



High-income Africa

Sectoral Scenarios for High-income Africa

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Sectoral Scenarios for High-income Africa

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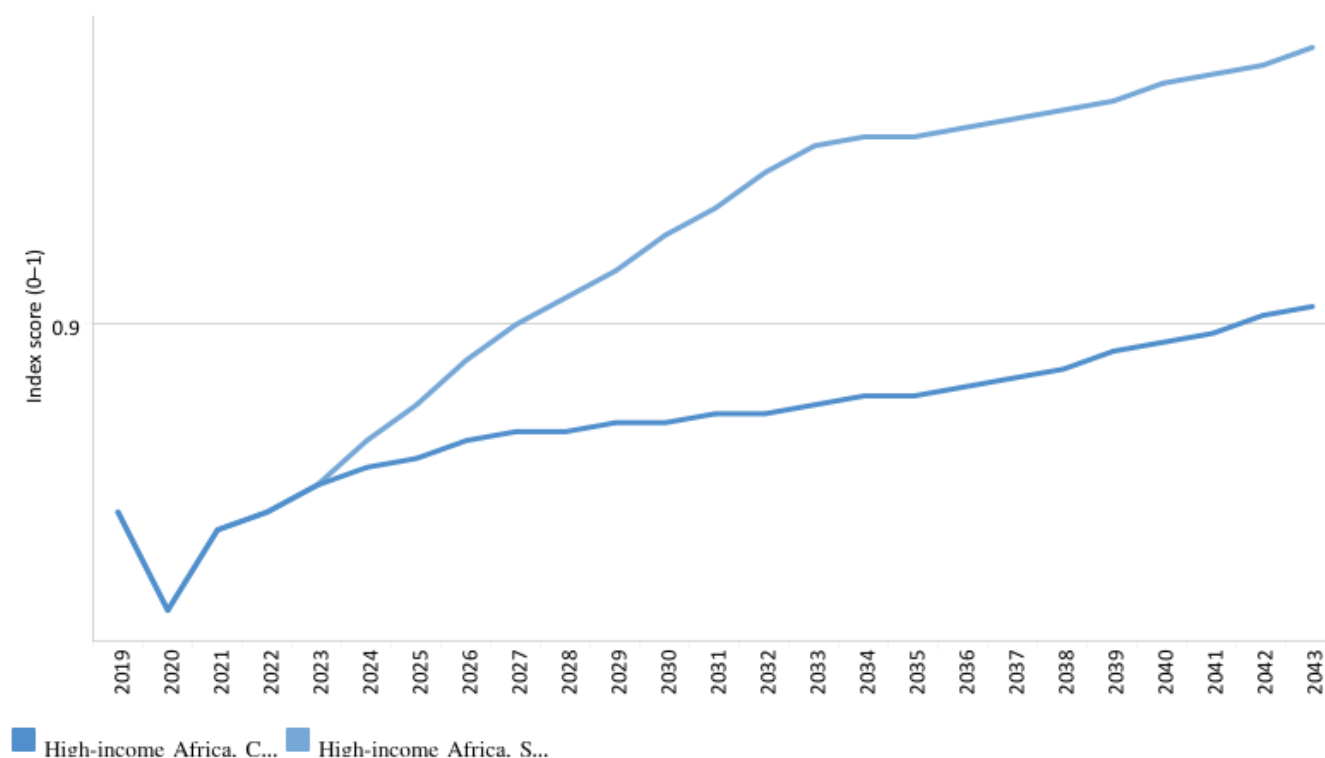


Stability scenario

Chart 13: Governance security in CP and Stability scenario, 2019–2043
IFs index 0–1



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Source: IFs 7.63 governance security index using internal war and government risk

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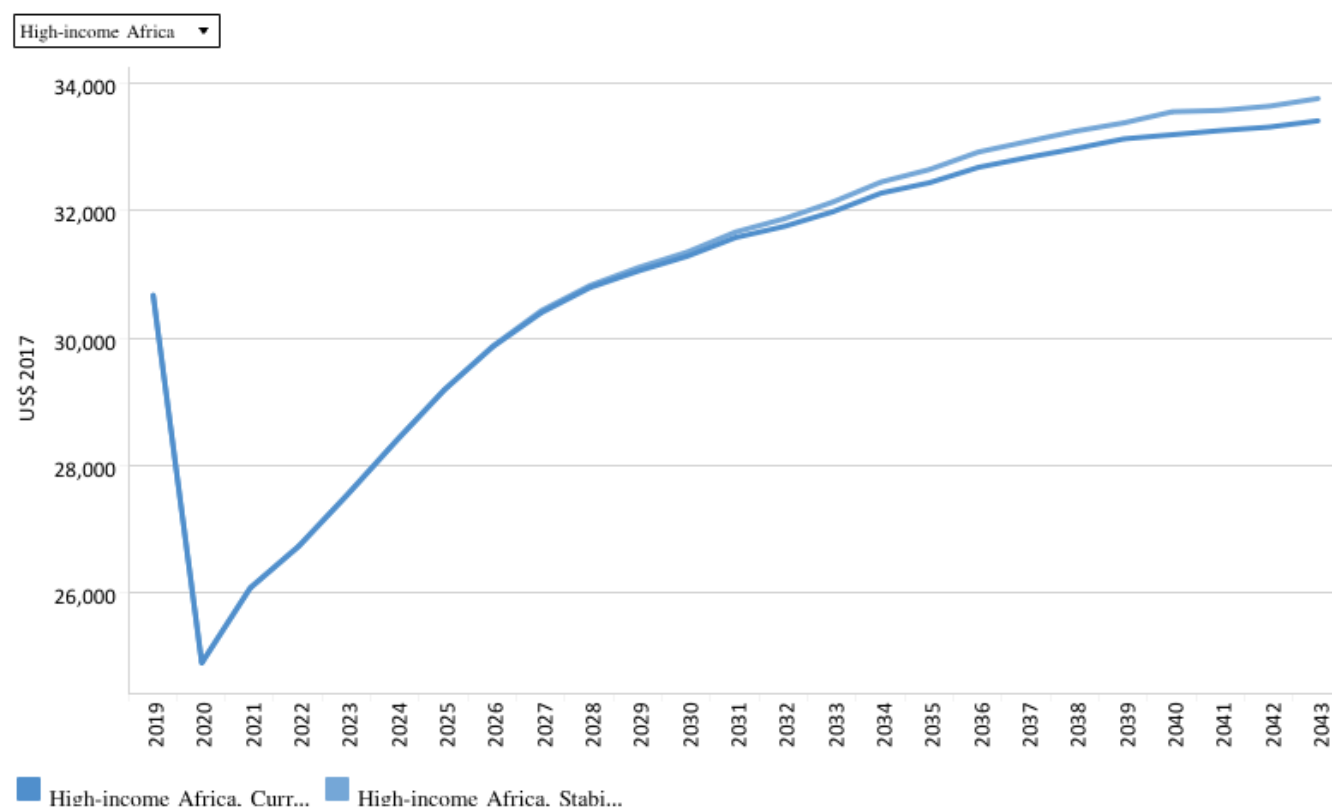
The Stability scenario represents reasonable but ambitious reductions in risk of regime instability and lower levels of

internal conflict. Stability is generally a prerequisite for other aspects of development and this would encourage inflows of foreign direct investment (FDI) and improve business confidence. Better governance through the accountability that follows substantive democracy is modelled separately.

The intervention is explained [here](#) in the thematic part of the website.

The Stability scenario generally signifies increased political stability and reduced internal conflict leading to high FDI inflows and improved accountable governance. After independence in 1976, President René came to power through a coup d'état the year thereafter and stayed in power until 2004. Although he survived at least two attempted coups d'état, Seychelles gained a reputation as one of the most stable African countries. Nevertheless, the country generally enjoys a very high level of government security. In 2019, the governance security index was 0.88, lower than the average for high-income economies of 0.94. In the Current Path, the governance security index will improve by 0.2 points to 0.9 in 2043. In the Stability scenario, the governance security index will increase more rapidly to 0.93 in 2043, though this will still be below the average for high-income economies. High-income economies include mainly mature democracies and the world's most politically stable nations, hence their high average governance security index of 0.97.

Chart 14: GDP per capita in CP and Stability scenario, 2019–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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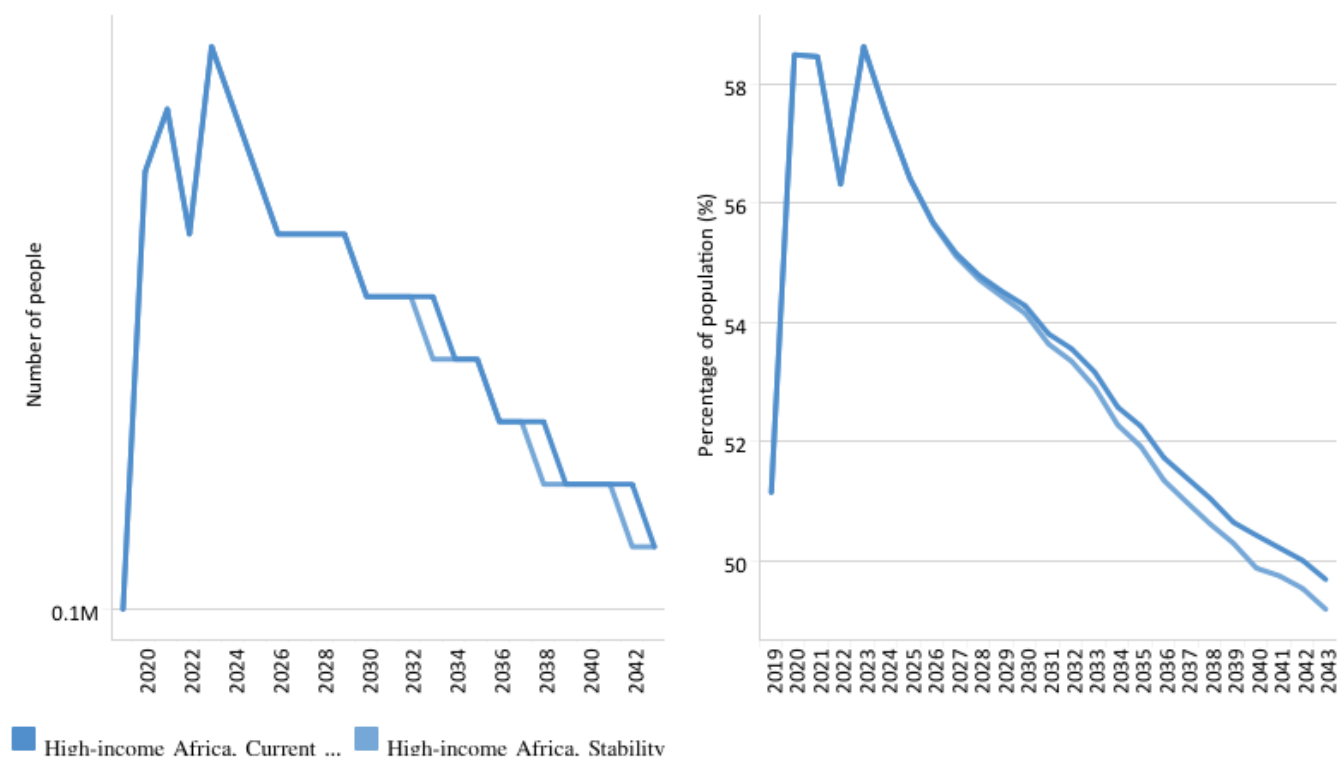
Regime stability and a peaceful environment inspire investor confidence and attract FDI to the country with a positive effect on economic growth. The GDP per capita for Seychelles in 2019 was US\$30 673, which is US\$18 868 lower than the average for high-income economies of US\$49 540. After a decline to US\$24 907 in 2020 due to the effect of the COVID-19 pandemic, GDP per capita in the Current Path forecast will rise US\$33 409 in 2043. In the Stability scenario, GDP per capita will increase by US\$348 more compared to the Current Path forecast in 2043.

Chart 15: Poverty in CP and Stability scenario, 2019–2043

Millions of people and % of total population



High-income Africa ▼ \$22.70 ▼



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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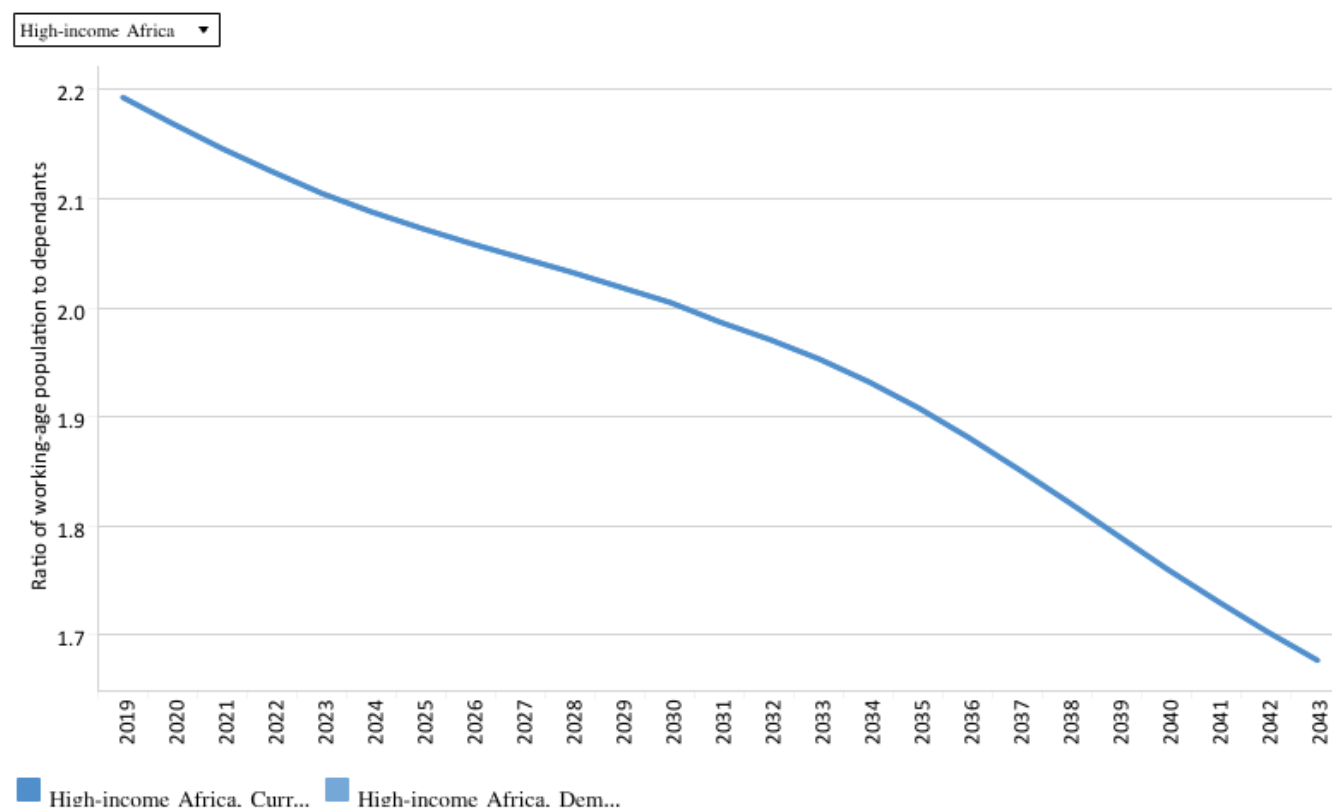
The World Bank has set the extreme poverty level at US\$22.70 per person for high-income countries that include Seychelles as the only high-income economy in Africa. In 2019, the number of people living in poverty was around 50 000, equivalent to 51.2% of the population. The Stability scenario has only a minimal impact and will reduce the portion of people living below the poverty line to 49.2% by 2043, which is 0.5 percentage points below the Current Path forecast. Also, the number of poor people will decline to 51 000 in 2043. This means that the Stability scenario could lead to 1 000 fewer poor people than the Current Path in 2043.



Demographic scenario

Chart 16: Demographic dividend in CP and Demog scenario, 2019–2043

Ratio of working-age population to dependants



Source: IFs 7.63 initialising from UN Population Division Population Prospects

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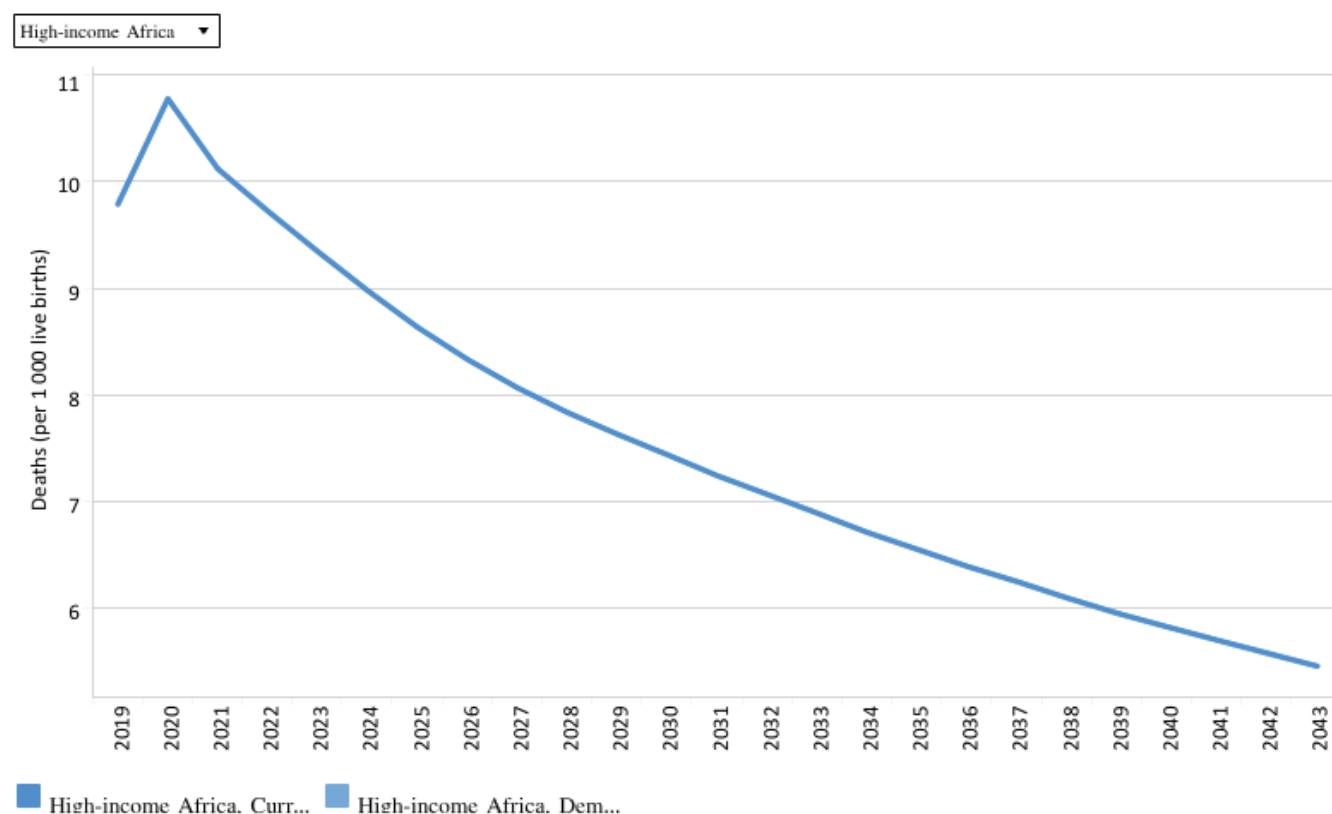
This section presents the impact of a Demographic scenario that aims to hasten and increase the demographic dividend through reasonable but ambitious reductions in the communicable-disease burden for children under five, the maternal mortality ratio and increased access to modern contraception.

The intervention is explained [here](#) in the thematic part of the website.

Demographers typically differentiate between a first, second and even a third demographic dividend. We focus here on the contribution of the size of the labour force (between 15 and 64 years of age) relative to dependants (children and the elderly) as part of the first dividend. A window of opportunity opens when the ratio of the working-age population to dependants is equal to or surpasses 1.7.

Seychelles is already in the midst of its demographic dividend. In 2019, the ratio of the working-age population to dependants in Seychelles was 2.2 to 1, meaning that there were about 2.2 working-age persons for each dependant in the country; and that rate will decline to 1.7 to 1 in 2043. This is slightly above the average of 1.9 for high-income economies, which declines more rapidly to 1.5 to 1 in 2043. Seychelles should, therefore, gain more from the contribution that labour makes to economic growth compared to the average contribution to high-income countries should its working-age population have the same levels of health and education.

