Seychelles

Seychelles: Current Path

Mustapha Jobarteh

Last updated 13 December 2023 using IFs v7.63

Table of contents

Seychelles: Current Path

Seychelles: Current Path forecast

Chart 1: Political map of Seychelles

This page provides an overview of the key characteristics of Seychelles along its likely (or Current Path) development trajectory. The Current Path forecast from the International Futures forecasting (IFs) platform is a dynamic scenario that imitates the continuation of current policies and environmental conditions. The Current Path is therefore in congruence with historical patterns and produces a series of dynamic forecasts endogenised in relationships across crucial global systems. We use 2019 as a standard reference year and the forecasts generally extend to 2043 to coincide with the end of the third ten-year implementation plan of the African Union's Agenda 2063 long-term development vision.

The Republic of Seychelles consists of 115 islands in the Indian Ocean. In addition to the 115 listed islands in the Constitution of Seychelles, there are additional seven reclaimed islands: Ile Perseverance, Ile Aurore, Romainville, Eden Island, Eve, Ile du Port and Ile Soleil. The country is found along the coastline of Somalia, with its capital, Victoria, 1 500 km east of mainland Africa. Its closest neighbours are the islands of Mauritius, Madagascar, Comoros and Reunion. The climate is tropical rain forests with annual rainfall ranging from 2 900 mm in Victoria to 3 600 mm on the mountain slopes.

Before gaining independence in 1976 from the UK, the country was colonised by the French, and fell into British control during the Napoleonic Wars. Following attempted coups d'état in 1981 and 1986, the constitution was revised in 1993 to adopt a multiparty system. In October 2020, the opposition leader Wavel Ramkalawan won the presidential election, marking the first peaceful transfer of presidential power between different political parties since independence in 1976. Seychelles is a member of the Southern Africa Development Community (SADC). In 2007, it concluded an Economic Partnership Agreement (EPA) with the European Union (EU), one of six countries in Eastern and Southern Africa together with Comoros, Madagascar, Mauritius, Zambia and Zimbabwe. The three official languages of Seychelles are French, English and Seychellois Creole, with Seychellois Creole the most widely spoken.[1]

Seychelles is the least populous sovereign country in Africa with a population of 97 500 in 2019. It has a high life expectancy at 74.6 years, low infant mortality rate of 9.8 deaths per live births, and low fertility rate of 2.46 live births per woman in 2020. People in Seychelles predominantly live in urban areas with an urbanisation rate of 58% in 2019, which will rise to 74% by 2043 owing to rural–urban migration and the growth of the urban population.

The US$1.6 billion economy is dominated by the service sector, accounting for 78%, and the manufacturing sector, accounting for 10.3% in 2019. With its beautiful islands and favourable climate, the tourism sector is undoubtedly the most important service sector, contributing 50% of GDP and 70% of total foreign exchange earnings. Its GDP per capita is the

highest in Africa at US$30 673 in 2019, making it the only high-income economy in the continent. Despite a low unemployment rate at 8.3%, the poverty rate at US$22.70 per day (the World Bank poverty rate for high-income countries) is high at 48.2% of the population in 2019.

Demographics: Current Path

Seychelles has the smallest population in Africa at 97 500 people in 2019, which will increase to 103 400 people by 2043. The total fertility rate fell from 2.9 live births per woman in 1990 to 2.4 in 2020, and will quickly decline to a population replacement rate of 2.1 in 2023. The proportion of people 65 years and older will increase by 11 percentage points from 8.2% in 2019 to 19.2% in 2043, while the cohort of children (15 years and under) will shrink by 5.2 percentage points between 2019 and 2043. This ageing population trend, accompanied by a declining youth bulge, from 27% in 2019 to 24% in 2043, will increase the size of the labour force to 55 000 from 51 000 in 2019. The Seychelles National Policy on Ageing (2016)[2] has recognised this challenge and strategized ways to enable people to work longer.

In 1990, a small majority of the population of Seychelles lived in rural areas. The country first achieved parity in rural–urban dwellers in 1998, and in 2019, the majority of the population (58.6%) lived in urban areas. In the Current Path forecast, only a quarter of the population will live in rural areas by 2043.

