

Poverty & Equity Brief

Africa Eastern & Southern

Seychelles

October 2023

As of the most recent data available from 2018, Seychelles has made commendable progress in poverty reduction. The national poverty headcount, recorded at 25.3 percent during the 2018 budget survey, has significantly declined compared to 38.3 percent in 2013 when the previous budget survey was conducted. Using the updated upper middle-income poverty line of \$6.85 a day (in 2017 PPP), the poverty rate was estimated at 5.6 percent in 2023. This reflects a notable improvement from 5.9 percent in 2022. However, due to the expected deceleration in economic growth in 2023, particularly attributed to declining tourism earnings, the poverty rate is projected to plateau at around 5.6 percent in 2024.

The dynamics of Seychelles' labor market reveal a correlation between employment growth and poverty reduction. In the first quarter of 2023, total employment surged by 3.7 percent, accompanied by a 0.4 percent rise in average earnings compared to the same period in 2022. This boost in employment and earnings played a pivotal role in lowering the poverty rate from 5.9 percent in 2022 to 5.6 percent in 2023. However, the projected slower economic growth in 2023 is expected to contribute to maintaining the poverty rate at around 5.6 percent in 2024.

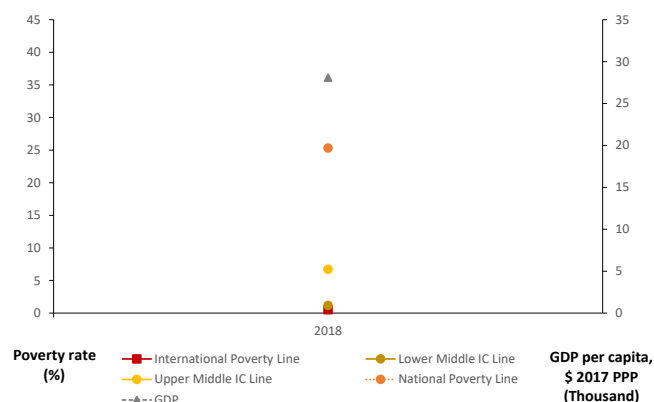
While wage income has been instrumental in driving poverty reduction, Seychelles faces emerging challenges, most notably a rising prevalence of drug and alcohol addiction. This concern, particularly prevalent among the youth, poses a potential obstacle to labor market participation. In fact, Youth Unemployment for Seychellois is 3.5 times the National Unemployment for Seychellois, which stands at around 2.8 percent. To mitigate these challenges and sustain its thriving tourism sector, Seychelles increasingly relies on migrant workers.

Inequality in Seychelles is characterized by its relatively low Gini coefficient of 0.32 as of 2018. The primary driver of inequality is intra-regional disparities rather than inter-regional divides. Notably, the Seychelles government has demonstrated a strong commitment to addressing inequality through well-crafted policies. These include robust social safety nets, substantial investments in education and healthcare, and targeted poverty reduction programs designed to respond to emergencies.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	24.5	25.3	2018
International Poverty Line 20.2 in Seychelles rupee (2018) or US\$2.15 (2017 PPP) per day per capita	0.5	0.5	2018
Lower Middle Income Class Poverty Line 34.2 in Seychelles rupee (2018) or US\$3.65 (2017 PPP) per day per capita	1.1	1.2	2018
Upper Middle Income Class Poverty Line 64.2 in Seychelles rupee (2018) or US\$6.85 (2017 PPP) per day per capita	6.5	6.7	2018
Multidimensional Poverty Measure		N/A	N/A
SHARED PROSPERITY			
Annualized Income or Consumption Growth per capita of the bottom 40 percent		N/A	N/A
INEQUALITY			
Gini Index		32.1	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		N/A	N/A
GROWTH			
Annualized GDP per capita growth		2.46	2013-2018
Annualized Income or Consumption Growth per capita from Household Survey		N/A	N/A
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		N/A	N/A

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of October 2023, and Global Monitoring Database for the rest.

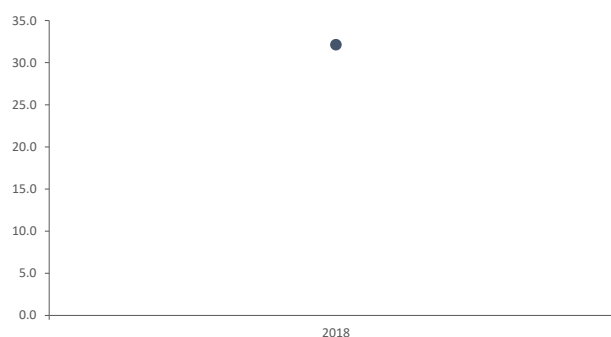
POVERTY HEADCOUNT RATE, 2018



Source: World Bank using HBS/SSAPOV/GMD

INEQUALITY TRENDS, -2018

Gini Index



Source: World Bank using HBS/SSAPOV/GMD

KEY INDICATORS

	Upper Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures: 2018	(% of population)
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population				N/A	Monetary poverty (Income)	
Rural population				N/A	Daily income less than US\$2.15 per person	0.5
Males				N/A	Education	
Females				N/A	At least one school-aged child is not enrolled in school	N/A
0 to 14 years old				N/A	No adult has completed primary education	N/A
15 to 64 years old				N/A	Access to basic infrastructure	
65 and older				N/A	No access to limited-standard drinking water	N/A
Without education (16+)				N/A	No access to limited-standard sanitation	N/A
Primary education (16+)					No access to electricity	N/A
Secondary education (16+)						
Tertiary/post-secondary education (16+)						

Source: World Bank using HBS/SSAPOV/GMD

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Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

The Seychelles National Bureau of Statistics carried out a Household Budget Survey (HBS) in 2018. This was the last in a series of similar surveys since 1973, where the interval of implementation has ranged from five to seven years. These surveys were of relatively low quality and lacked comparability. There were some improvements in HBS 2018, but it was not representative at the sub-regional level due to sampling difficulties.

The welfare indicator used for poverty and inequality analysis is monthly income measured in per adult equivalent terms and includes income from employment, income derived from own production, private and public transfers, property income (interests, dividends, rental income and others), as well as income from imputed rent. The 2018 poverty line, estimated at SCR 4,376 per adult equivalent per month, was calculated using consumption data from 2018 using the Cost of Basic Needs approach.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

HARMONIZATION

The numbers presented in this brief are based on the SSAPOV database. SSAPOV is a database of harmonized nationally representative household surveys managed by Sub-Saharan Team for Statistical Development. It contains more than 100 surveys covering 45 out of the 48 countries in the SSA region. The three countries not covered in the database are Eritrea, Equatorial Guinea, and Somalia. Terms of use of the data adhere to agreements with the original data producers.