Chart 17: Infant mortality in CP and Demog scenario, 2019–2043
Deaths per 1 000 live births



Source: IFs 7.63 initialising from Institute for Health Metrics and Evaluation Mortality Visualization Tool data

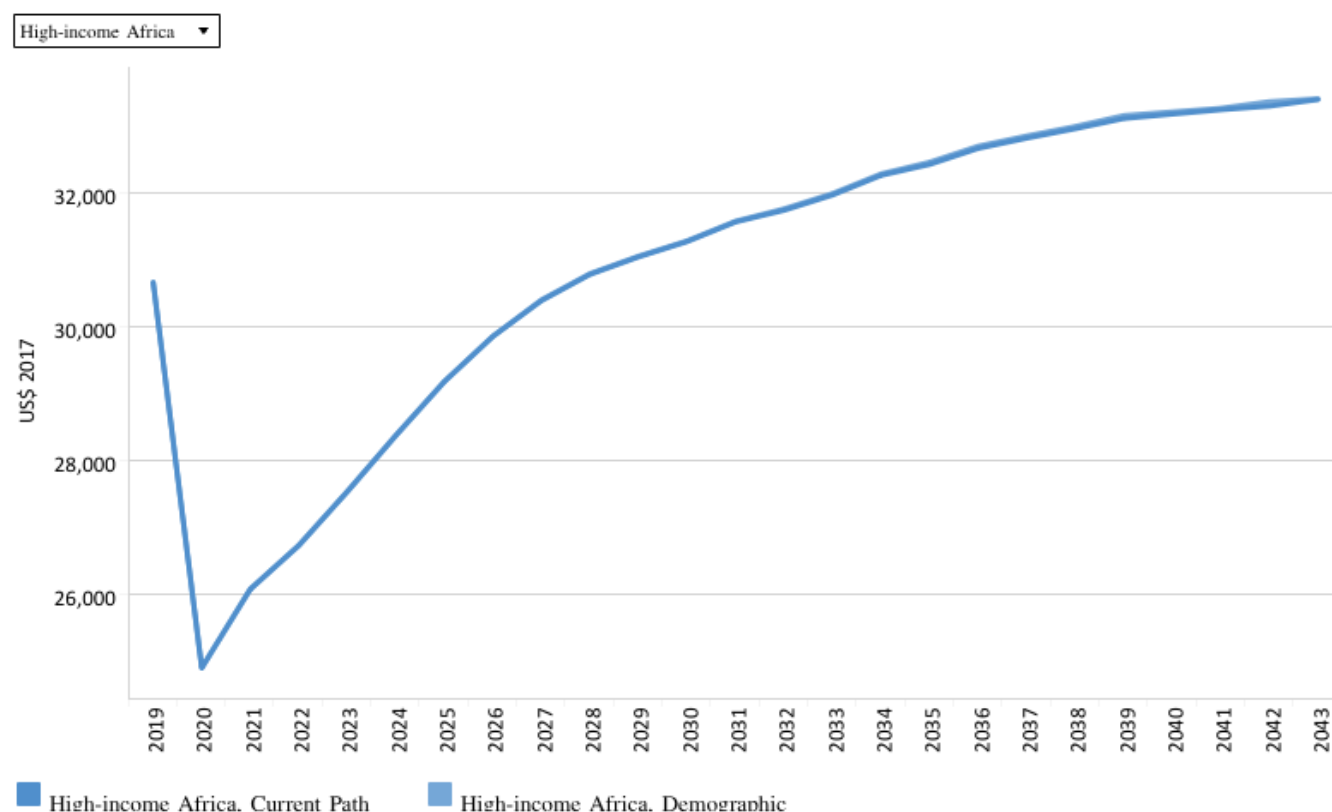
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The infant mortality rate is the number of infant deaths per 1 000 live births and is an important marker of the overall quality of the health system in a country.

In 2019, Seychelles' infant mortality rate was 9.8 deaths per 1 000 live births, which will decrease to 5.4 deaths in 2043. These rates are roughly double the average for high-income countries but Seychelles does significantly better than most other African countries. Only Tunisia and Libya had lower rates in 2019. Because Seychelles already does well on this indicator, the effect of the Demographic scenario is minimal.

Chart 18: GDP per capita in CP and Demog scenario, 2019–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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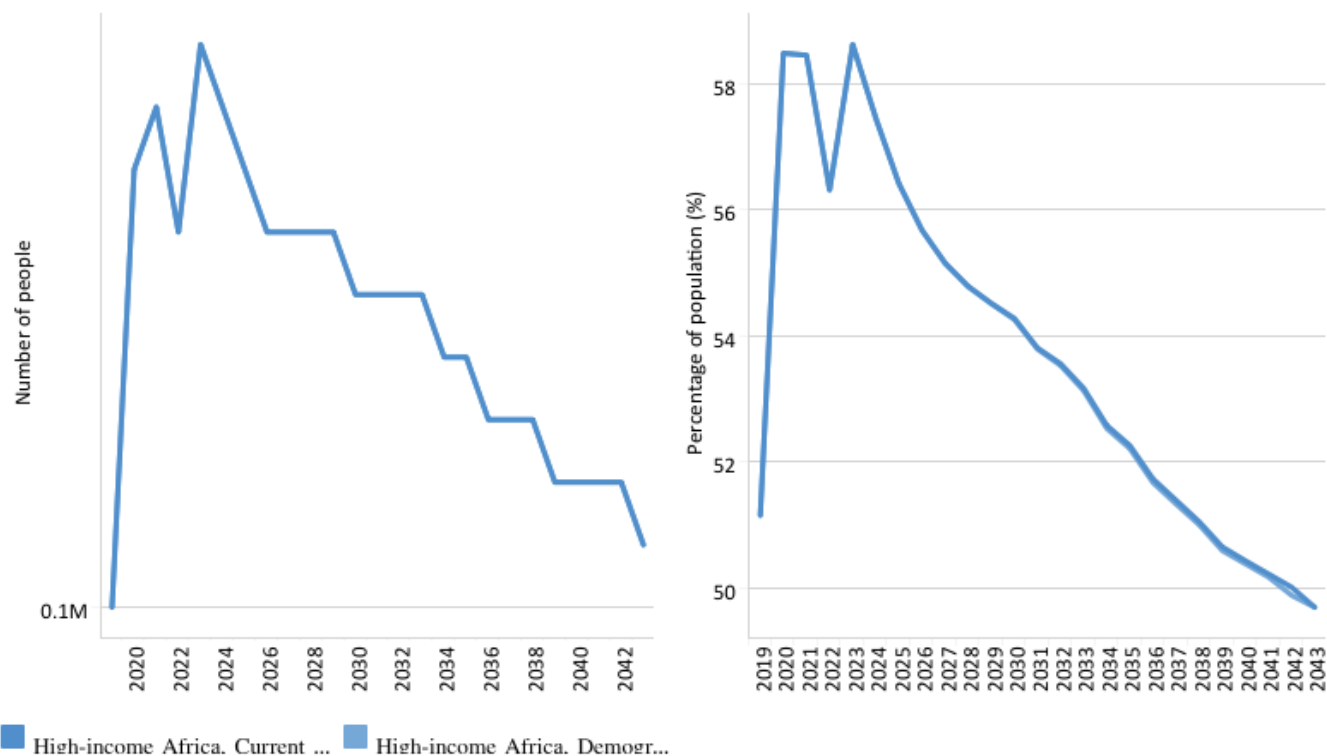
As Seychelles is already experiencing a demographic dividend, the Demographic scenario has a small impact. In 2019, the GDP per capita for Seychelles was US\$30 673, which was US\$18 869 lower than the average for high-income economies. By 2043, GDP per capita will increase to US\$33 419, which is just US\$10 more than the projected Current Path forecast of US\$33 409. It is also significantly below the US\$49 541 average for high-income economies.

Chart 19: Poverty in CP and Demog scenario, 2019–2043

Millions of people and % of total population



High-income Africa ▼ \$22.70 ▼



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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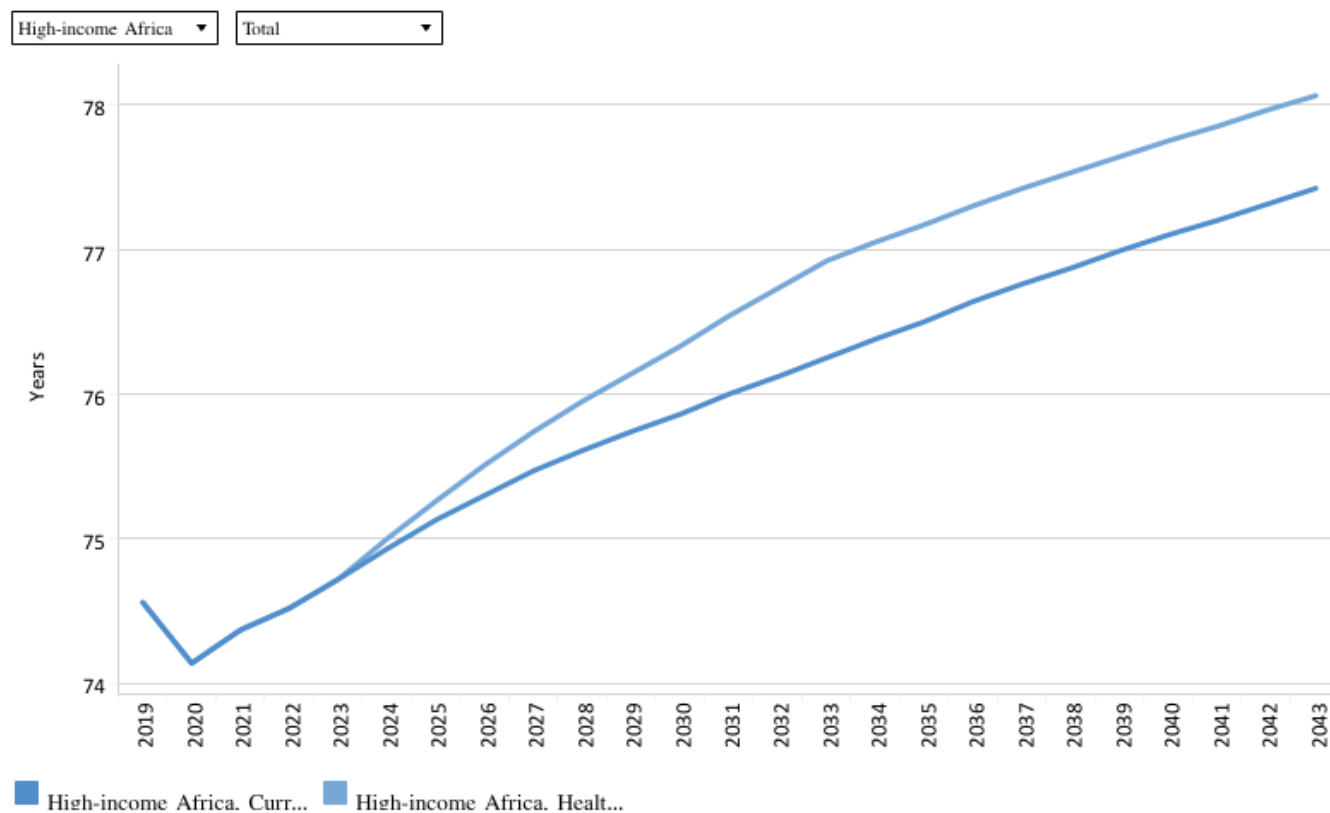
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The number of people in Seychelles living below the poverty line of US\$22.70 in 2019 was 50 000. Based on the Demographic scenario, this number will steadily rise to 59 000 in 2023, after which it will decline to 52 000 in 2043, which will be on par with the Current Path forecast. Similarly, the proportion of the poor population will reduce to 49.7% in the Demographic scenario, just as in the Current Path forecast.



Health/WaSH scenario

Chart 20: Life expectancy in CP and Health/WaSH scenario, 2019–2043



Source: IFs 7.63 initialising from Institute for Health Metrics Evaluation GBD Foresight Tool data

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This section presents reasonable but ambitious improvements in the Health/WaSH scenario, which include reductions in the mortality rate associated with both communicable diseases (e.g. AIDS, diarrhoea, malaria and respiratory infections) and non-communicable diseases (NCDs) (e.g. diabetes), as well as improvements in access to safe water and better sanitation. The acronym WaSH stands for water, sanitation and hygiene.

The intervention is explained [here](#) in the thematic part of the website.

In 2019, total deaths from communicable and non-communicable diseases were 100 and 600, respectively, lower than the average high-income country. In Seychelles, the entire country has access to improved sanitation (as early as since 2014) and universal health coverage is free of charge in the public sector. Seychelles' ministry of health is now shifting direction to quality healthcare by promoting patient-centred care that provides tailor-made services to individual patients.

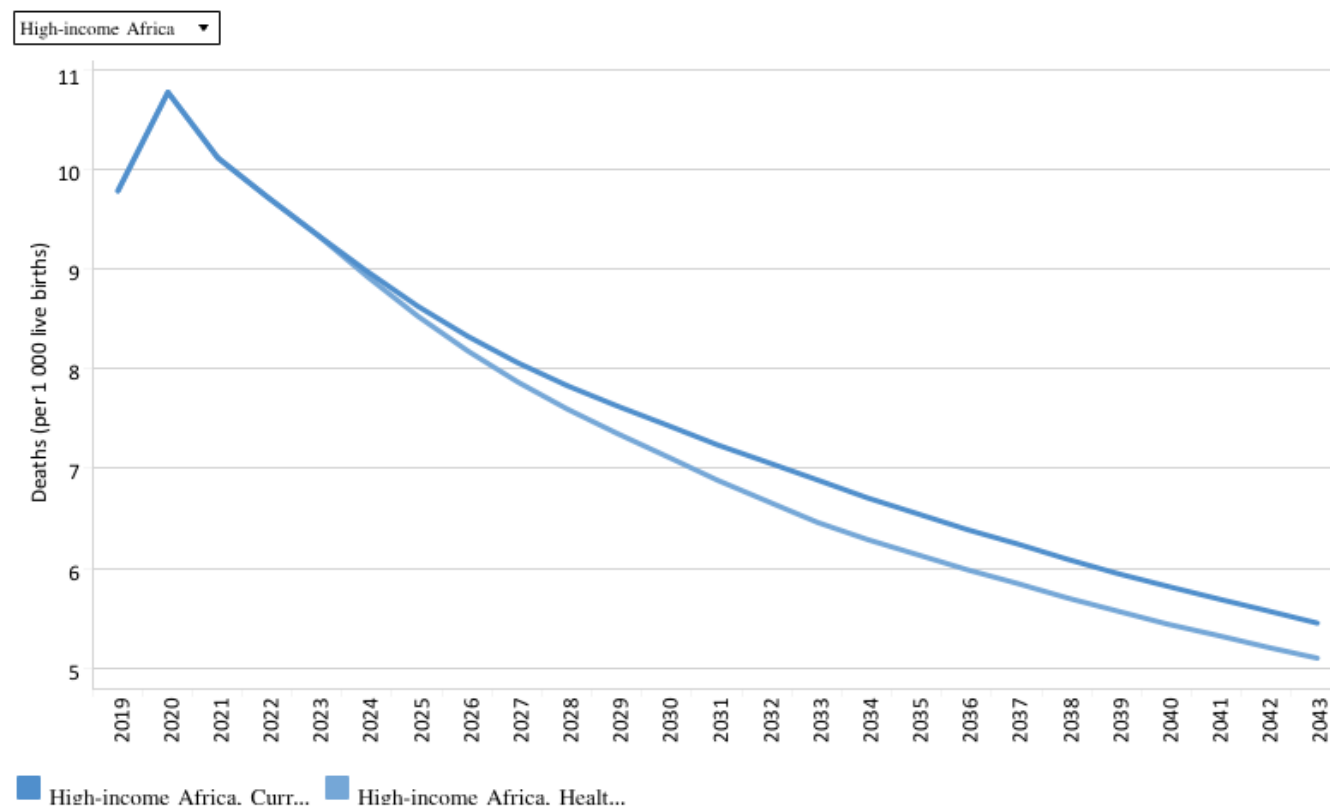
Because Seychelles has high levels of basic infrastructure and good healthcare, the Health/WaSH scenario has limited impact compared to its effect in other African countries. For example, access to safe piped water supply was at 95.5% and improved sanitation at 100% in 2019.

At birth, the life expectancy for the average Seychellois was 74.6 years in 2019, compared to the average of 81 years in

high-income economies and 65.8 years in Africa. Females have a much higher life expectancy at birth (78.2 years) than males (71.2 years). The Health/WaSH scenario increases life expectancy to 78.1 years by 2043, above the Current Path forecast of 77.4 years.

Chart 21: Infant mortality in CP and Health/WaSH scenario, 2019–2043

Deaths per 1 000 live births



Source: IFs 7.63 initialising from Institute for Health Metrics and Evaluation Mortality Visualization Tool data

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Because Seychelles has high levels of basic infrastructure and good healthcare, the Health/WaSH scenario has limited impact compared to its effect in other African countries. Seychelles' infant mortality rate per 1 000 live births in 2019 was 9.8, which is much lower than the SDG target of 25 deaths per 1 000 live births, which Seychelles achieved in 1983. Despite this, the Health/WaSH scenario does reduce communicable and non-communicable diseases and improvements in the water and sanitation infrastructure will reduce the infant mortality rate in Seychelles to 5.1 in 2043, lower than the Current Path forecast of 5.4 deaths per 1000 live births. However, this is higher than the average infant mortality rate for high-income economies of 2.6 deaths per 1000 live births in 2043.

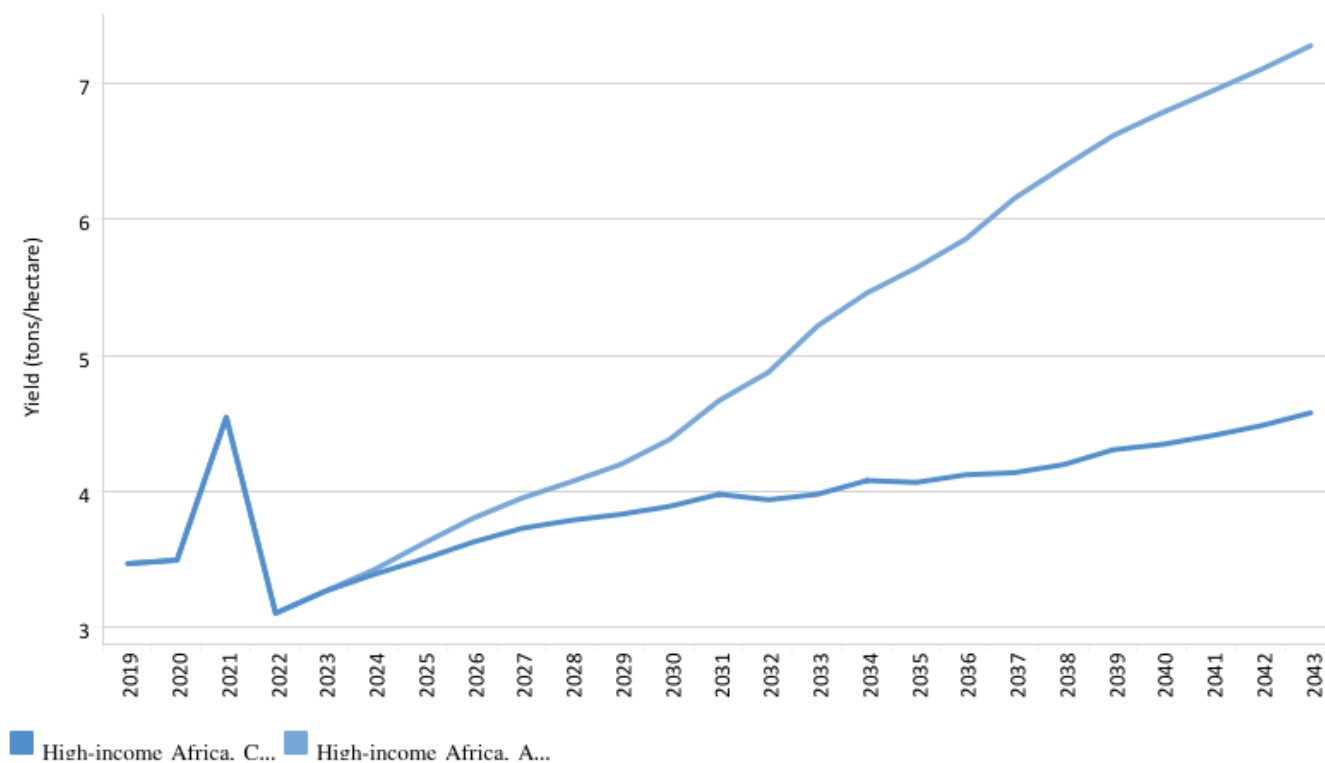


Agriculture scenario

Chart 22: Yield/hectare in CP and Agric scenario, 2019–2043
Pre-loss levels



High-income Africa ▼



Source: IFs 7.63 initialising from FAOSTAT on-line statistical service data

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The Agriculture scenario represents reasonable but ambitious increases in yields per hectare (reflecting better management and seed and fertiliser technology), increased land under irrigation and reduced loss and waste. Where appropriate, it includes an increase in calorie consumption, reflecting the prioritisation of food self-sufficiency above food exports as a desirable policy objective.

The intervention is explained [here](#) in the thematic part of the website.

The data on yield per hectare (in metric tons) is for crops but does not distinguish between different categories of crops.