Chart 4: Population density map for 2019

Three-quarters of the Seychelles population live on one island, Mahé, where people have access to jobs and quality social services. Growing at a rate of 0.66% in 2019, Seychelles population lives in its most populous cities/settlements of Victoria (22 881) — also the capital city on Mahé Island — followed by Anse Boileau (4 183), Bel Ombre (4 163), Beau Vallon (4 142), Cascade (4 088), Anse Royale (3 818), Takamaka (2 580), and Port Glaude (2 174).[3]

Economics: Current Path

Seychelles has had a long period of rapid economic growth since the 1960s, cumulating into a large output. In 1990, GDP (MER) was only US$534 million and almost tripled to US$1.5 billion in 2019. This was followed by a dip to US$1.3 billion in 2020 due to the devastating effect of the COVID-19 pandemic. In the Current Path forecast, total output for Seychelles is expected to reach US$2.2 billion in 2043, representing an additional US$1 billion compared to 2020.

Economic growth has been driven by growth in the tourism sector, especially in accommodation and food services. Due to the country's reliance on the tourism sector, negative global shocks are readily transmitted into poor growth performance. In the wake of the 2008/09 global financial crisis, the economy shrank by 2.1% and 1.1% in 2008 and 2009, respectively. From 2010 to 2019, the country grew at an average rate of about 5% per annum, reflecting the lack of adverse global shocks and the thriving tourism sector. However, in 2020, the economy shrank by 13.8% due to the travel restrictions and lockdowns associated with the COVID-19 pandemic.

Although many of the charts in the sectoral scenarios also include GDP per capita, this overview is an essential point of departure for interpreting the general economic outlook of Seychelles.

The GDP per capita (PPP) of Seychelles has steadily increased over successive decades. In the Current Path forecast, GDP per capita was US$15 500 in 1990 and doubled to US$30 673 in 2019. In the Current Path forecast, GDP per capita is projected to be US$33 409 in 2043, just about half (55%) of the average per capita GDP for high-income economies.

During the presidency of James Michel, the economy experienced the most significant boost to GDP per capita of US$12 775. Michel positioned the tourism sector at the centre of economic progress in the country.

The informal sector in Seychelles constituted 9.7% of GDP in 2019 – significantly higher than the mean for high-income countries globally. In the Current Path forecast, informality will steadily decline to 7.7% in 2043, which is 6.2 percentage points higher than the average informality in high-income economies of 1.5%. The relatively high level of informality in Seychelles compared to the average high-income country is due to its relatively low human capital development and large agriculture sector. As noted earlier, Seychelles added over US$12 000 to its per capita GDP in the 2010–2019 period, and unemployment was low at 3% in 2019.[4]

The IFs platform uses data from the Global Trade and Analysis Project (GTAP) to classify economic activity into six sectors: agriculture, energy, materials (including mining), manufacturing, service and information and communication technologies (ICT). Most other sources use a threefold distinction between only agriculture, industry and services with the result that data may differ.

Given its large tourist industry, the economy of Seychelles is predominantly a service economy. The service sector accounted for 77.1% of GDP in 2015 and 78% in 2019 before the impact of the COVID-19 pandemic. The pandemic hit the travel and tourism industry very hard, leading to the service sector's contribution falling to US$1.08 billion, equivalent to a

6.9 percentage point drop in its share of GDP. In the Current Path forecast, the service sector's share of GDP will remain at about 75% until 2043. Its dollar contribution will, however, increase to US$1.74 billion.

The manufacturing sector is the second largest contributor to output at 10.3% (US$0.17 billion) in 2019. In the Current Path forecast, both the share and amount of the manufacturing sector's contribution will rise even as the economy marginally reduces its dependence on services. The ICT sector, the third contributor to output, will double from US$0.06 billion to US$0.12 billion in 2043. The share ICT for Seychelles (4.6%) is below the average for high-income economies of 6.3%. Agriculture, the smallest contributor to output, will decline in importance to 3.1% in 2043 from 3.7% in 2019.

The data on agricultural production and demand in the IFs forecasting platform initialises from data provided on food balances by the Food and Agriculture Organization (FAO). IFs contains data on numerous types of agriculture but aggregates its forecast into crops, meat and fish, presented in million metric tons. Chart 9 shows agricultural production and demand as a total of all three categories.

Due to the small size of its domestic agriculture sector, domestic production in Seychelles meets only about a third of demand. As a result, Seychelles imports most of its food requirements. In 2019, the gap between demand and production stood at 625 000 tons and will grow to 709 000 tons in 2043. Moreover, in the Current Path forecast, agriculture's contribution to GDP will fall from 3.8% in 2019 to 3.1% by 2043 while the population will grow to 104 000 people by 2043, up from 98 000 in 2019. With agriculture contributing just 4% of GDP in 2019 and importation of food commodities at about 90%, food insecurity is a cause for alarm.

