

# Summary

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## Background

1. International commitments to attain gender equality and end violence against women and girls (VAWG) are at the heart of Commonwealth priorities. Following on from these commitments, the Secretariat has embarked on a new project on the Economic Cost of VAWG, which seeks to contribute to the efforts to end VAWG through development of a ground-breaking framework – complementary to those based on needs and justice – which will determine the economic cost of VAWG for various sectors in the economy, and ultimately for the state.
2. The prime objective of the project is to develop a comprehensive framework in a user-friendly computing environment to assess the economic cost of VAWG. A review of the literature indicates that studies to date have mostly focused on the direct costs of violence, with few attempting to measure the indirect costs (Commonwealth Secretariat 2017c). At the same time, none of these methodologies can capture the full economic impact of VAWG due to lack of data and their inability to capture sectoral linkages. The ambition of the Commonwealth project is to overcome these problems by applying an economy-wide modelling approach which enables the capture of important linkages and secondary effects to assess the full impact of VAWG. Estimating the full cost on VAWG will enable governments to understand the benefits of prevention and/or management of VAWG. It will also provide a basis for evidence-based decision-making, which is essential for choosing particular interventions and/or policies. Furthermore, the data gathered for this framework will be useful for states when reporting on the Sustainable Development Goals (SDGs), in particular SDG5 and SDG16. The data gathering process also provides an opportunity to assess the strength of statistical system, which is crucial to measure progress across all of the goals in a way that is both inclusive and fair.

3. Seychelles is the first Commonwealth country where the framework has been applied using real country-level data and information. This book presents the outcome of applying the newly developed framework/methodology to Seychelles.

## Methodology

4. The methodology includes three types of costs:
  - i. **Direct costs:** including the cost of medical treatment for physical and mental abuses – doctors’/hospital bills for physical injuries; cost of psycho-social care; cost of law enforcement/the police; and loss of earned income due to absence from work, as well as loss of imputed earnings from being unable to attend to household activities, including child care etc.
  - ii. **Indirect costs:** which measure reduced gross domestic product because of the decline in private consumption due to loss of female earnings. Reduced private consumption expenditure leads to a decline in effective demand and subsequently gross domestic product – because of their inter-dependence in the circular flow of income generation in an economy (in economic literature, these effects are known as the ‘first round impacts’ of any shock or intervention).
  - iii. **Induced costs** capture the further reduction (i.e. the ‘second round effects’) in gross domestic product (GDP) due to loss of demand for the products (unaffected in the first round) which are linked with the products that are affected indirectly.

The costing module used consists of four building blocks. There are three building blocks for the direct cost component and one building block for the indirect cost component.

5. The direct cost component has three blocks:
  - i. Three types of cost approaches: (a) the unit cost approach; (b) the proportional operating cost approach; and (c) the total operational cost approach.
  - ii. Three categories of costs: (a) cost of services; (b) personal material losses and cash expenses of survivors due to violence; and (c) income loss due to irreversible (deaths) and reversible temporary and permanent

disability due to gender-based violence, and reduced work productivity of survivors.

- iii An important observation is the high latency (under-reporting) of offenses against women and girls according to official statistics. Thus, estimates based only on official statistics may produce a huge underestimation of the economic cost of violence. Accordingly, a sensible approach is for cost to be estimated at two levels or using two scenarios:
  - First, cost estimation based on official or survey data (in other words, estimates based on micro- and meso-level data). According to the literature, such economic cost estimates are said to be based on a **'typical' scenario** using the official police statistics on offenses.
  - Second, a so-called **'full coverage' scenario** – that is, a cost estimate based on a simulation model using the violence prevalence rates and features of survivors contained in population-based surveys. This may also be referred to as a macro-level cost estimate.
- 6. The economy-wide cost (i.e. this single building block comprises indirect as well as induced costs) of gender-based violence (GBV) is estimated using a multiplier model based on an economy-wide database. The two most widely used economy-wide data sets are: the input-output matrix (IOM) and the social accounting matrix (SAM). One outcome of the direct cost of VAWG is loss of work days leading to loss of income. Income loss in turn leads to a reduction in private consumption expenditure, with a subsequent negative impact on commodity demand and supply of goods and services in the economy. As production of goods and services depend on purchases of other goods and services, loss of female work days (a direct impact of VAWG) may indirectly lead to a further loss of output due to this economy-wide effect. The authors of this report use an economy-wide database or model to capture these indirect impacts of the direct cost of VAWG. In other words, they use a multiplier model derived from full economy-wide data to assess the indirect cost of VAWG.
- 7. This is a data demanding exercise. Unlike the other economic statistics, data required for the numerical