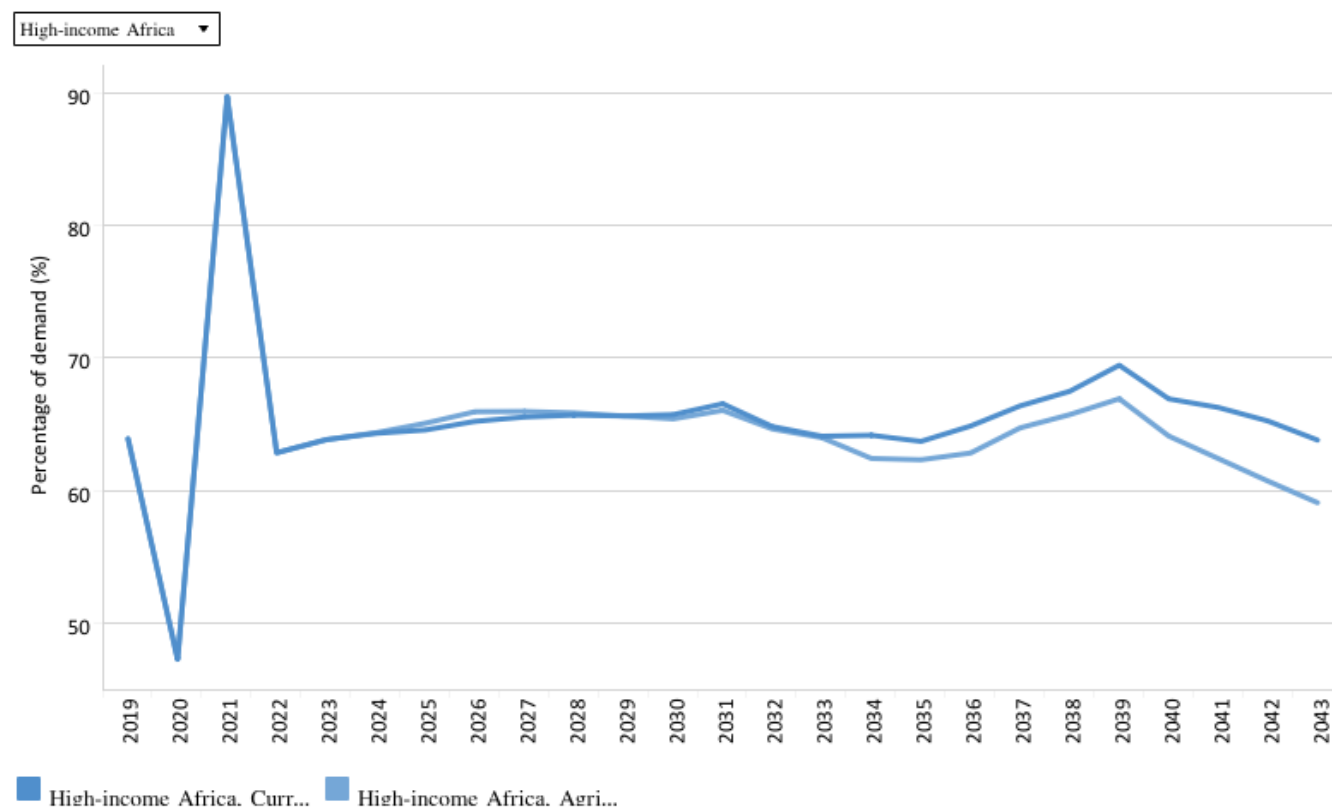
Only 3.5% of land in Seychelles is used for crops and 4% for grazing, with much of the remaining land covered by forests. Agriculture therefore contributed only 3.8% of the GDP of Seychelles and employed about 5 000 people in 2019. Its share of GDP and the number of workers in the sector will fall by 2043. The small size and poor performance of the agriculture sector in Seychelles is attributable to the country's geography, the collapse of the plantation economy, the stigmatisation of agriculture as a job for uneducated people, and the lack of preferential treatment to access to finance, inputs, and markets. Moreover, in 2008 the liberalisation of the meat and meat products market sent many livestock sector actors out of business.

In 2019, the average yield per hectare for crops was 3.5 metric tons per hectare, far below the average of 5.4 metric tons

per hectare for high-income economies. In the Current Path forecast, yields will increase to 4.6 metric tons per hectare by 2043. In the Agriculture scenario, the average yield will be 7.3 metric tons per hectare, which is above the 2043 forecast of average yields per hectare of 5.3 for high-income economies. This means that if the country can adopt modern farming methods, including the use of fertiliser and improved seeds, there will be an extra 2.7 metric tons per hectare compared to the Current Path forecast in 2043.

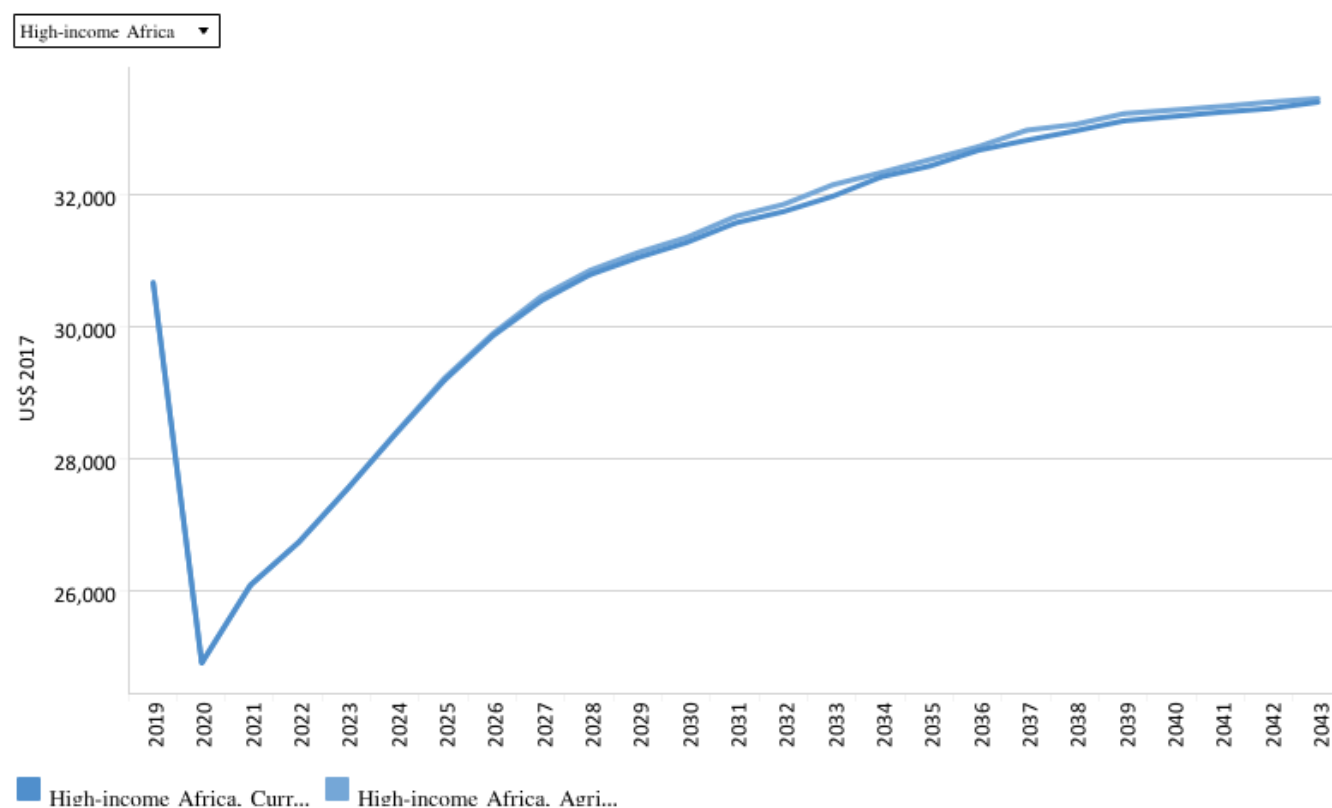
Chart 23: Agriculture imports in CP and Agric scenario, 2019–2043

Net imports for meat, crops and fish, % of demand



Because of the small size of its agriculture sector, Seychelles' net agricultural import was 63.9% of demand in 2019, which is expected to fall marginally to 63.8% in 2043. In the Agriculture scenario, the government adopts modern agricultural techniques, irrigates more land for farm use and improves yields per hectare. In these circumstances, the agricultural import dependence of Seychelles will fall marginally to 59.1% in 2043. By contrast, the average African country's agricultural import dependence was 11% in 2019, forecast to increase to 34.5% in 2043. Fishing is an important economic activity focusing mainly on tuna. Seychelles will be a net exporter of meat from 2030, and by 2043 it will export 6.7% of its fish demand to the rest of the world.

Chart 24: GDP per capita in the CP and Agric scenario, 2019–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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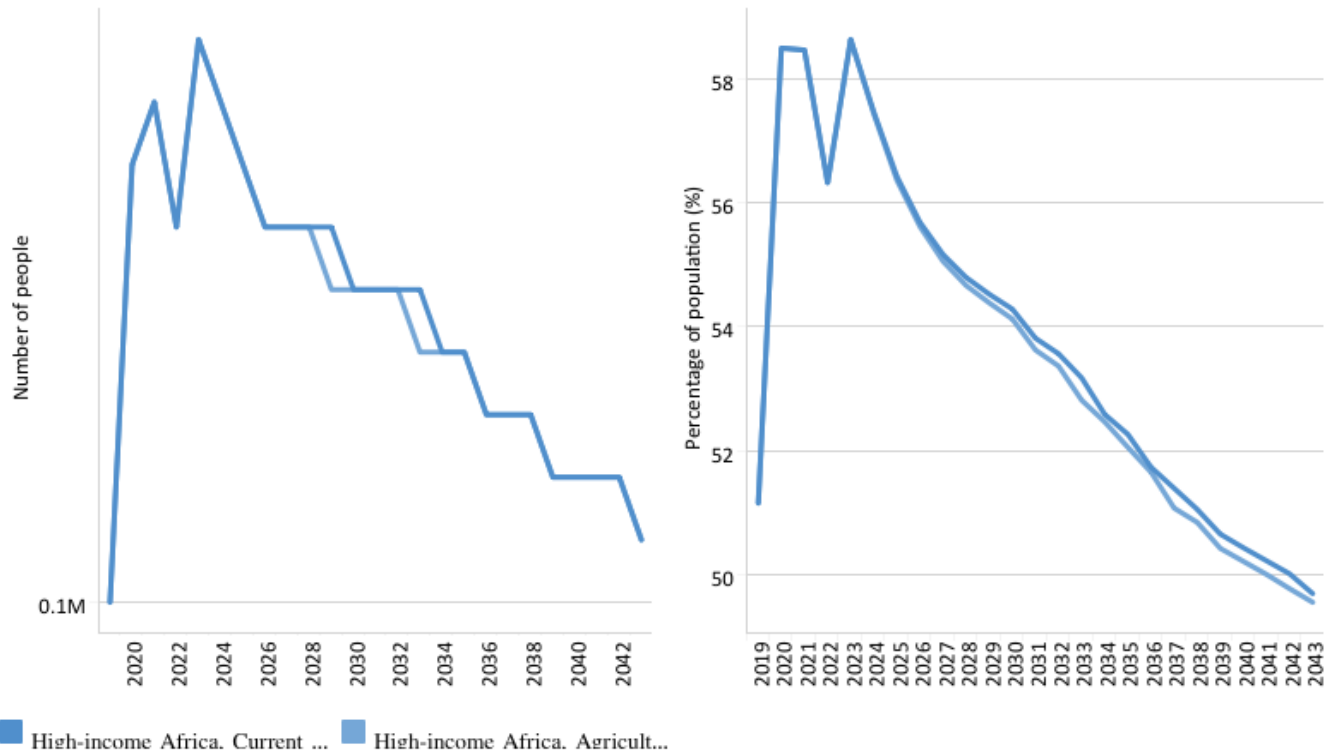
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The Agriculture scenario will have a marginal impact on GDP per capita of US\$54 in 2043 because of the small size of the agriculture sector in Seychelles.

Chart 25: Poverty in CP and Agric scenario, 2019–2043

Millions of people and % of total population

High-income Africa ▾ \$22.70 ▾



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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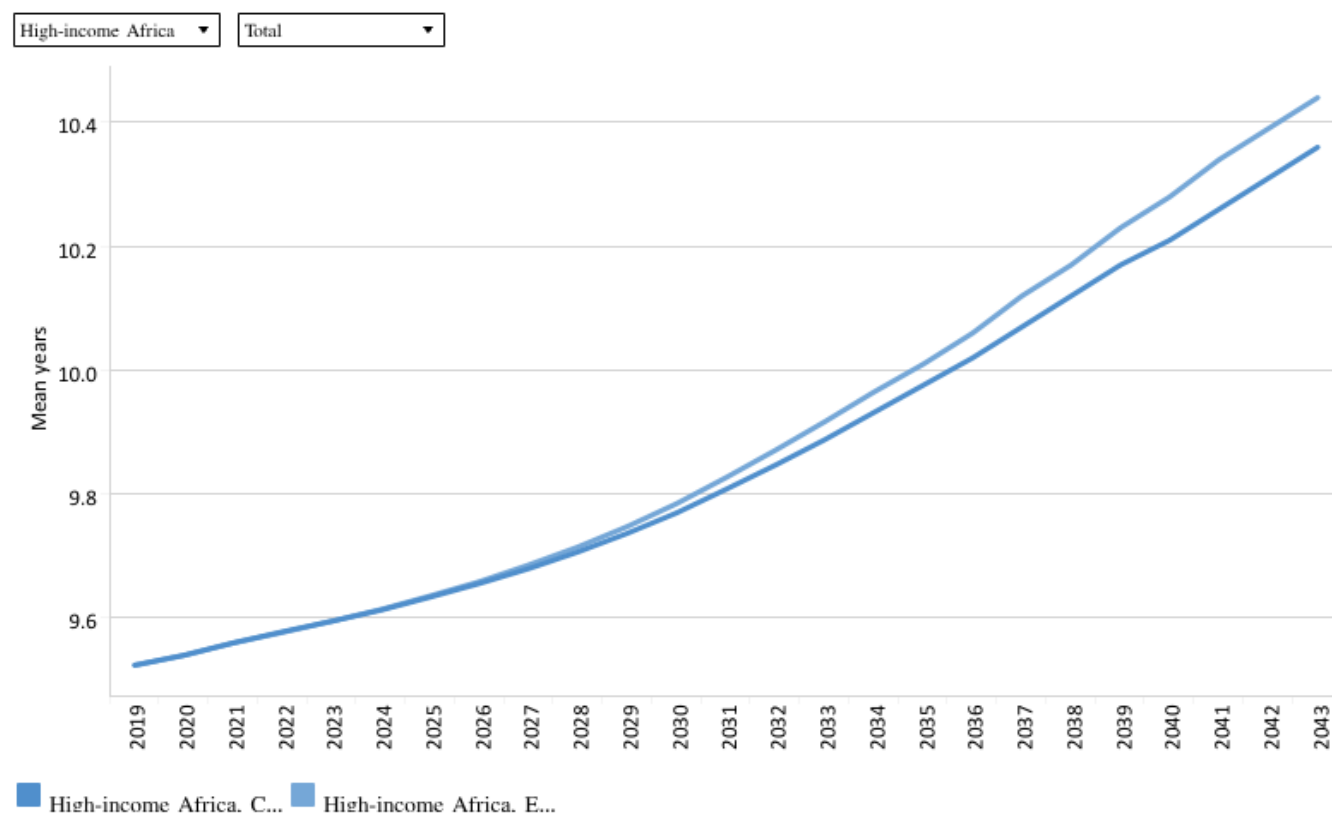
Implementing good agricultural policies that increase yield per hectare, reduce post-harvest loss and increase calorie demand will promote agricultural productivity, a better food supply chain and greater food security. But because of the small size of the agriculture sector in Seychelles, the impact will be marginal.



Education scenario

Chart 26: Mean years of education in CP and Educ scenario, 2019–2043

Mean years of adult (+15) education



Source: IFs 7.63 initialising from Barro-Lee data

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The Education scenario represents reasonable but ambitious improved intake, transition and graduation rates from primary to tertiary levels and better quality of education. It also models substantive progress towards gender parity at all levels, additional vocational training at secondary school level and increases in the share of science and engineering graduates.

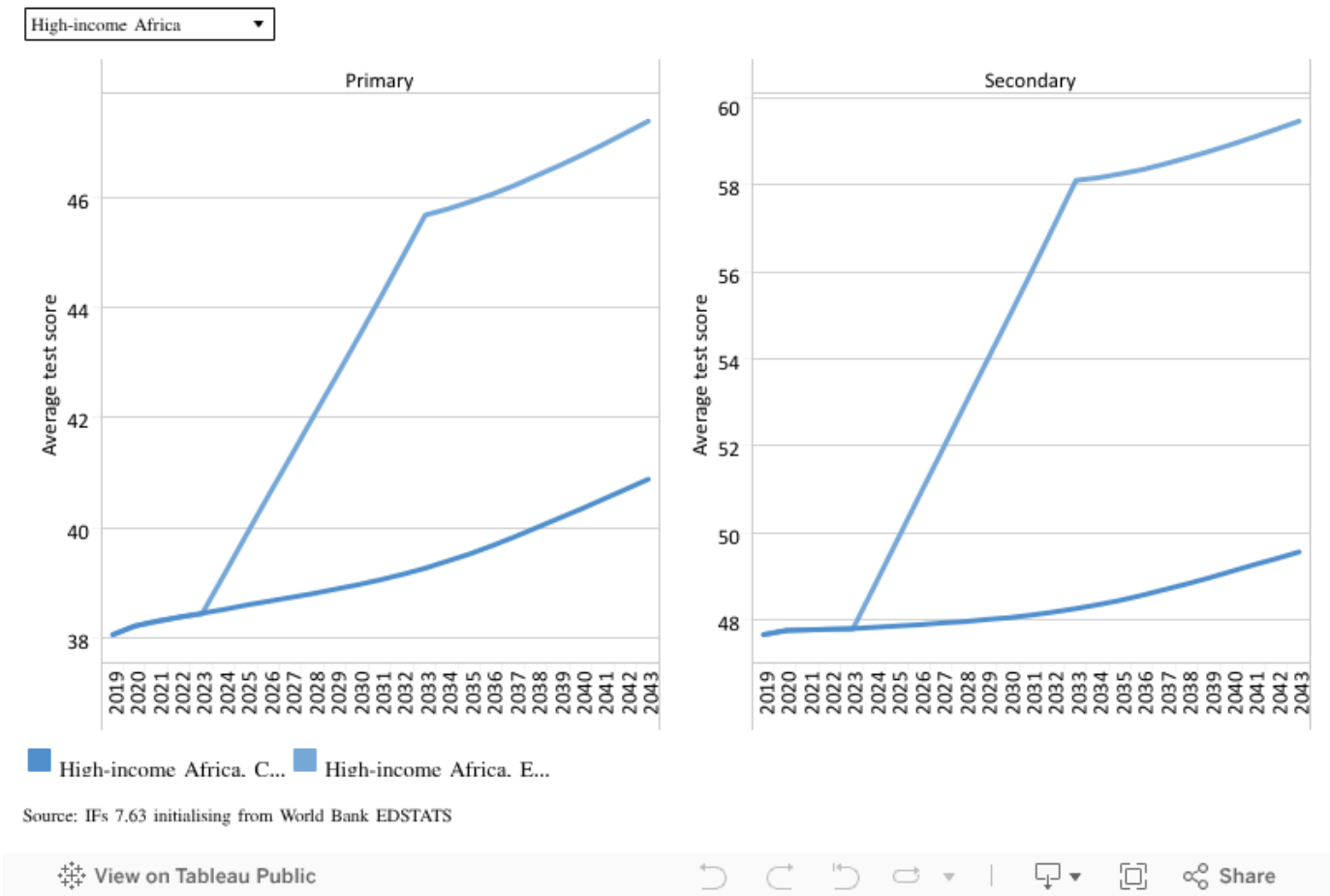
The intervention is explained [here](#) in the thematic part of the website.

Seychelles is the first African country to meet all goals of UNESCO's education for all (EFA) initiative in 2014. Key to its success in the education sector was the implementation of a free education system in 1981. Education free and compulsory up to the age of 16 and through secondary education up to 18. Learners do not have to pay for books and tuition fees. In 2019, the mean years of education were 9.5 years, three years more than the average African country, and it will increase to 10.36 in 2043 in the Current Path forecast. In the Education scenario, as the government intervenes in primary, secondary, and tertiary education indicators, the average years of education will increase to 10.4 years, which is still lower than the mean years of schooling of 12.8 years for high-income economies.

The gender gap in mean years of education was skewed in favour of males in 2019 (mean years of schooling were 9.7 years for males compared to 9.4 for females). In the Education scenario, Seychelles will attain gender parity in years of education at 9.9 years for both males and females in 2032. By 2043, females will have 0.20 more years of education than

their male counterparts.

