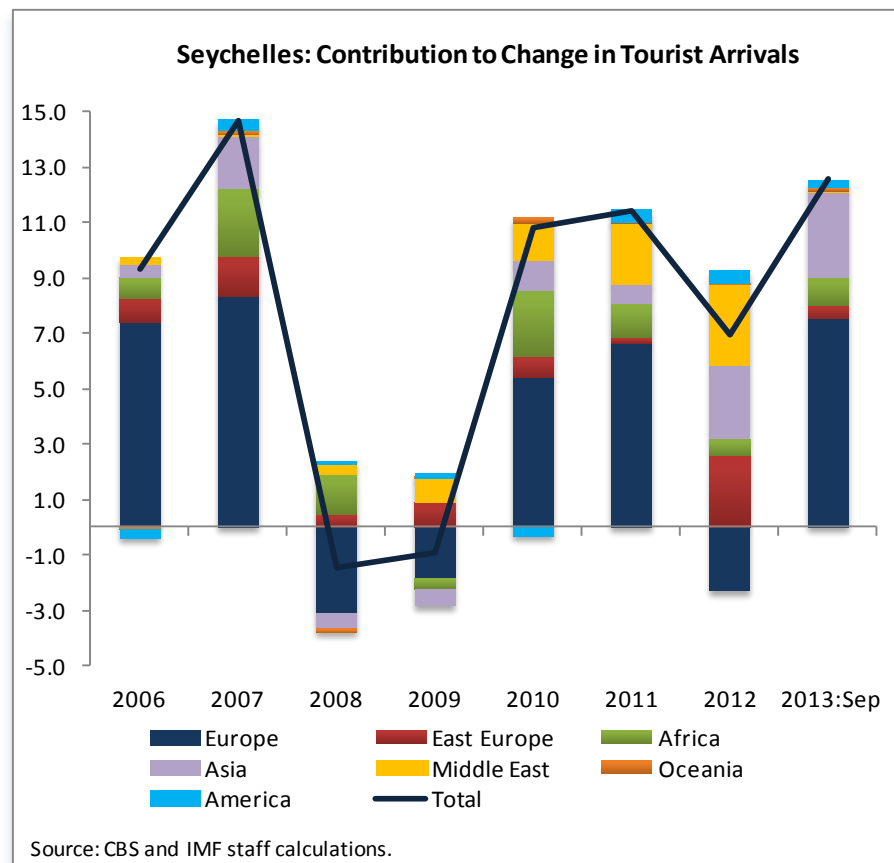
→ Tourism

- Branding
- Downstream activities

→ Fisheries

- Semi-industrial activities
- Higher VA processing

→ Offshore financial sector



Medium Term Growth Strategy

Investment

→ Infrastructure

- Quality public spending
- PPP

→ Human capital

- Education
- Training

→ Private sector development

Takeaways

- Macroeconomic stability key underpinning of an effective growth strategy
- Beyond increase in labor and capital inputs, reforms to enhance productivity essential to generate inclusive growth
- Diversification into higher value-added sectors must be focus of growth strategy



Thank you.