Poverty: Current Path

There are numerous methodologies for and approaches to defining poverty. We measure income poverty and use GDP per capita as a proxy. In 2015, the World Bank adopted the measure of US$1.90 per person per day (in 2011 international prices), also used to measure progress towards the achievement of Sustainable Development Goal (SDG) 1 of eradicating extreme poverty. To account for extreme poverty in richer countries occurring at slightly higher levels of income than in poor countries, the World Bank introduced three additional poverty lines in 2017:

- US$3.20 for lower middle-income countries
- US$5.50 for upper middle-income countries
- US$22.70 for high-income countries.

Being a high-income economy, extreme poverty is measured at US$22.70 per day and Seychelles has generally a very large proportion of the population that is poor. In 2015, 50 000 people, or 48.2% of the population, were considered to be in extreme poverty. This already high poverty rate increased significantly between 2016 and 2020 by 10.5 percentage points, or 12 000 more people into poverty. However, the Current Path forecast of poverty for Seychelles indicates that poverty will fall back to 49.7%, or 52 000 people, in 2043. Comparatively, Seychelles is a more unequal society than an average high-income economy with a 0.11-point difference in 2019. The higher level and slower decline of poverty in Seychelles compared to other high-income countries is a result of its relatively higher level of inequality and slower economic growth.

Carbon Emissions/Energy: Current Path

The IFs platform forecasts six types of energy, namely oil, gas, coal, hydro, nuclear and other renewables. To allow comparisons between different types of energy, the data is converted into billion barrels of oil equivalent (BBOE). The energy contained in a barrel of oil is approximately 5.8 million British thermal units (MBTUs) or 1 700 kilowatt-hours (kWh) of energy.

In 2019, Seychelles produced most of its energy from coal (45.5%), followed by gas (27.3%) and oil (27.3%). By 2043, the relative share of gas will increase significantly to 42.9% while coal production will reduce to 23.8% and oil production remains more or less the same at 28.6%. Other renewable energy sources such as wind and solar energy will comprise 5% of energy production in the Current Path forecast.

Seychelles' 2010–2030 energy policy envisions 15% renewable energy production by 2030. However, production is not the same as energy use. Despite its energy production, Seychelles is a net importer of energy at 12% of energy demand in 2019, though this rate reduces to 5.8% in 2043. The country is, therefore, more energy independent than the average high-income economy, which will import half of its energy demand in 2043 in the Current Path forecast.

Carbon is released in many ways, but the three most important contributors to greenhouse gases are carbon dioxide (CO_2), carbon monoxide (CO) and methane (CH_4). Since each has a different molecular weight, IFs uses carbon. Many other sites and calculations use CO_2 equivalent.

In 2019, Seychelles was Africa's fifth smallest carbon emitter behind Central Africa Republic, Guinea Bissau, Comoros and São Tomé and Príncipe. Carbon emissions in the country steadily rose from 1990 to 2004 when they started a declining trend until 2011. Since 2011, carbon emissions in Seychelles have been on the rise, a trend that will continue to 2043 cumulatively adding 100 000 tons more carbon emissions.

Endnotes

1. WorldAtlas, What languages are spoken in Seychelles?
2. Republic of Seychelles, National Policy on Ageing, November 2016
3. UN, World Population Prospects, 2019
4. National Bureau of Statistics, Unemployment, 2019

Donors and sponsors

Cite this research

Mustapha Jobarteh (2024) Seychelles. Published online at futures.issafrica.org. Retrieved from https://futures.issafrica.org/geographic/countries/seychelles/ [Online Resource] Updated 13 December 2023.

About the authors

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.

About African Futures & Innovation

Scenarios and forecasting can help Africa identify and respond to opportunities and threats. The work of the African Futures & Innovation (AFI) program at the Institute for Security Studies aims to understand and address a widening gap between indices of wellbeing in Africa and elsewhere in the world. The AFI helps stakeholders understand likely future developments. Research findings and their policy implications are widely disseminated, often in collaboration with in-country partners. Forecasting tools inspire debate and provide insights into possible trajectories that inform planning, prioritisation and effective resource allocation. Africa's future depends on today's choices and actions by governments and their non-governmental and international partners. The AFI provides empirical data that informs short- and medium-term decisions with long-term implications. The AFI enhances Africa's capacity to prepare for and respond to future challenges. The program is headed by Dr Jakkie Cilliers.