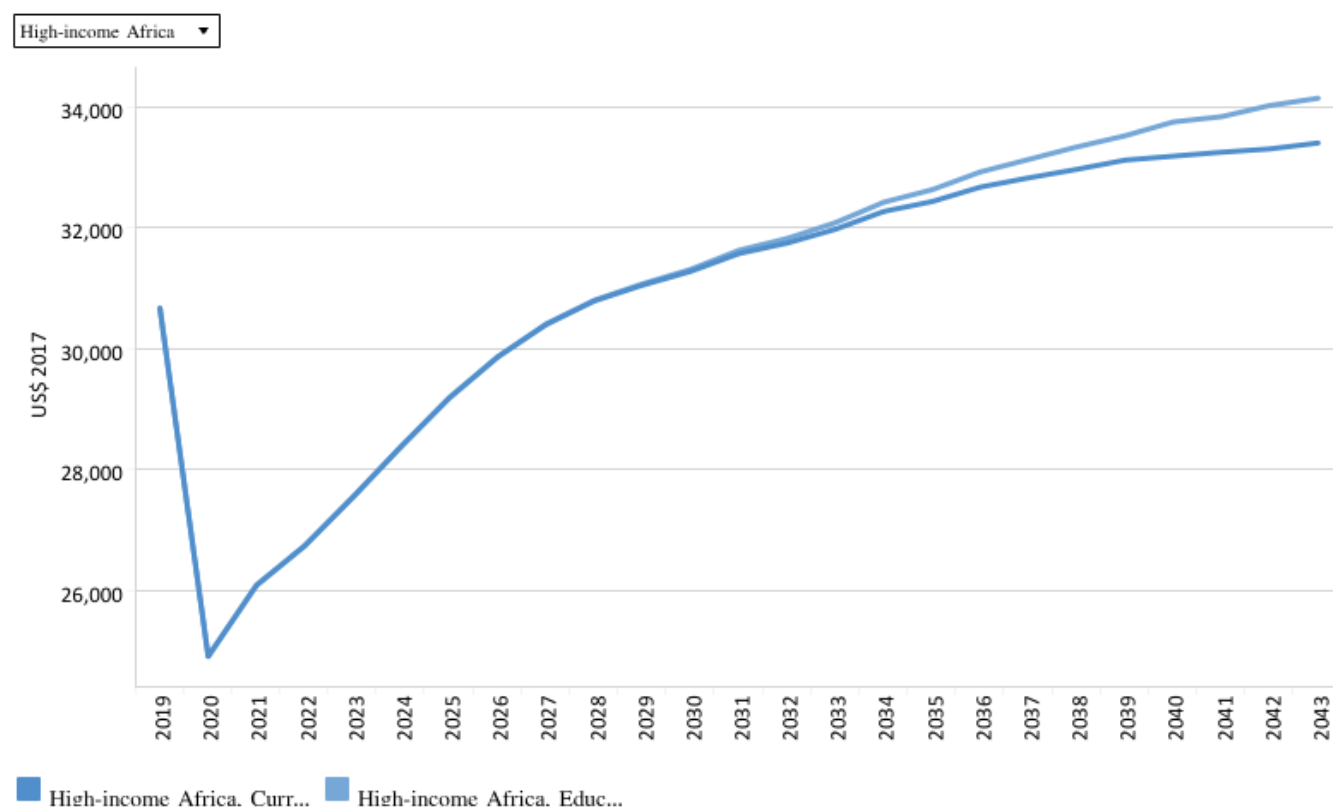
Chart 27: Education quality in CP and Educ scenario, 2019–2043
Average test scores for primary and secondary learners



Seychelles has focused more on access to education until recently when it turned its attention to quality. The average test score for primary learners in Seychelles for 2019 was 38.1%, which was lower than 47% for the average high-income economy signifying weaker performance in this regard. The Education scenario will increase the average test scores for primary learners to 47.4% in 2043, compared to the Current Path forecast at 40.9%. In 2043, the Education scenario will result in test scores that are 1.9 percentage points less than peers in the high-income group. Generally, females perform better than their male counterparts in primary education in the Current Path forecast and in the Education scenario.

In 2019, the average test score for secondary learners was 47.7%, compared to the average of 53.8% for high-income economies. By 2043 in the Education scenario, the average test score for secondary learners will rise to 59.5%, slightly above the average of 56.9% for high-income economies and 9.9 percentage points more than the Current Path forecast.

Chart 28: GDP per capita in CP and Educ scenario, 2019–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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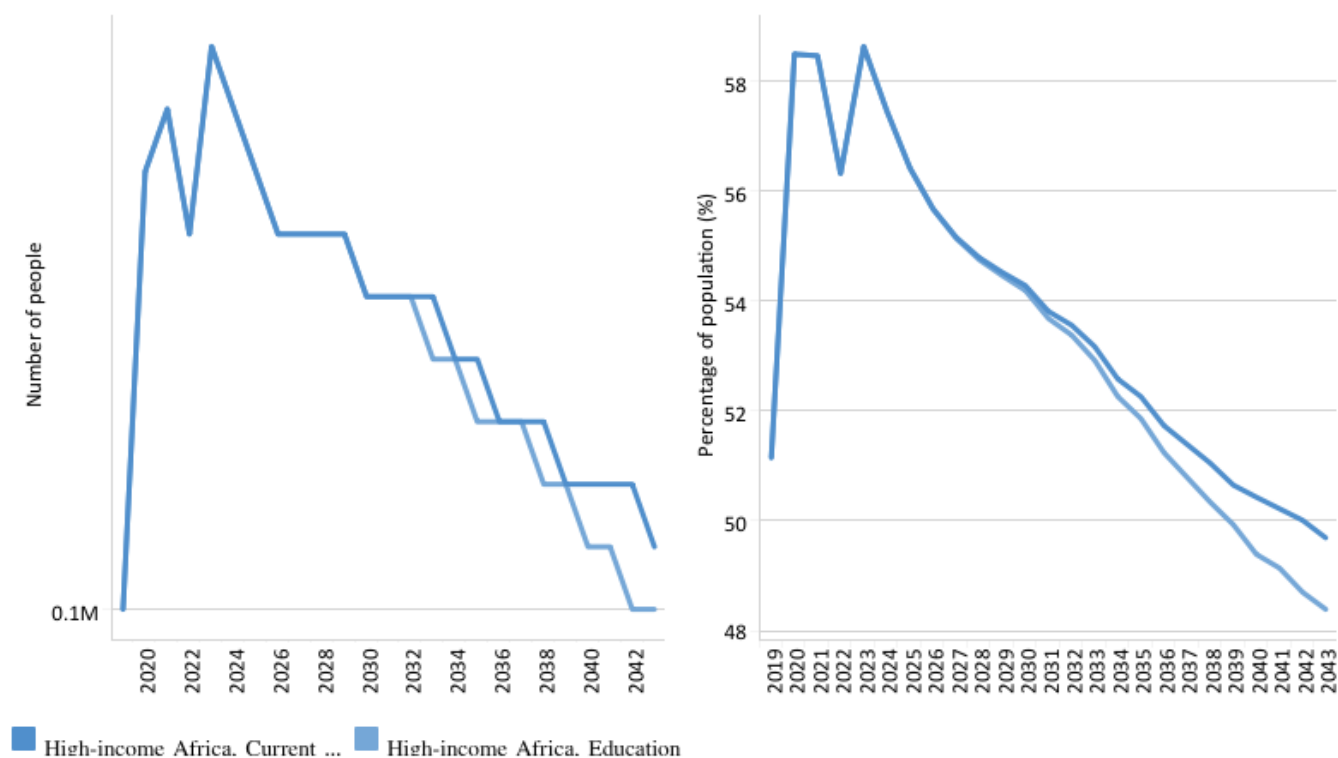
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In 2019, the GDP per capita for Seychelles was 60% of the average of high-income countries, declining to 55% in 2043. In the Education scenario the gap will be 57%. This is because GDP per capita in the Education scenario is US\$741 more than the Current Path forecast of US\$33 409, suggesting that investing in education is a powerful way to improve productivity and growth for a high-income economy.

Chart 29: Poverty in CP and Educ scenario, 2019–2043
Millions of people and % of total population



High-income Africa ▾ \$22.70 ▾



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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By 2043, in the Education scenario, the number of poor people will be 50 000, representing 48.4% of the population. This means that the Education scenario will reduce the proportion of poor people by 1.3 percentage points in 2043 compared to the Current Path forecast.

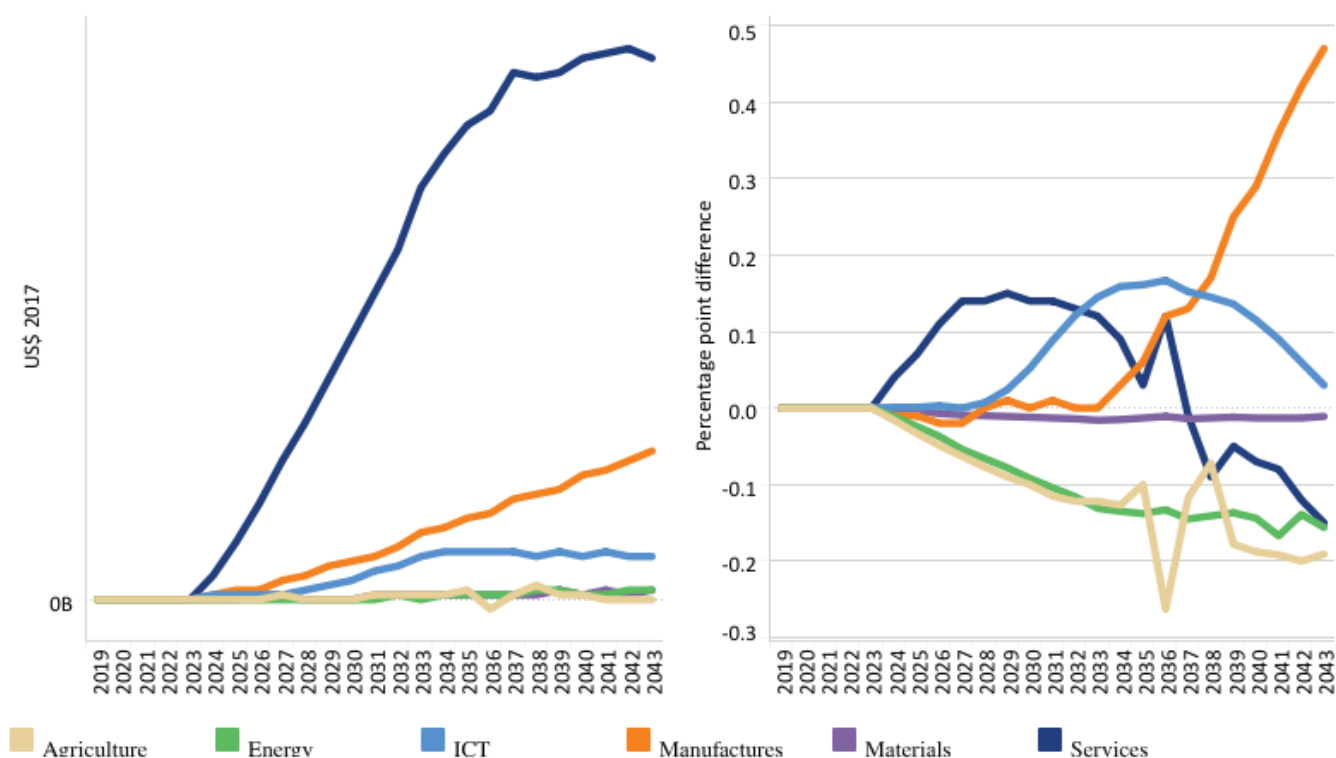


Manufacturing scenario

Chart 30: Value added by sector in CP and Manufac/Transfers scenario, 2019–2043
Absolute and % point difference GDP



High-income Africa



Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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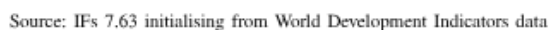
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The Manufacturing/Transfers scenario represents reasonable but ambitious manufacturing growth through greater investment in the economy, investments in research and development, and promotion of the export of manufactured goods. It is accompanied by an increase in welfare transfers (social grants) to moderate the initial increases in inequality that are typically associated with a manufacturing transition. To this end, the scenario improves tax administration and increases government revenues.

The intervention is explained [here](#) in the thematic part of the website.

Chart 30 should be read with [Chart 8](#) that presents a stacked area graph on the contribution to GDP and size, in billion US\$, of the Current Path economy for each of the sectors.

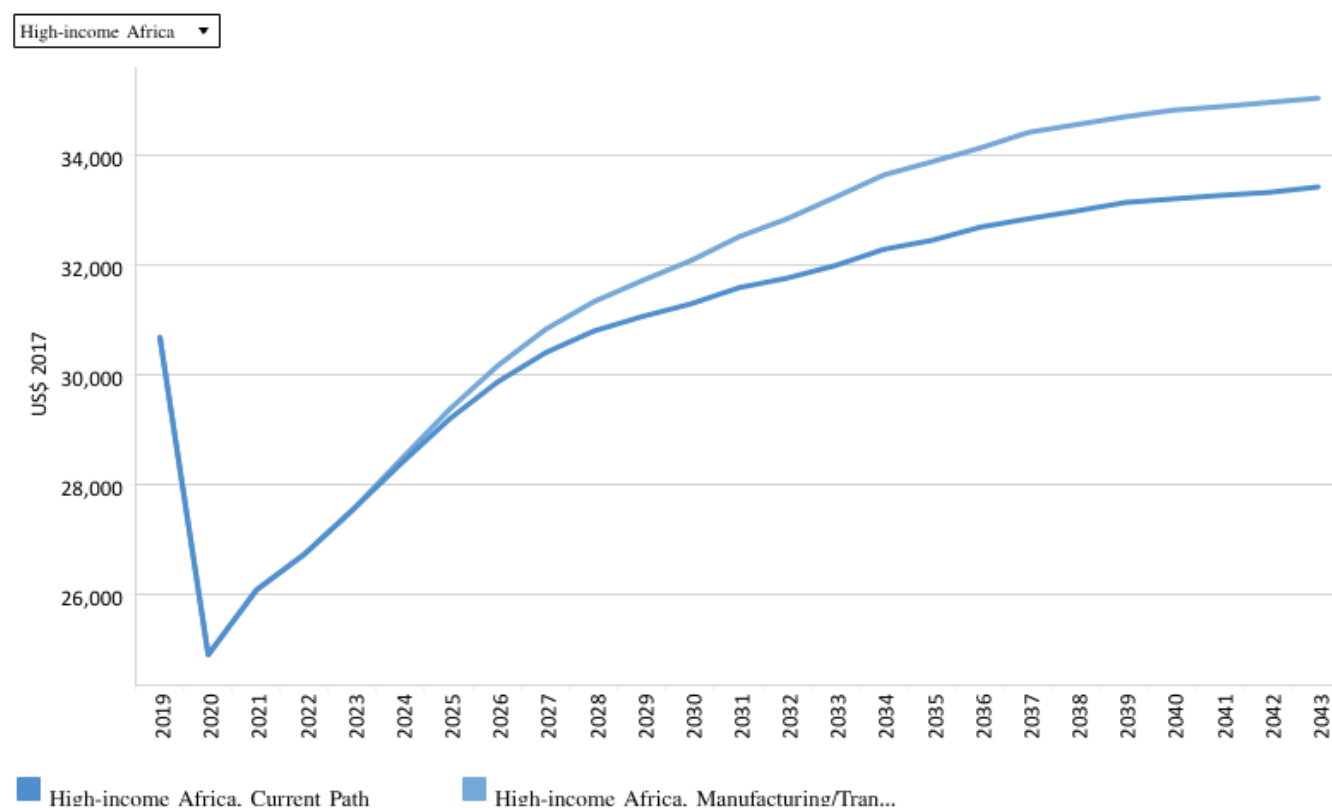
Because of the importance of tourism, the economy of Seychelles is dominated by the service sector that contributed 78% to GDP in 2019 (equivalent to US\$1.26 billion), followed by the manufacturing sector that contributed 10% (equivalent to US\$162 million) and ICT at 4.6% (equivalent to US\$74 million). Although the service sector will make the most significant additional contribution to GDP in the Manufacturing/Transfer scenario compared to the Current Path forecast (equivalent to US\$0.12 billion in 2043), its contribution to GDP will decline by 0.15 percentage points compared to the Current Path forecast. The manufacturing sector – the second largest contributor to GDP – will add US\$30 million to GDP in the Manufacturing/Transfer scenario compared to the Current Path in 2043, representing a 0.47 percentage point increase.





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Chart 32: GDP per capita in CP and Manufac/Transfers scenario, 2019–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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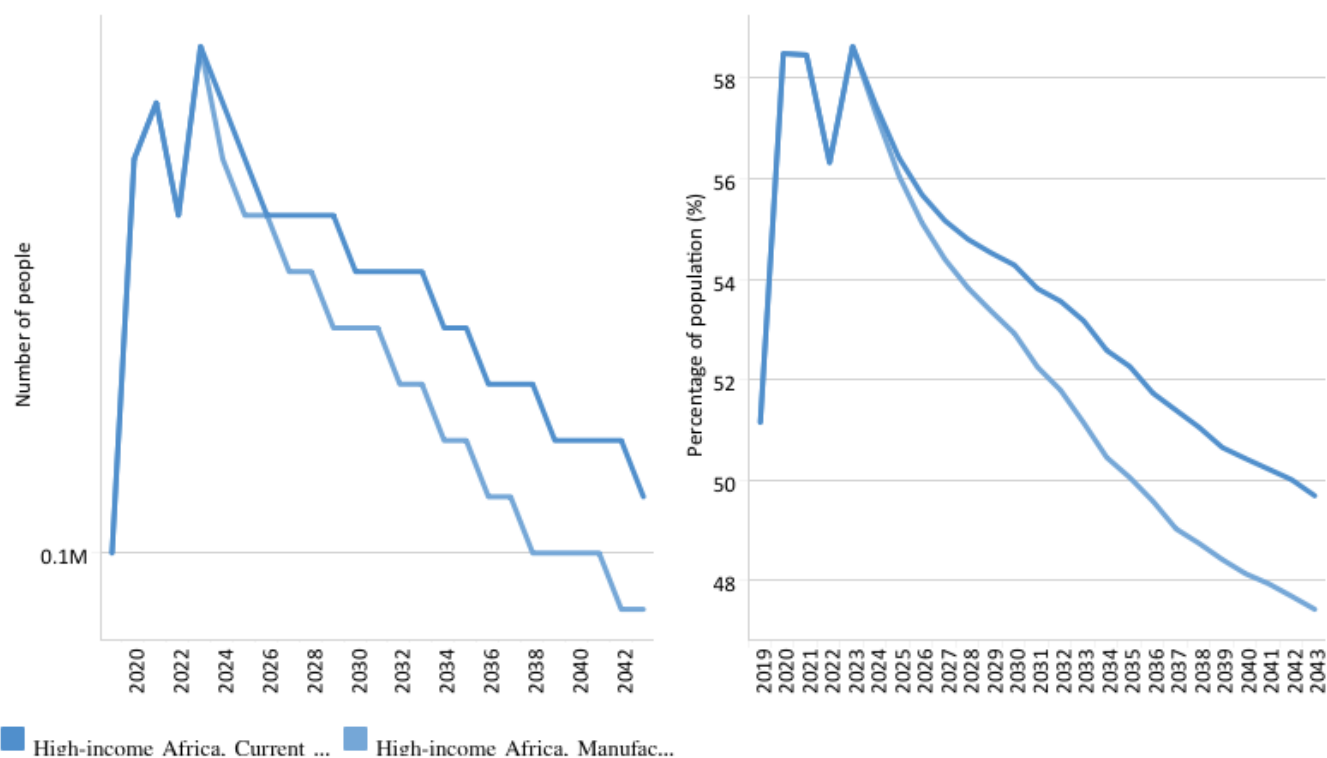
The manufacturing sector was the second largest contributor to GDP in Seychelles in 2019, mostly consisting of small-scaled and food [processing plants](#). Of significance are the manufacture of beer, cigarettes, chemicals and furniture. In the Manufacturing/Transfers scenario, Seychelles' GDP per capita will increase by 5% to US\$33 409, which is US\$2 736 more than the 2043 Current Path forecast.

Chart 33: Poverty in CP and Manufac/Transfers scenario, 2019–2043

Millions of people and % of total population



High-income Africa ▼ \$22.70 ▼



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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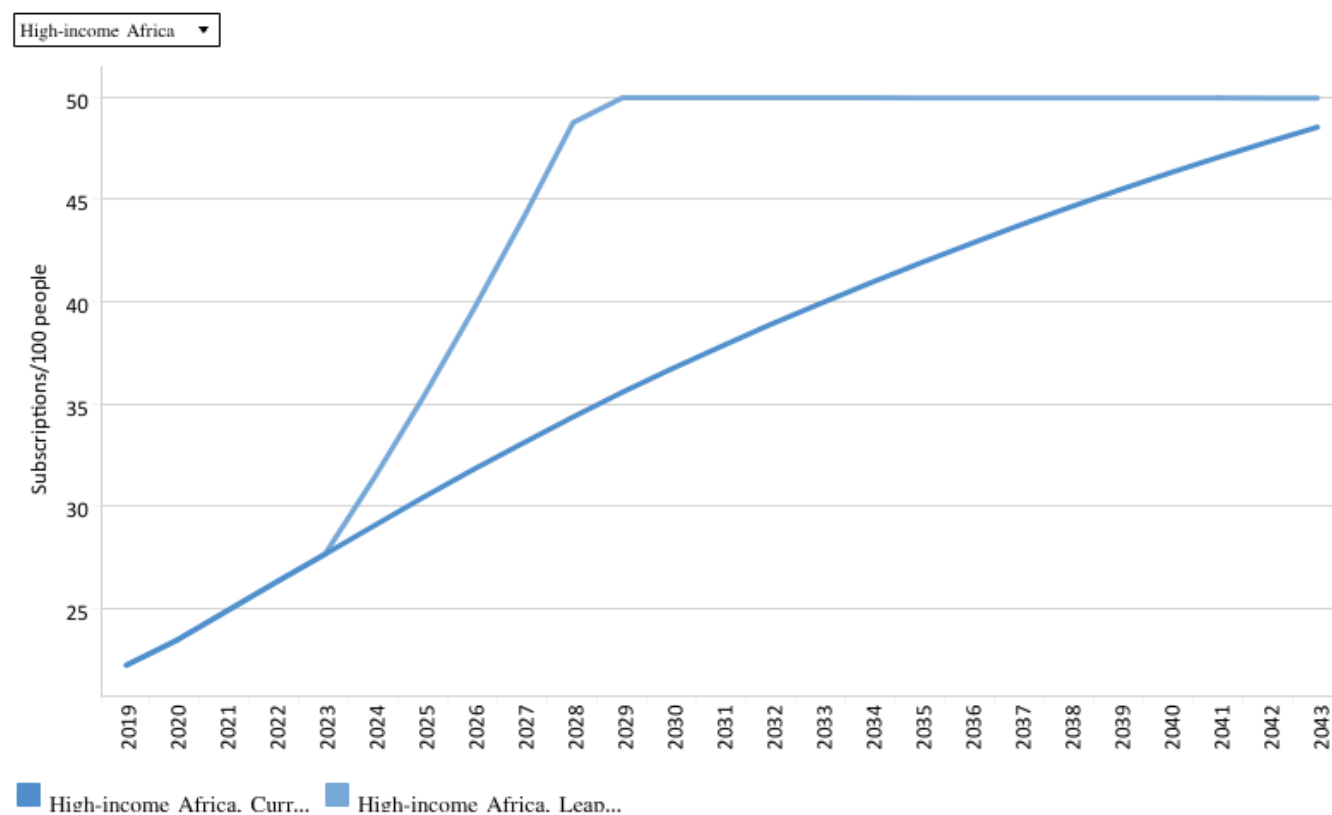
In the Current Path forecast, the poverty rate will decline from 51.2% in 2019 to 49.7% in 2043, and the number of poor people will fall from 59 000 people to 52 000 people in 2043. In the Manufacturing/Transfers scenario, the proportion of extremely poor people will decline to 47.4% compared to the Current Path forecast of 49.7% in the same year.



Leapfrogging scenario

Chart 34: Fixed broadband access in CP and Leapfrogging scenario, 2019–2043

Subscriptions per 100 people



Source: IFs 7.63 initialising from International Telecommunication Union data

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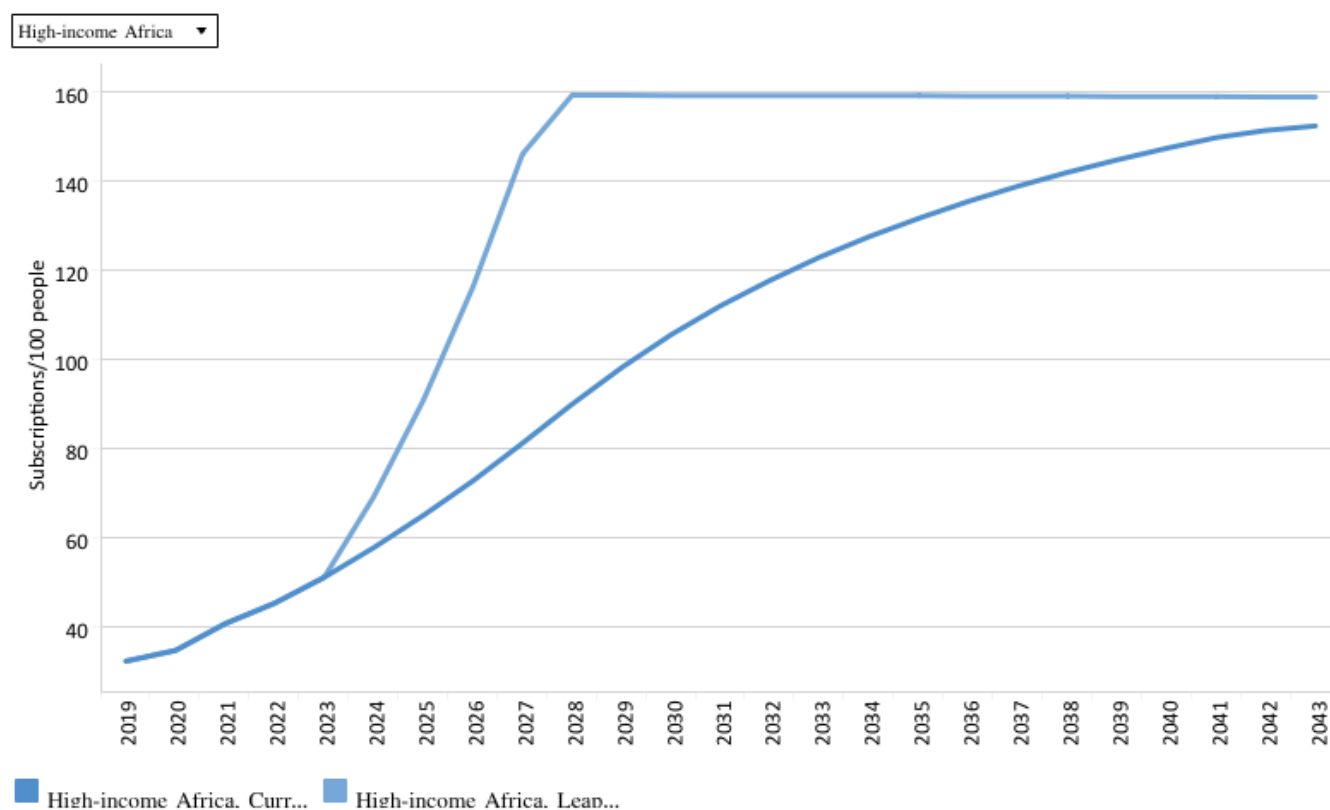
The Leapfrogging scenario represents a reasonable but ambitious adoption of and investment in renewable energy technologies, resulting in better access to electricity in urban and rural areas. The scenario includes accelerated access to mobile and fixed broadband and the adoption of modern technology that improves government efficiency and allows for the more rapid formalisation of the informal sector.

The intervention is explained [here](#) in the thematic part of the website.

Fixed broadband includes cable modem Internet connections, DSL Internet connections of at least 256 KB/s, fibre and other fixed broadband technology connections (such as satellite broadband Internet, ethernet local area networks, fixed-wireless access, wireless local area networks, WiMAX, etc.).

The ICT sector was the third largest contributor to GDP in Seychelles. In 2019, Seychelles had 22.2 fixed broadband subscriptions per 100 people, the second highest Internet penetration rate in Africa after Mauritius (at 23 per 100). In the Current Path forecast, fixed broadband subscriptions will increase by more than 100% to 48.6 in 2043. The Leapfrogging scenario will lead to an additional 1.4 subscriptions per 100 people compared to the Current Path forecast in 2043. Across the forecast horizon, fixed broadband subscriptions in Seychelles will be lower than the average for high-income economies.

Chart 35: Mobile broadband access in CP and Leapfrogging scenario, 2019–2043
Subscriptions per 100 people



Source: IFs 7.63 initialising from International Telecommunication Union data

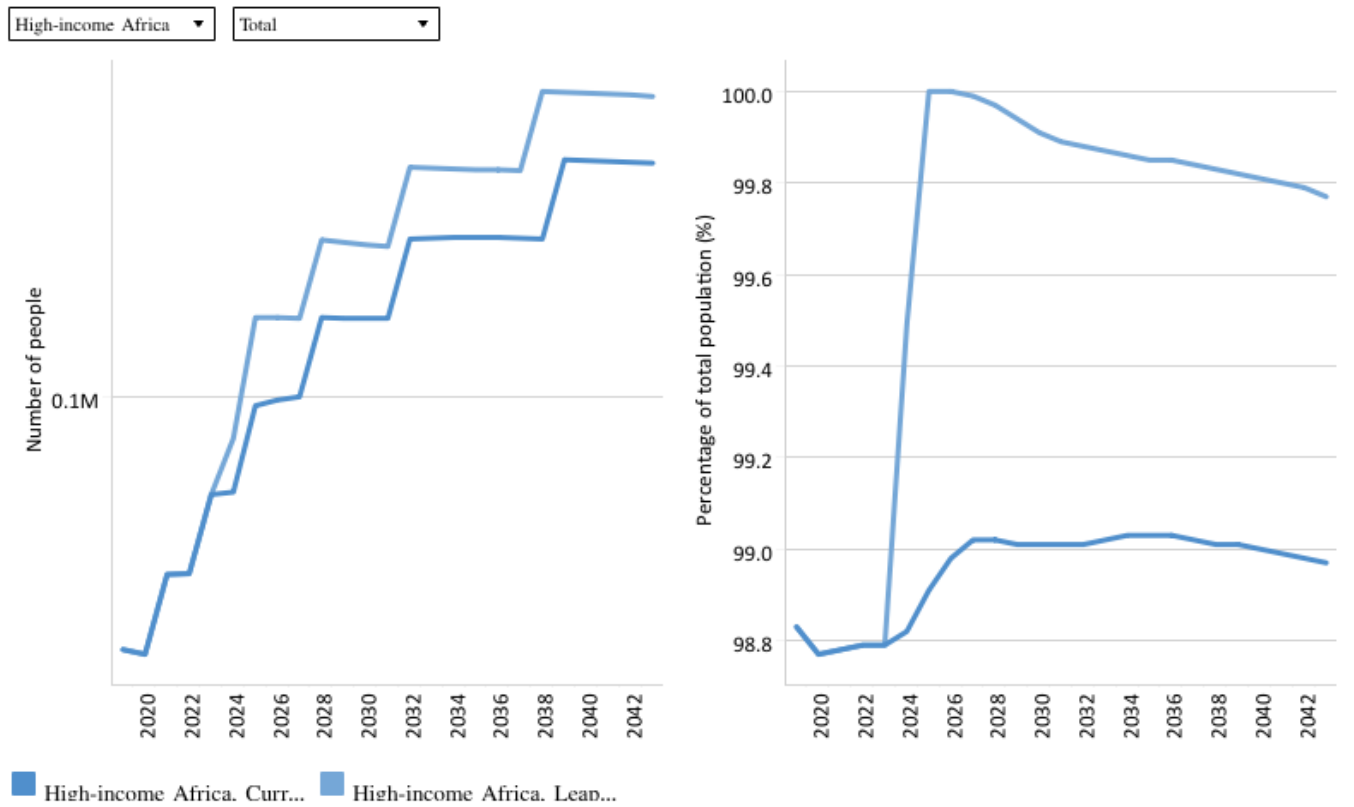
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Mobile broadband refers to wireless Internet access delivered through cellular towers to computers and other digital devices.

Seychelles had a mobile broadband subscription rate of 32.18 per 100 people in 2019, three times lower than the average for high-income economies at 112.2 per 100 people. In the Leapfrogging scenario, Seychelles will more than triple its mobile broadband subscription to a saturation level of 160 subscriptions per 100 people in 2028, compared to the Current Path forecast of 90 and 160 subscriptions by 2045. Seychelles will do better than its peers in the high-income group in 2043 by a margin of 5.3 subscriptions per 100 people.

Chart 36: Electricity access in CP and Leapfrogging scenario, 2019–2043
Millions of people and % of population



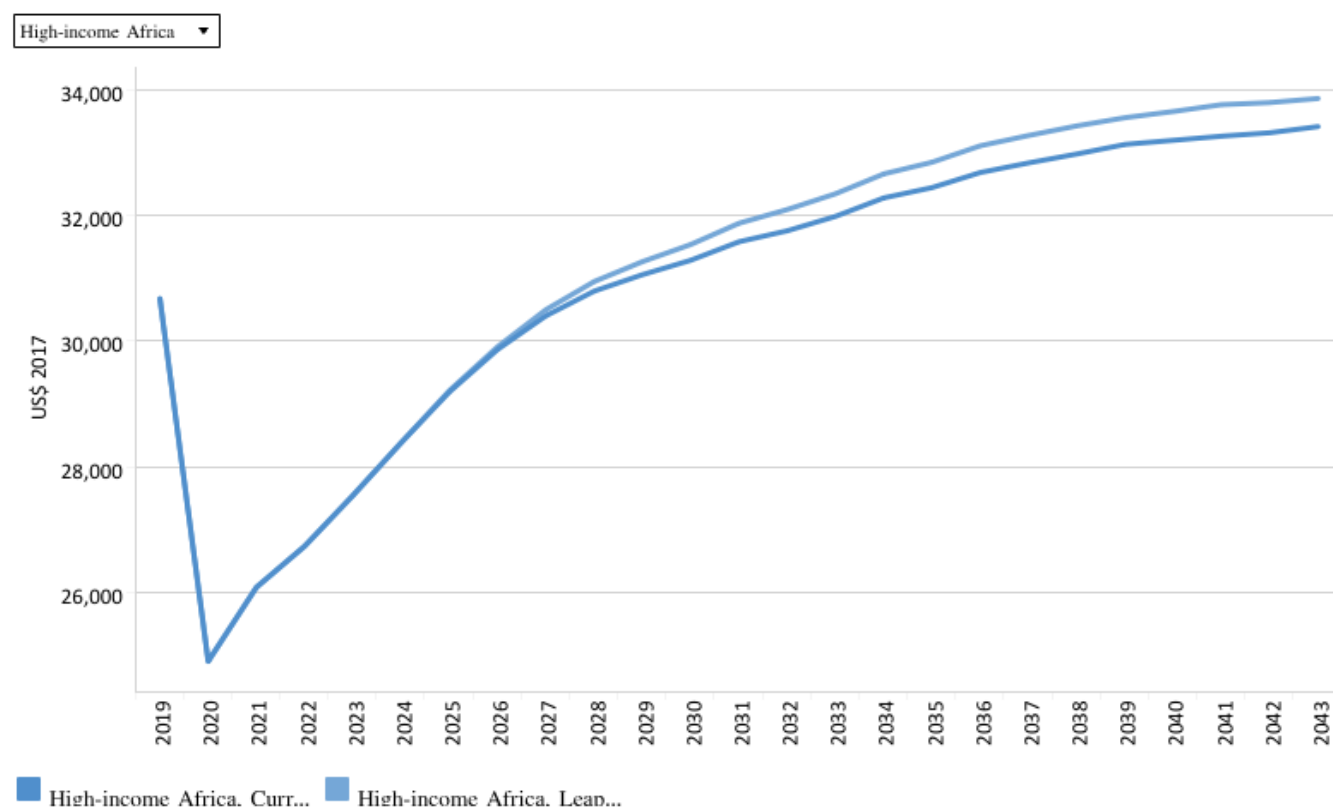
Source: IFs 7.63 initialising from World Development Indicators data

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Seychelles effectively achieved universal access to electricity some years ago and is on par with high-income economies. As a result, the Leapfrogging scenario has minimal impact.

Chart 37: GDP per capita in CP and Leapfrogging scenario, 2019–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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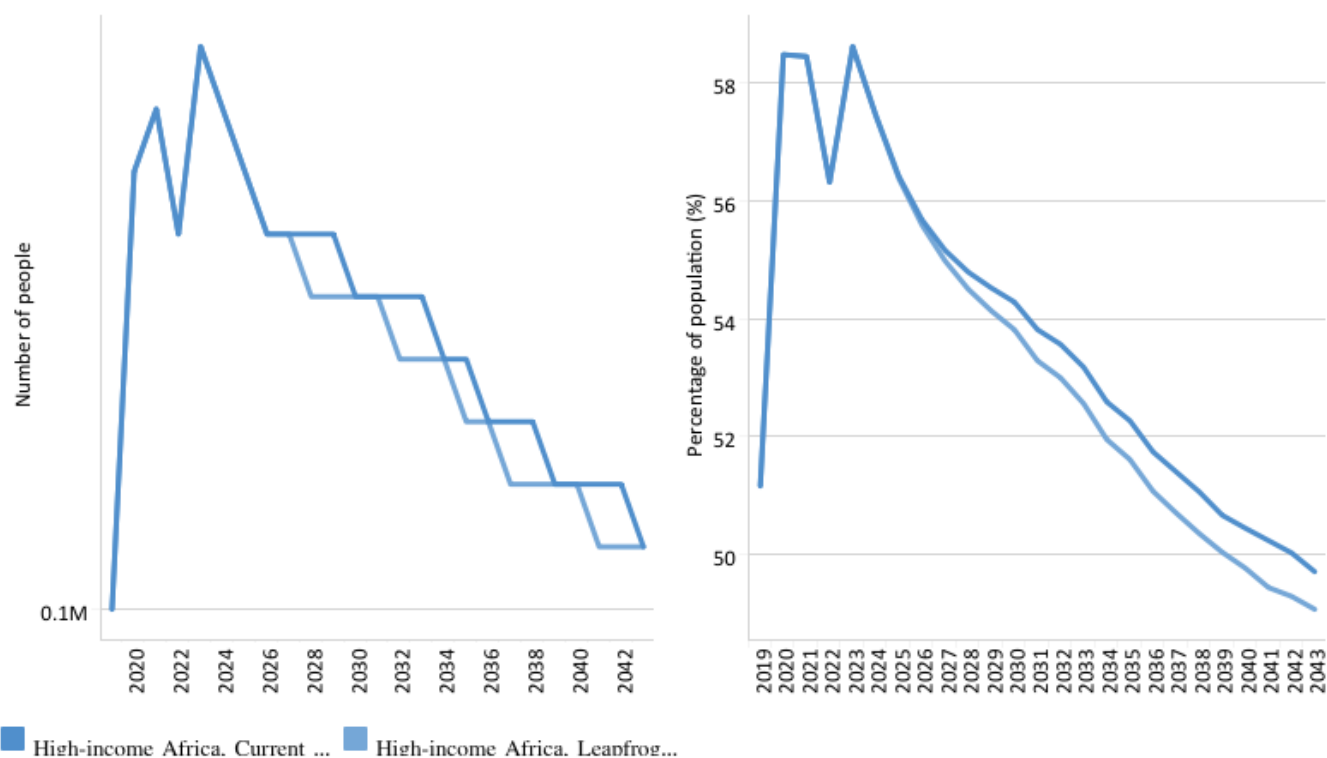
In the Leapfrogging scenario, the GDP per capita of Seychelles' will increase from US\$30 673 in 2019 to US\$33 855 in 2043, an increase of slightly more than 1% and (or US\$446 more) compared to the Current Path forecast for that year.

Chart 38: Poverty in CP and Leapfrogging scenario, 2019–2043

Millions of people and % of total population



High-income Africa ▾ \$22.70 ▾



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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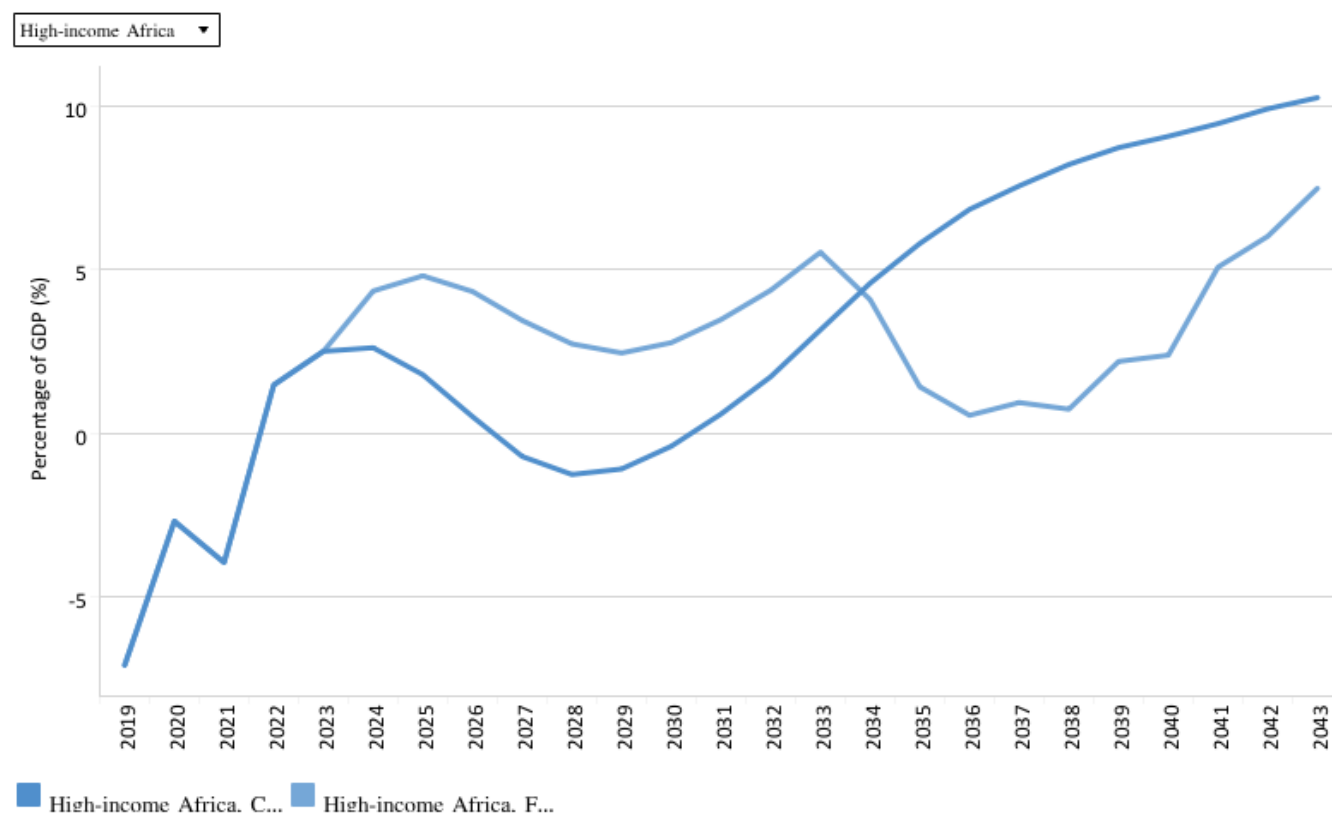
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In the Leapfrogging scenario, the number of extremely poor people in 2043 will be 51 000 people, representing 49.05% of the population. This is 1 000 fewer people than the 52 000 people in the Current Path forecast. At the US\$1.90 poverty line, only 1.3% of the population was considered to be extremely poor in 2019.



Free Trade scenario

Chart 39: Trade balance in CP and Free Trade scenario, 2019–2043
% of GDP



Source: IFs 7.63 initialising from World Development Indicators data

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The Free Trade scenario represents the impact of the full implementation of the African Continental Free Trade Area (AfCFTA) by 2034 through increases in exports, improved productivity and increased trade and economic freedom.

The intervention is explained [here](#) in the thematic part of the website.

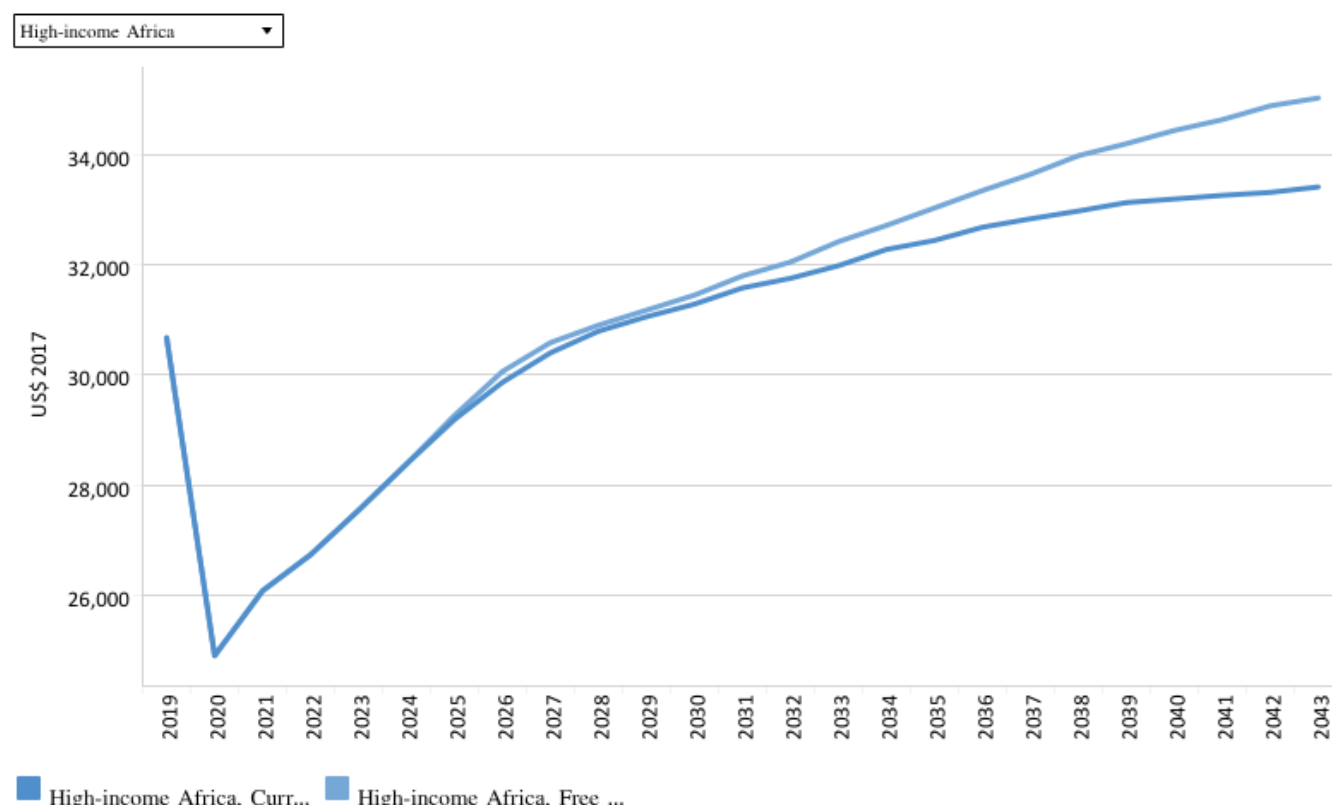
The trade balance is the difference between the value of a country's exports and its imports. A country that imports more goods and services than it exports in terms of value has a trade deficit, while a country that exports more goods and services than it imports has a trade surplus.

Seychelles imports all machinery, equipment, food, fuel and a range of consumer goods. It exports mainly canned tuna fish. Its major trading partners are the UK, France, Germany, and South Africa. It is a member of a host of regional economic communities that seek to promote trade through integration, such as SADC, the Common Market for Eastern and Southern Africa (COMESA), the Indian Ocean Commission (IOC), the Tripartite Free Trade Area, an EPA with the EU, and the World Trade Organization (WTO).

Like many African economies, Seychelles is a net importer of goods and services and the impact of the Free Trade scenario is that the combined value of exports and imports increases by 48% in 2043. In 2019, Seychelles' trade deficit came to 7.1% of GDP. The country will begin to see an improvement in its trade balance both in the Current Path forecast and in the Free

Trade scenario. In the Free Trade scenario, Seychelles will sustain a trade surplus until 2043, when its trade balance is 7.5% of GDP. The Free Trade scenario will lead to a more significant abundance on the trading account than the Current Path forecast during the decade of 2024–2034; after that, the Current Path forecast has a larger trade surplus than the Free Trade scenario. This suggests that the full implementation of the AfCFTA will, in the long term, worsen the trade balance of Seychelles compared to its Current Path forecast pointing to the need for additional measures, such as those reflected in the Leapfrogging and Manufacturing/Transfers scenarios. Because Seychelles trades more with non-African countries, an AfCFTA scenario will lead to more trade diversion than trade creation, leading to a worsening of the current account in 2043.

Chart 40: GDP per capita in CP and Free Trade scenario, 2019–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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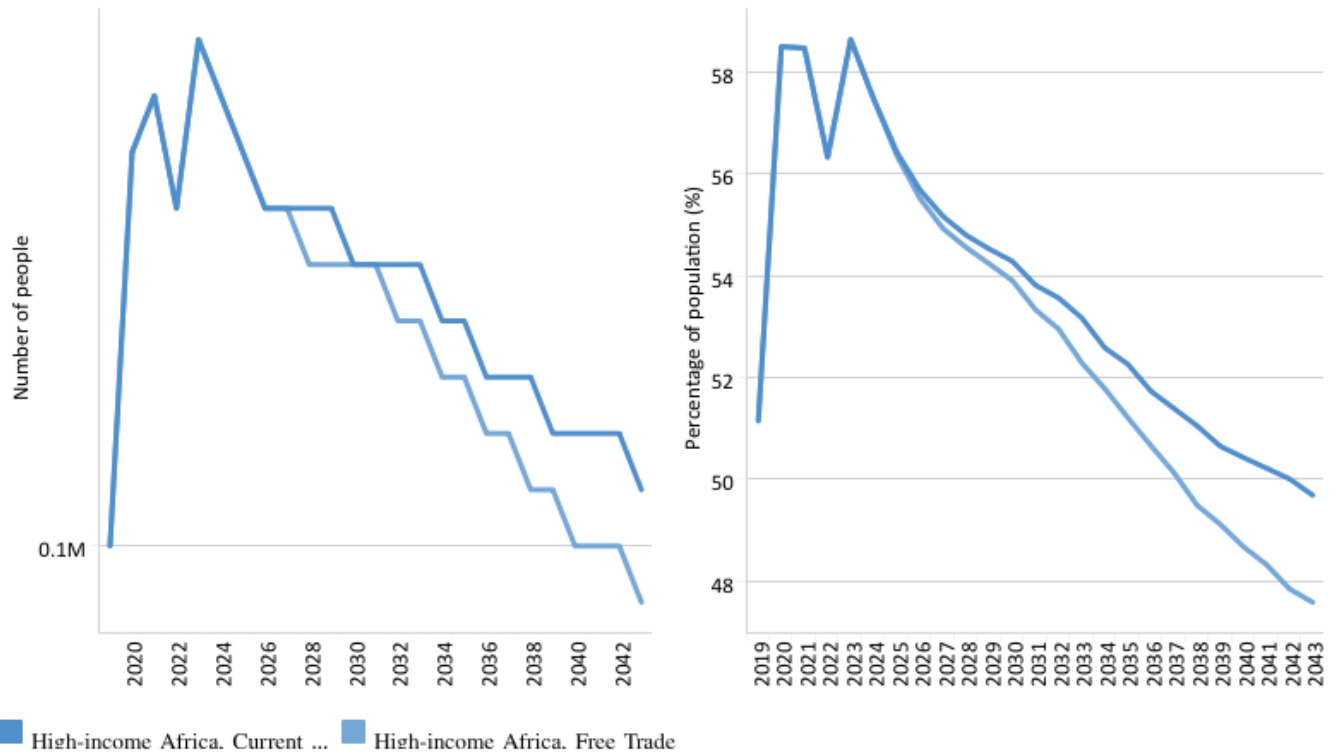
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The GDP per capita for Seychelles is estimated to increase to US\$35 022 by 2043 in the Free Trade scenario, which is US\$1 613 (or 5%) more than the Current Path forecast in 2043. The impact of the Free Trade scenario is powerful: it allows Seychelles to largely maintain the ratio of its GDP per capita compared to the average for high-income countries. In 2019, the GDP per capita of Seychelles was 59% of the average for high-income countries. Instead of that declining to 55% in the Current Path forecast, the GDP per capita of the Seychelles in the Free Trade scenario would be 58% of the average for high-income countries in 2043.

Chart 41: Poverty in CP and Free Trade scenario, 2019–2043

Millions of people and % of total population

High-income Africa ▼ \$22.70 ▼



High-income Africa. Current ... High-income Africa. Free Trade

Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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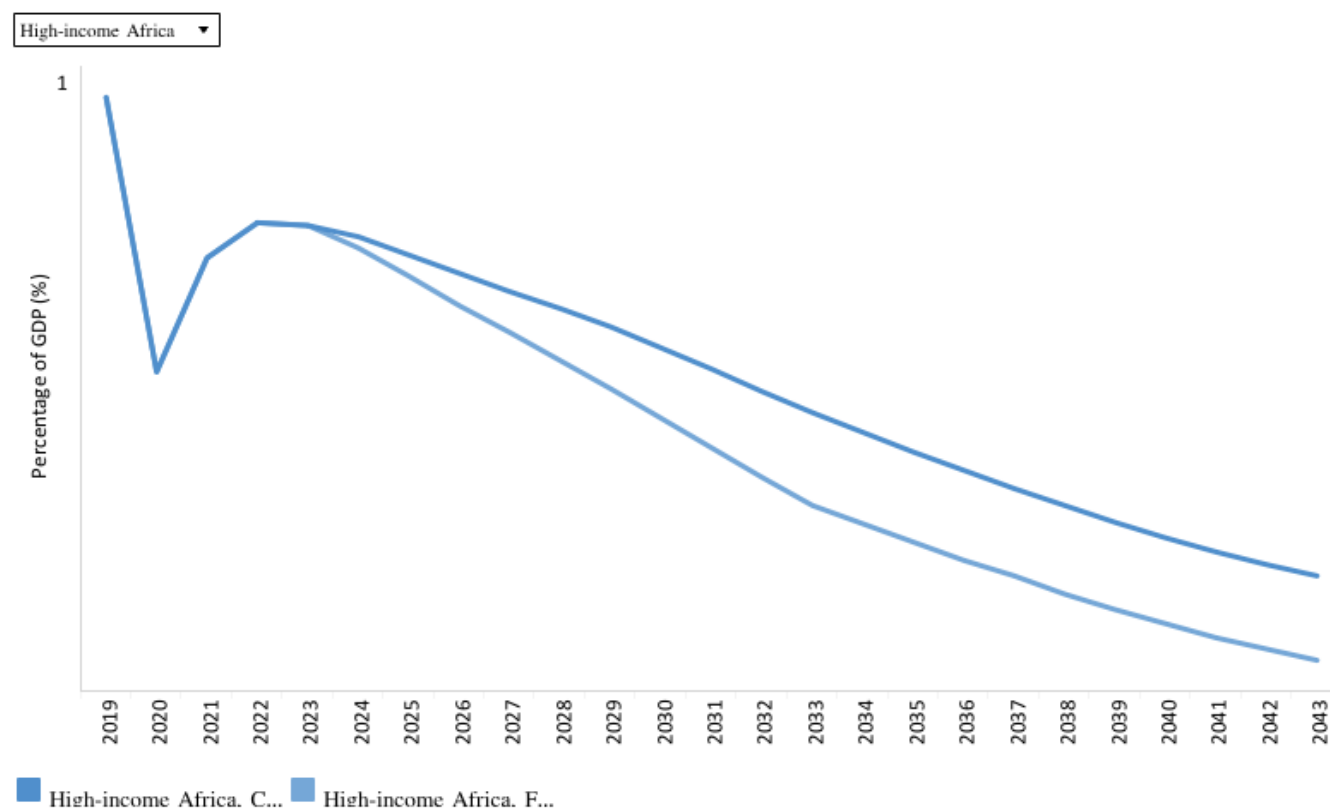
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The impact of the Free Trade scenario is to reduce the number of people living below the extreme poverty line of US\$22.70 by 52 000 people (2.1 percentage points) by 2043.



Financial Flows scenario

Chart 42: Foreign aid in CP and Financial Flows scenario, 2019–2043
% of GDP



Source: IFs 7.63 initialising from Development Assistance Committee of the OECD data, and World Bank and OECD GNI estimates.

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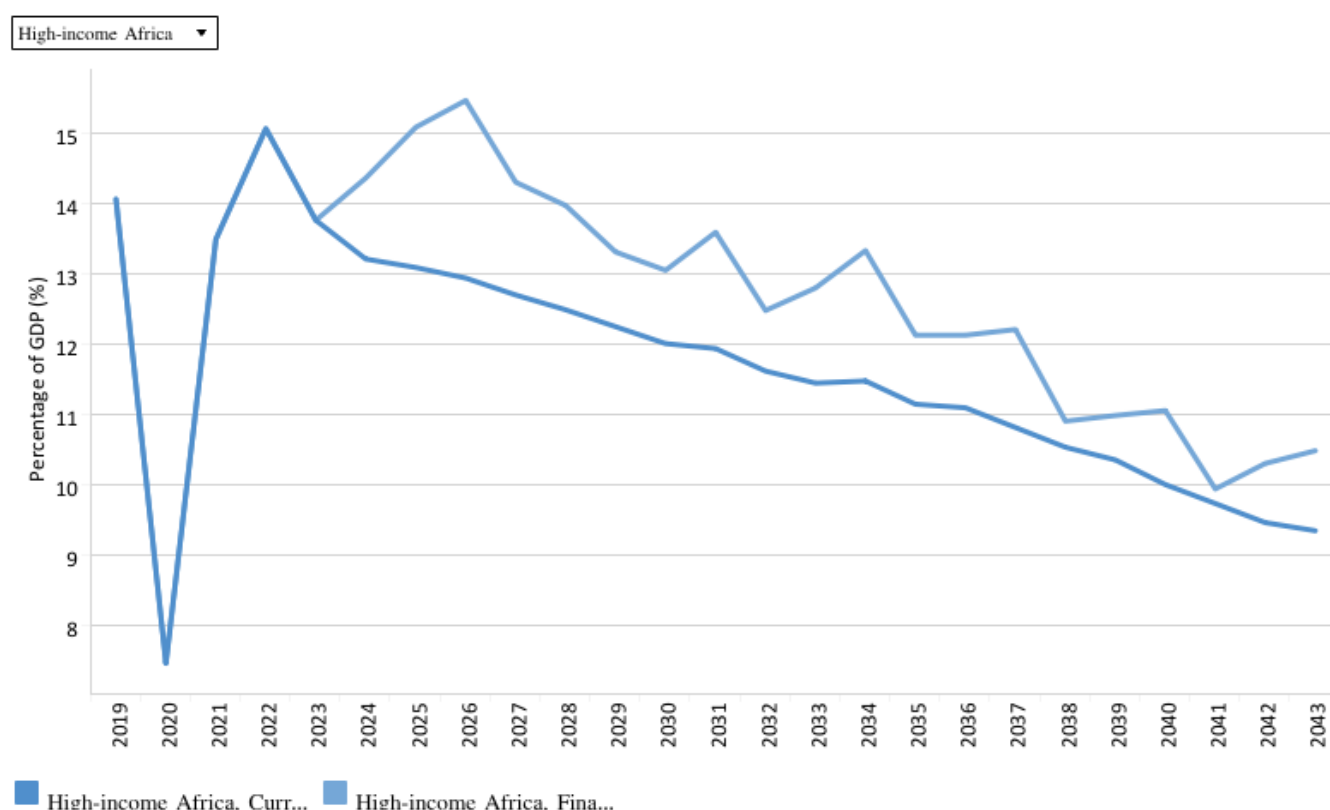
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The Financial Flows scenario represents a reasonable but ambitious increase in worker remittances and aid flows to poor countries, and an increase in the stock of foreign direct investment (FDI) and additional portfolio investment inflows to middle-income countries. We also reduced outward financial flows to emulate a reduction in illicit financial outflows.

The intervention is explained [here](#) in the thematic part of the website.

Foreign aid was a significant source of capital for economic development in Seychelles in the 1970s (35% in 1971) and 1980s (15%). As the country became more prosperous, aid money was increasingly diverted to low-income economies with Seychelles receiving less than 1% of GDP in 2019. In the Current Path forecast, this will further decline to less than 0.5% of GDP. The Financial Flows scenario will even attract less foreign aid (0.46%) in 2043 as other sources of capital in the form of FDI, portfolio investment flows and remittance becomes more pronounced.

Chart 43: Inflow of FDI in CP and Financial Flows scenario, 2019–2043
% of GDP



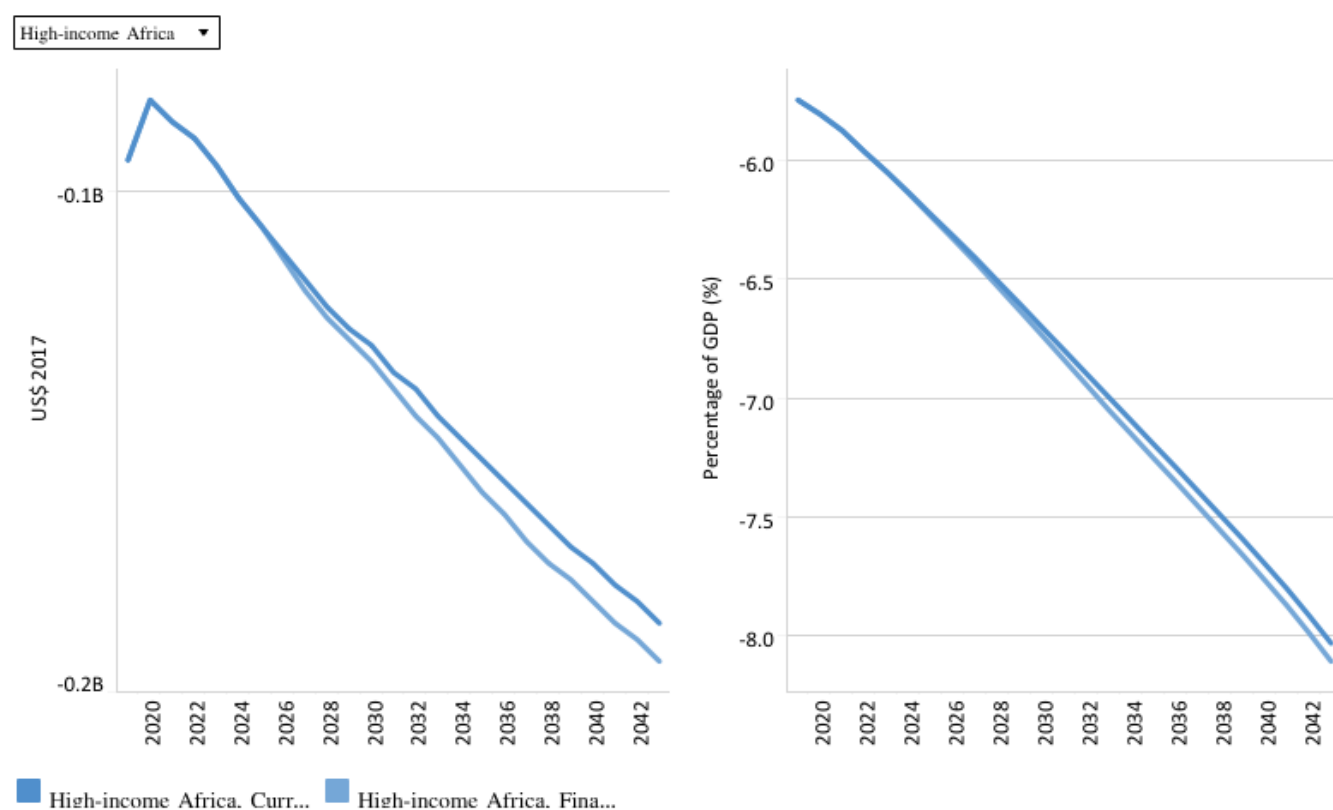
Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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Seychelles' FDI inflow in 2019 amounted to 14.1% of GDP, which is higher as a portion of GDP than the average of 3.4% for high-income economies, although the actual amount, US\$278 million, is quite small. Annual inflows have also fluctuated from year to year. By 2043, the net FDI inflows to the country will be about 9.4% of GDP in the Current Path forecast (US\$218 million). In the Financial Flows scenario, FDI will come to 10.4% of GDP in 2043 (US\$251 million), which is above the average of 4% for high-income economies. There is clearly significant scope for the Seychelles to further increase FDI.

Chart 44: Remittances in CP and Financial Flows scenario, 2019–2043
Billions US\$ 2017 and % of GDP



Source: IFs 7.63 initialising from World Development Indicators data

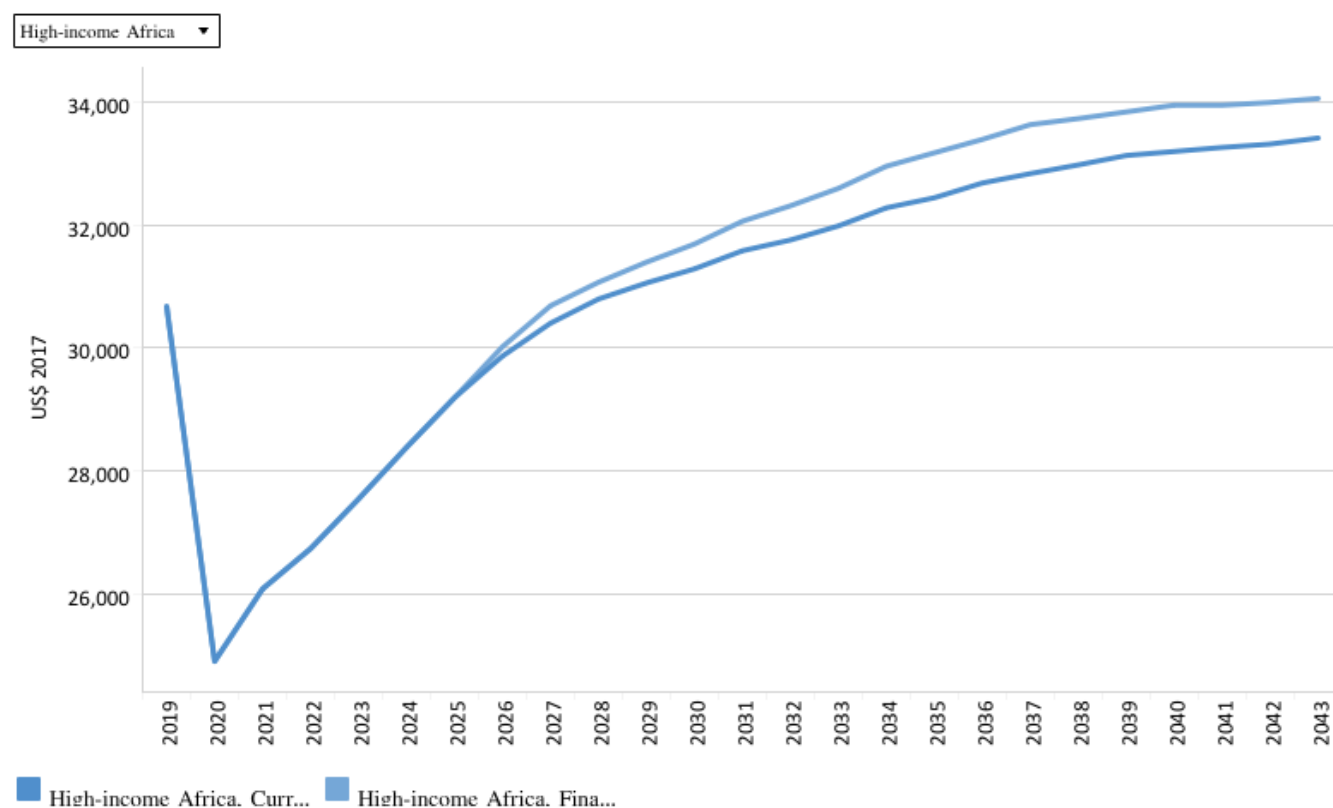
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Foreign workers in tourism, construction and production service are common in Seychelles, mainly coming from Bangladesh and neighbouring Comoros and Madagascar. Seychelles, like many high-income economies, is a net sender of remittances. The Minister for Employment, Immigration and Civil Status, Myriam Telemaque, shared a new policy with the National Assembly in October 2019 that seeks to protect the rights of Seychellois to decent work and see fewer foreign experts in Seychelles.

In 2019, the total value of remittances that Seychelles sent amounted to US\$90 million, which constituted about 5.8% of GDP. The absolute value of remittances (and remittances as a percentage of GDP sent) in the Current Path forecast are projected to increase to US\$170 million in 2043. In the Financial Flows scenario, outward remittances are projected to increase to US\$190 million, representing 8.1% of GDP in 2043 and US\$20 million more than the Current Path forecast for that year.

Chart 45: GDP per capita in CP and Financial Flows scenario, 2019–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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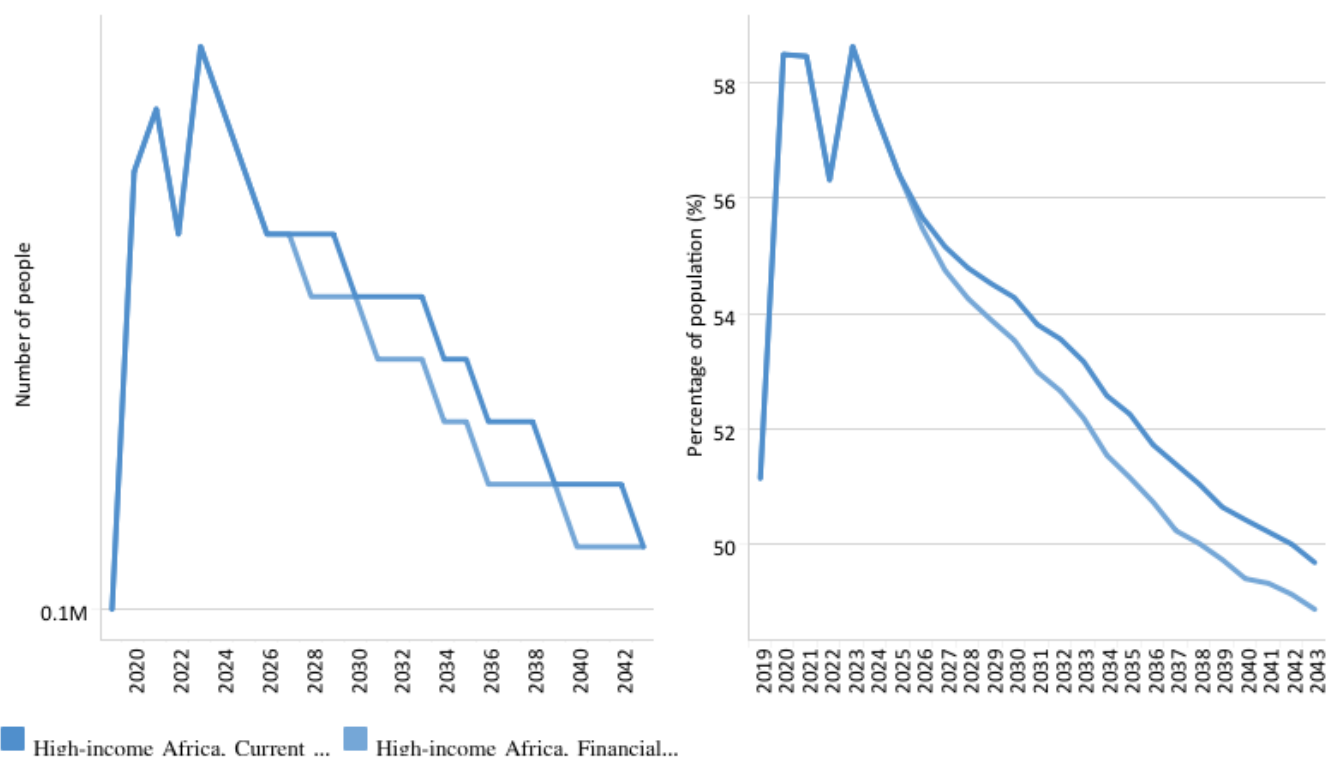
Seychelles' GDP per capita is estimated to increase to US\$34 052 by 2043 in the Financial Flows scenario. This represents an increase of US\$643 (or 2%) over the Current Path projection in the same year.

Chart 46: Poverty in CP and Financial Flows scenario, 2019–2043

Millions of people and % of total population



High-income Africa ▼ \$22.70 ▼



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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Trade openness will reduce poverty in the long term after initially increasing it due to the redistributive effects of trade. Most African countries export primary commodities and low-tech manufacturing products, and therefore a continental free trade agreement (AfCFTA) that reduces tariffs and non-tariff barriers across Africa will increase competition among countries in primary commodities and low-tech manufacturing exports. Countries with inefficient, high-cost manufacturing sectors might be displaced as the AfCFTA is implemented, thereby pushing up poverty rates. In the long term, as the economy adjusts and produces and exports its comparatively advantaged (lower relative cost) goods and services, poverty rates will decline.

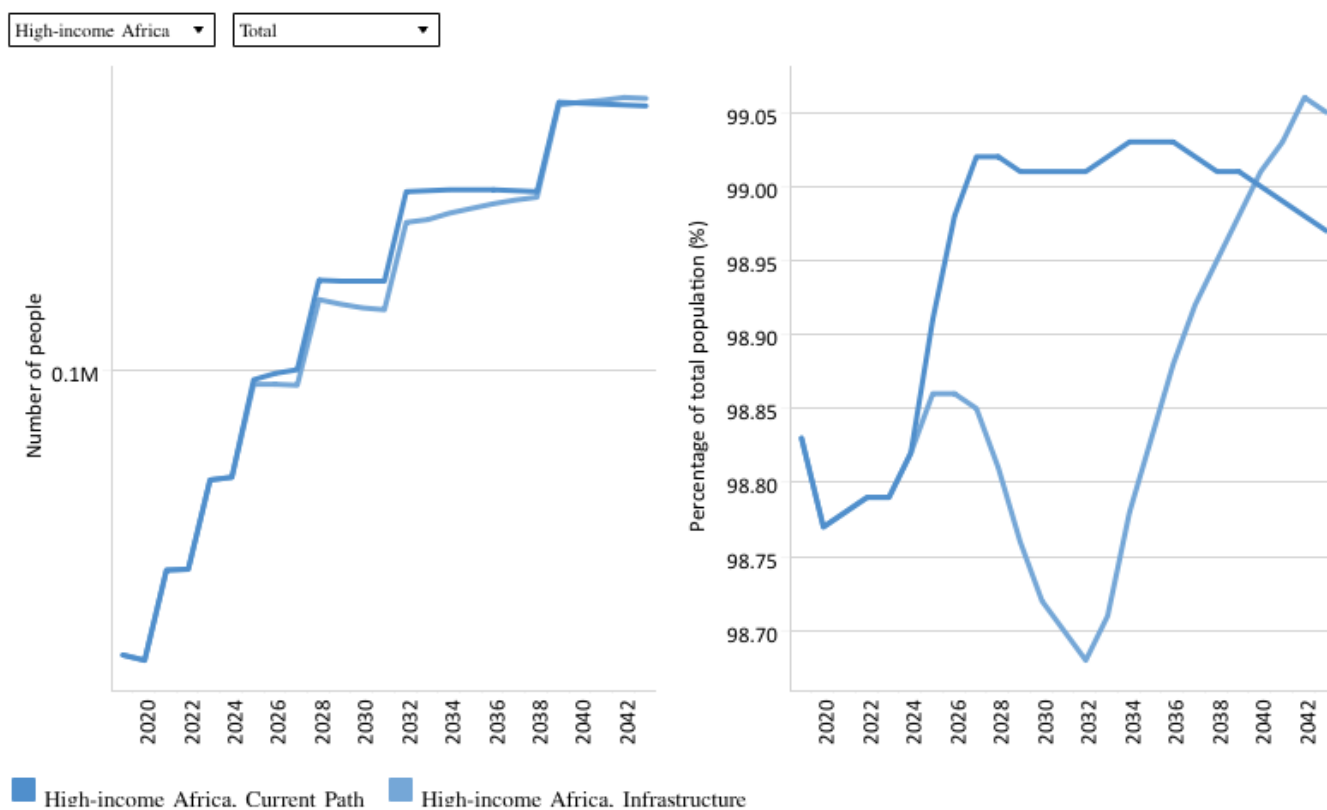
In the Financial Flows scenario, the total number of people projected to live below the poverty line of US\$22.70 will decline by 2% to 50 642 in 2043, representing 48.9% of the total population, or 82 000 fewer people, compared to the Current Path.



Infrastructure scenario

Chart 47: Electricity access in CP and Infrastructure scenario, 2019–2043

Millions of people and % of population



Source: IFs 7.63 initialising from World Development Indicators data

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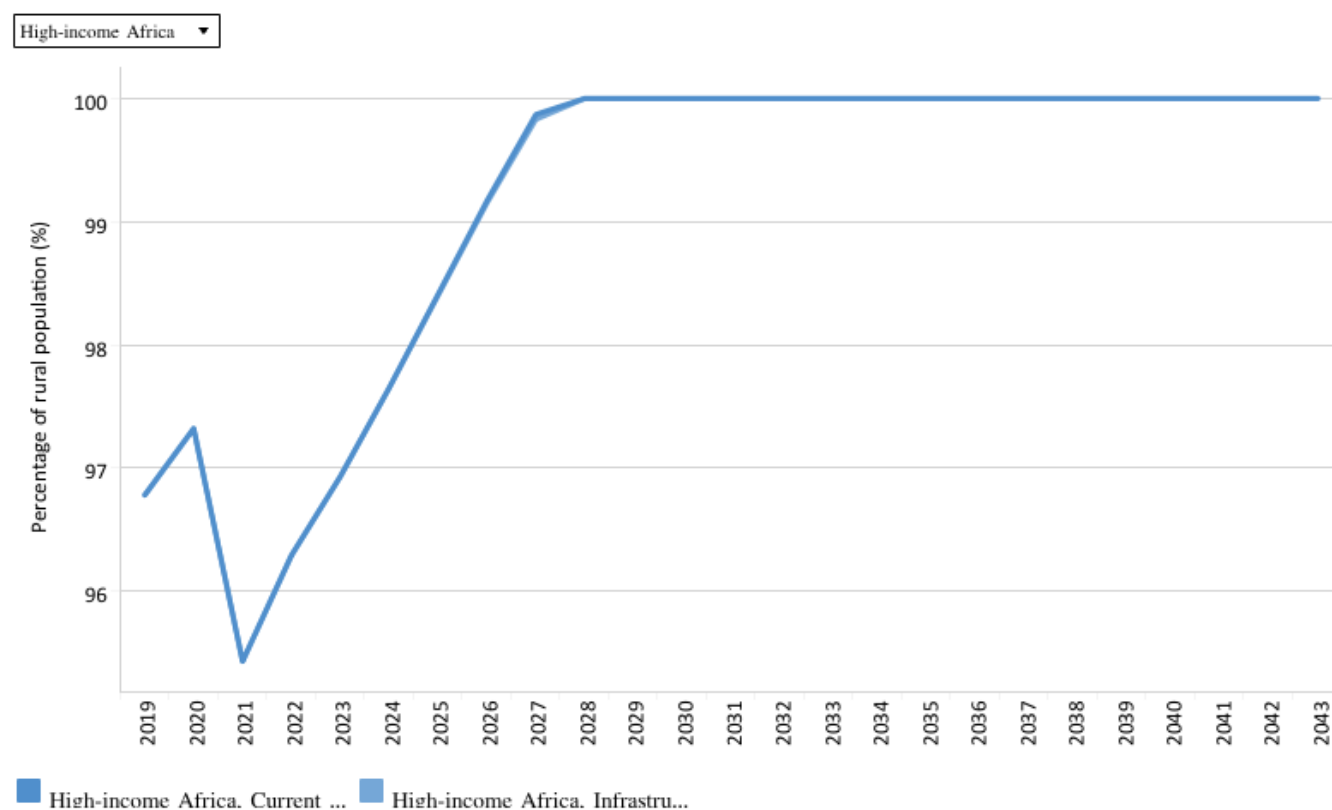
The Infrastructure scenario represents a reasonable but ambitious increase in infrastructure spending across Africa, focusing on basic infrastructure (roads, water, sanitation, electricity access and ICT) in low-income countries and increasing emphasis on advanced infrastructure (such as ports, airports, railway and electricity generation) in higher-income countries.

Note that health and sanitation infrastructure is included as part of the Health/WaSH scenario and that ICT infrastructure and more rapid uptake of renewables are part of the Leapfrogging scenario. The interventions there push directly on outcomes, whereas those modelled in this scenario increase infrastructure spending, indirectly boosting other forms of infrastructure, including those supporting health, sanitation and ICT.

The intervention is explained [here](#) in the thematic part of the website.

Similar to other high-income countries, Seychelles has effectively achieved 100% electricity access and the Infrastructure scenario has minimal impact.

Chart 48: Rural road access in CP and Infrastructure scenario, 2019–2043
% of rural population within 2 km of an all-weather road



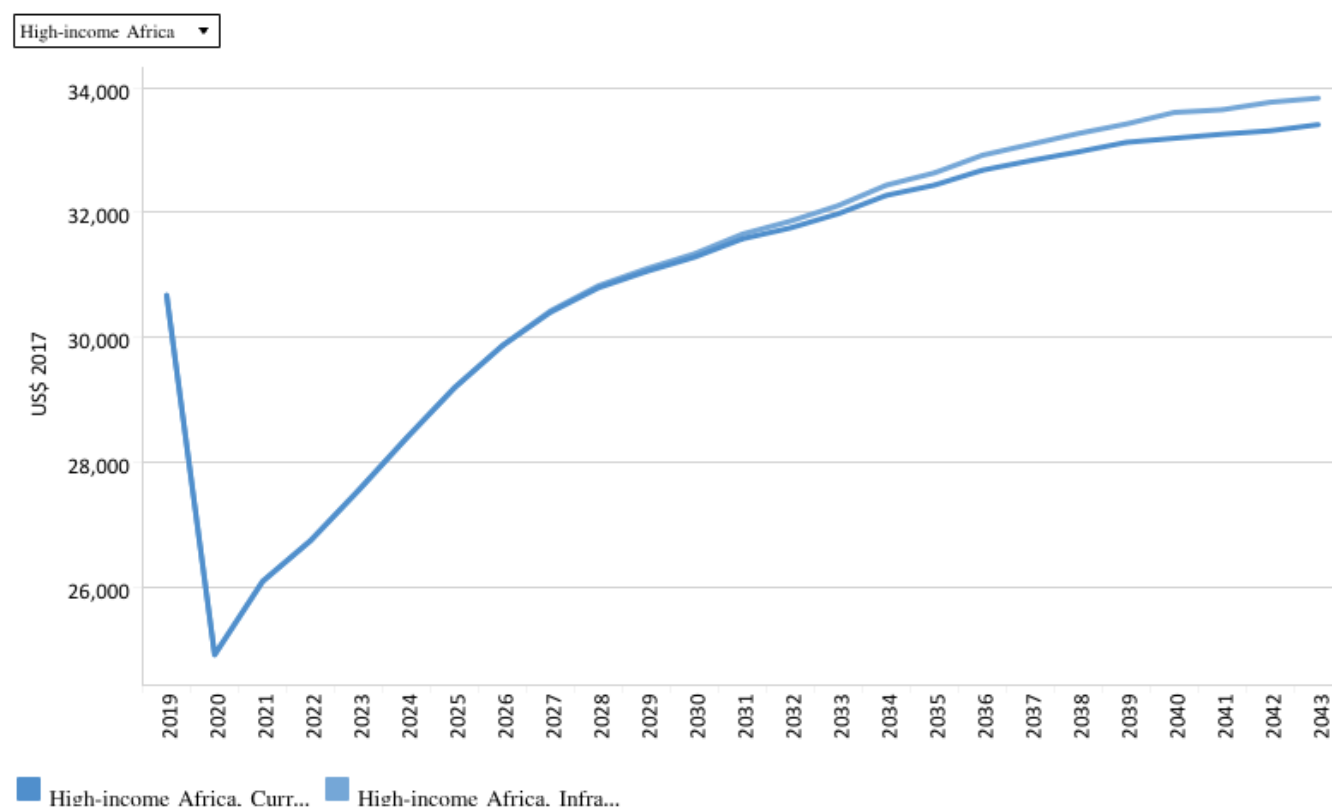
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Indicator 9.1.1 in the Sustainable Development Goals refers to the proportion of the rural population who live within 2 km of an all-season road and is captured in the Rural Access Index.

Seychelles has effectively achieved full access on this measure. In 2019, 96.8% of all rural dwellers in Seychelles resided within 2 km from an all-weather road, which was marginally lower than the average of 98.1% for high-income economies. In both the Current Path forecast and the Infrastructure scenario, this is expected to rise to 100% in 2028.

Chart 49: GDP per capita in CP and Infrastructure scenario, 2019–2043
Purchasing power parity



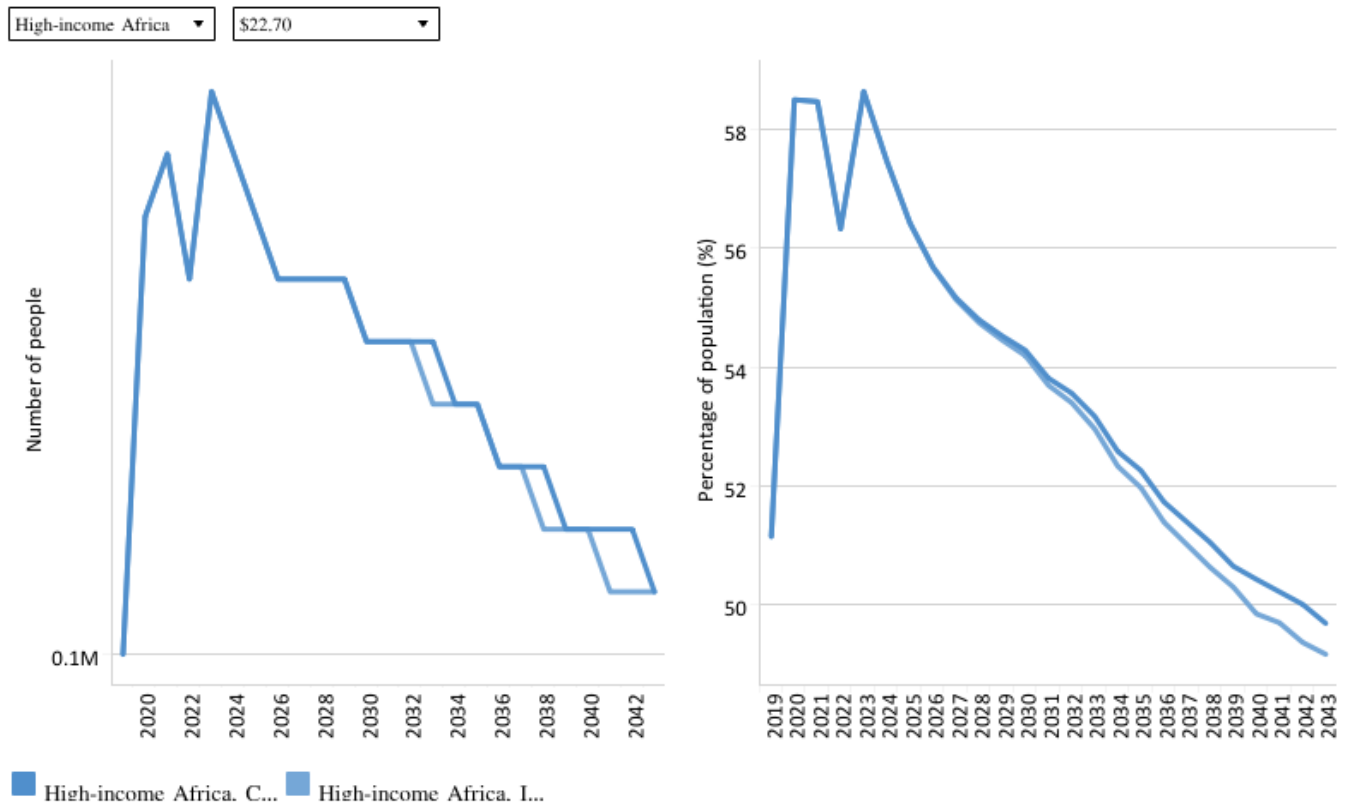
Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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Because Seychelles already does well on all dimensions of infrastructure, the impact of the Infrastructure scenario on GDP per capita is small, at a 1% (or US\$425) improvement compared to the Current Path forecast for that year to US\$33 834 by 2043.

Chart 50: Poverty in CP and Infrastructure scenario, 2019–2043
Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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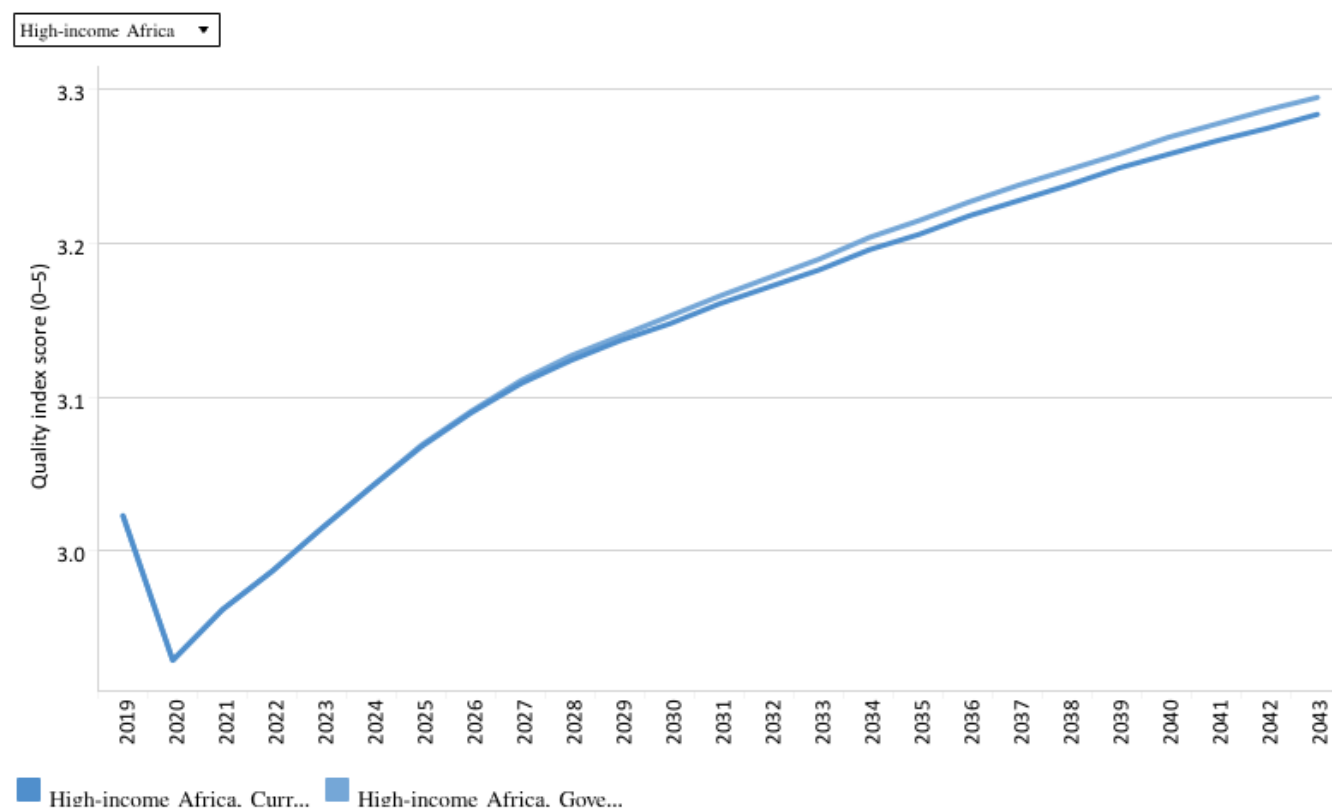
By 2043, the proportion of the extremely poor population is expected to decline from 51.2% in 2019 to 49.2% in 2043 in the Infrastructure scenario, a difference of 2 percentage points.



Governance scenario

Chart 51: Gov effectiveness in CP and Governance scenario, 2019–2043

World Bank quality index score for government effectiveness



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The Governance scenario represents a reasonable but ambitious improvement in accountability and reduces corruption, and hence improves the quality of service delivery by government.

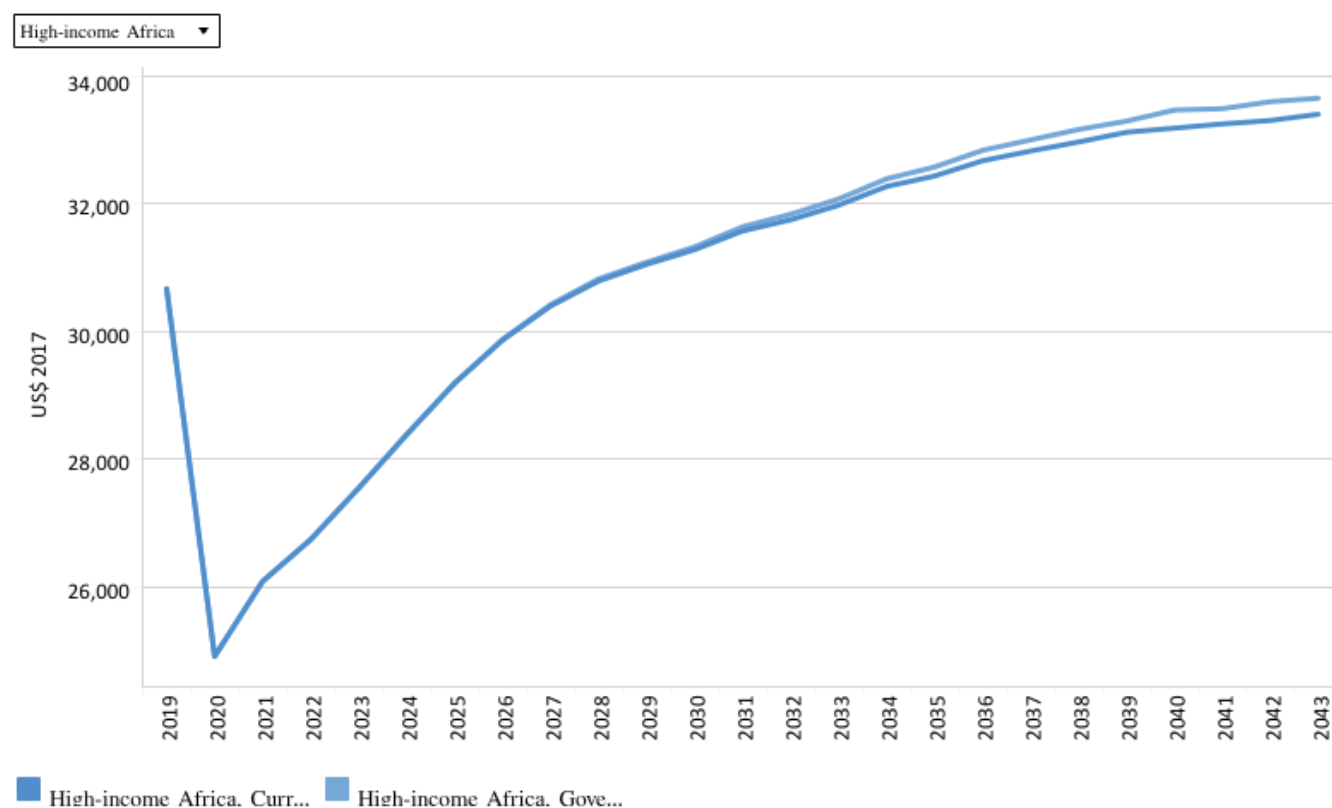
The intervention is explained [here](#) in the thematic part of the website.

As defined by the World Bank, government effectiveness 'captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies'.

Chart 51 presents the impact of the interventions in the Governance scenario on government effectiveness.

In 2019, Seychelles' scored 3 out of 5 for government effectiveness, below the average of 3.7 for high-income countries. In both the Current Path forecast and the Governance scenario, government effectiveness is estimated to increase over the period, although the increase in the Governance scenario is higher than in the Current Path forecast by 0.011 percentage points. Seychelles' score for 2043 will be lower compared to the average for high-income countries at 3.9. Governance security will make little difference in government effectiveness because of the deeply rooted effects of the long-standing People's Party on the Seychellois people.

Chart 52: GDP per capita in CP and Governance scenario, 2019–2043
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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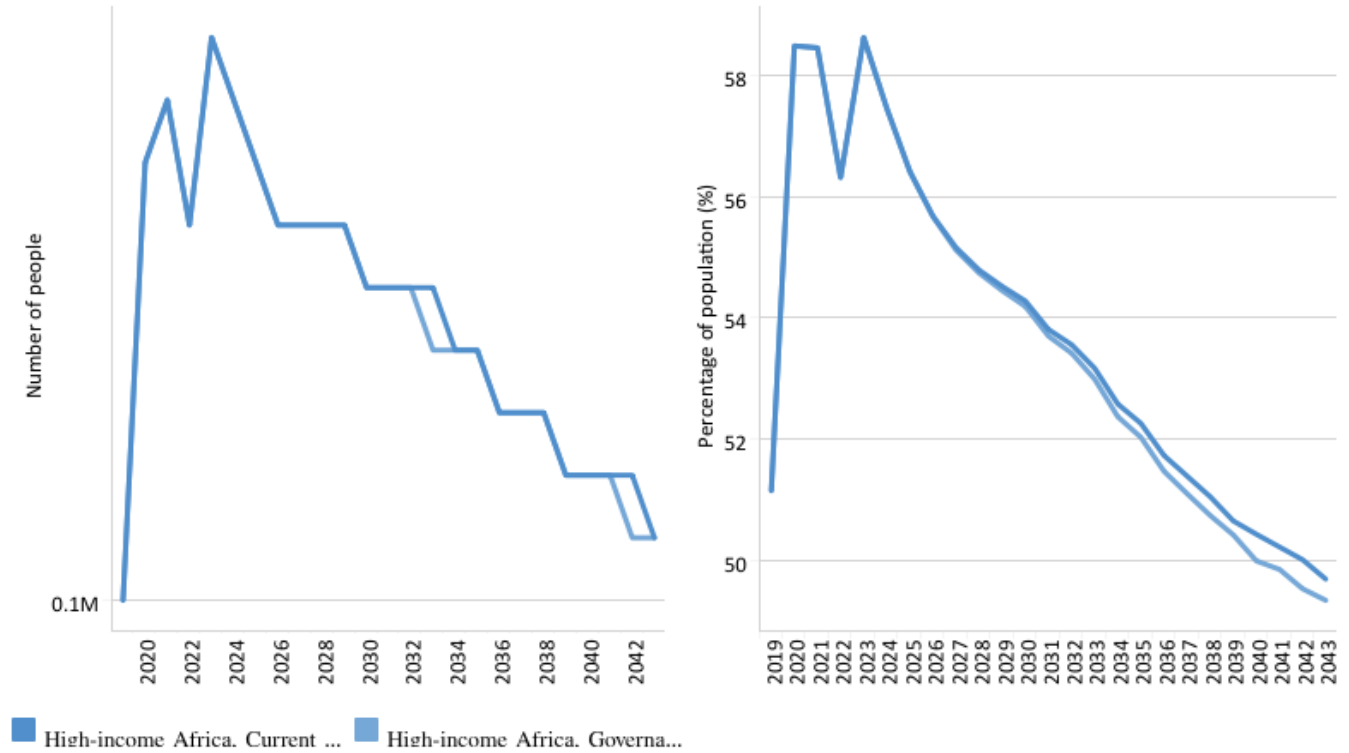
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In the Governance scenario, Seychelles' GDP per capita is projected to increase to US\$33 659 in 2043, which is US\$250 more than the estimates in the Current Path forecast but lower than the average for high-income economies. This suggests that deepening of substantive democracy in the form of reducing corruption, improved gender empowerment, and better democracy can lead to more accountability, stronger institutions and greater inclusion. That is, improved democratic accountability can lead to an additional US\$250 in GDP per capita compared with the Current Path in 2043.

Chart 53: Poverty in CP and Governance scenario, 2019–2043
Millions of people and % of total population



High-income Africa ▼ \$22.70 ▼



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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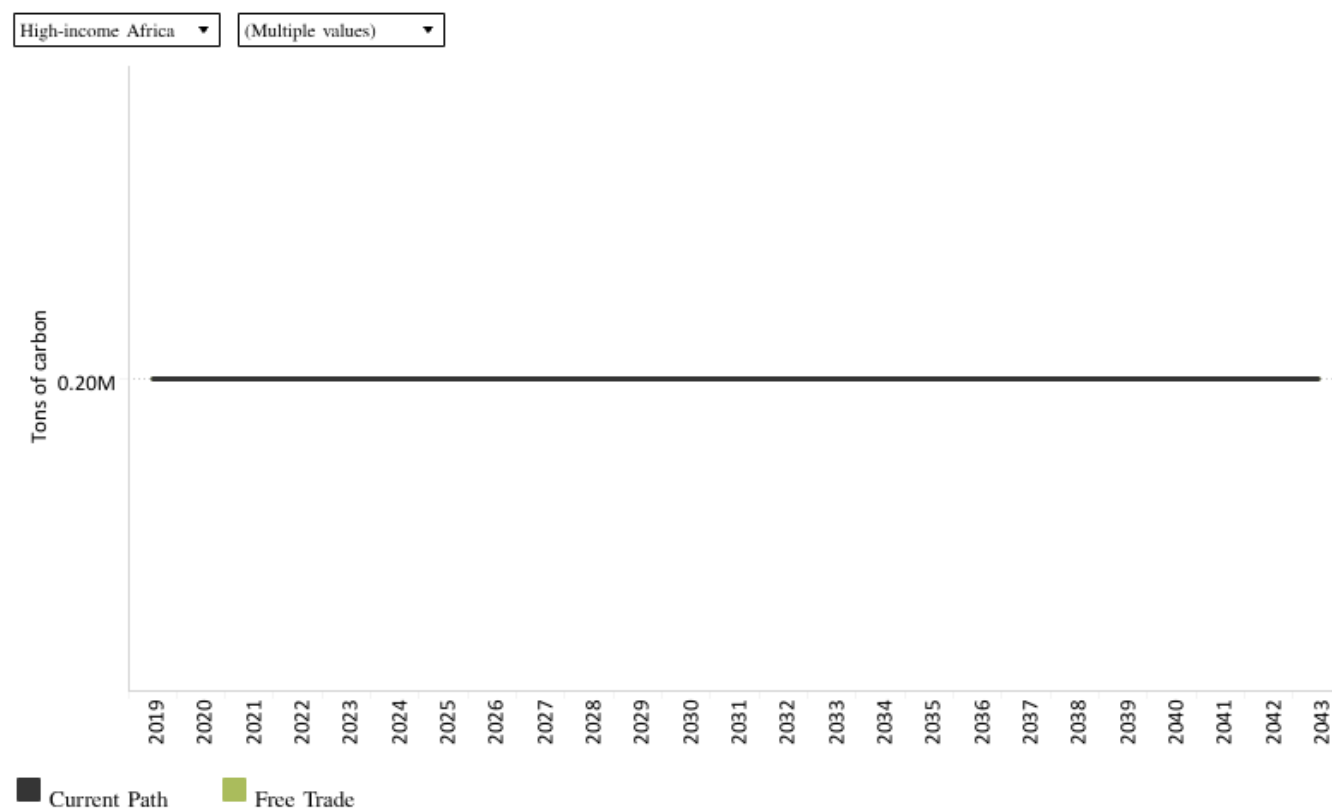
The proportion of people living below the poverty line of US\$22.70 is expected to decline to 49.3% in 2043 in the Governance scenario, which is higher than the high-income economies. It also corresponds to about 1 000 fewer people in poverty than in the Current Path forecast for 2043.



Impact of scenarios on carbon emissions

Chart 54: Carbon emissions in CP and scenarios, 2019–2043

Million tons of carbon (note, not CO₂ equivalent)



Source: IFs 7.63 initialising from Carbon Dioxide Information Analysis Center data

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This section presents projections for carbon emissions in the Current Path for Seychelles and the 11 scenarios. Note that IFs uses carbon equivalents rather than CO₂ equivalents.

Due to limited industrial activity, Seychelles' total quantity of carbon emitted in 2019 was about 156 760 tons, and is set to increase to 218 170 tons in 2043. The Free Trade scenario will lead to the greatest carbon emissions in Seychelles by 2043 of 224 580 tons (about 6 500 tons more than in the Current Path), followed Manufacturing/Transfer scenario. The least carbon-intensive scenario is the Leapfrogging scenario as it leads to less carbon emissions than in the Current Path forecast in 2043.

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Mustapha Jobarteh joined the ISS in January 2022 as a Senior Researcher in the African Futures and Innovation programme in Pretoria. Before joining ISS, Mustapha was a senior lecturer and Head of the Department of Economics and Finance at the University of the Gambia and a research fellow with the Center for Policy, Research and Strategic Studies. His interests include macroeconomics, international trade and econometric modelling. Mustapha has a PhD in economics from Istanbul Medeniyet University, Istanbul, Turkey.

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