specifications of the model were not readily available in Seychelles. The project made a heavy investment on data collection. Two missions were carried out (i.e. inception and data collection missions), while a thorough review of the literature and statistics was also conducted. More than 70 stakeholders were met. One exclusive expert group consultation involving 15 experts and a focus group discussion with 12 VAW survivors were also conducted to gather data, as well as to cover gaps in information set.

### Estimated cost of VAWG

8. The framework outlined in this book is numerically specified to 2016 data and parameters for Seychelles, since a majority of relevant data and GVB parameters were found for that year from a national baseline survey (Gender Links 2016).

The main finds are summarised in Table A.

**Table A Summary of cost of VAWG (Seychelles)**

Cost categories	Typical case		Full coverage case	
	Million SCR	% of 2016 GDP	Million SCR	% of 2016 GDP
A. Direct cost	205.8	1.066	507.5	2.628
Services cost	190.0	0.984	267.7	1.386
Healthcare	115.9	0.600	115.9	0.600
Law enforcement and the judiciary	9.7	0.050	59.2	0.306
Social and specialised services	0.8	0.003	3.8	0.020
Learning time loss (education)	57.1	0.296	57.1	0.296
Personal cost	6.7	0.035	31.7	0.164
Income lost	15.8	0.082	239.8	1.242
B. Economy-wide cost (indirect and induced)	29.88	0.155	385.68	1.997
Agriculture	4.65	0.024	60.03	0.310
Industry	11.86	0.061	153.05	0.790
Services	13.37	0.069	172.59	0.890
<b>C. Total cost (direct+economy-wide)</b>	<b>235.7</b>	<b>1.221</b>	<b>893.13</b>	<b>4.625</b>
<b>Memorandum Items</b>				
<b>Cost to Girls</b>				<b>0.296</b>
<b>Cost to Adult Female</b>				<b>2.332</b>
<b>Cost to the Private Sector</b>				<b>1.997</b>

Note: SCR = Seychelles rupee.

**Total cost:** The estimated total economic cost of VAWG in Seychelles is provided for both typical case and full coverage case. The total economic cost of VAWG under the *typical case* is 235.7 million Seychelles rupees (SCR) also implying 1.22% of 2016 GDP. This comprises an estimated direct cost of SCR 205.8 million (1.07% of GDP) plus an economy-wide indirect cost of SCR 29.9 million (0.16% GDP).

9. *Under the full coverage case, the simulated (or derived) number of VAWG victims is based on population data that deems the number of women in the age cohort between 18 and 64 in 2016 to be 31,103 (National Bureau of Statistics 2016). Using this number – 31,103 – and a VAWG prevalence rate of 30 per cent (Gender Links 2016), the number of survivors in the full coverage case is estimated to be 9,331 (i.e.  $31,103 \times 0.3$ ). By comparison, the number of survivors as reported in official administrative data is 609. As a result, estimated total cost under the full coverage case is substantially higher than in the typical case.*

The total cost under the *full coverage case* is estimated as SCR 893.1 million (4.63% of GDP). This is made up of the estimated direct cost of SCR 507.5 million (2.63% of GDP) and the economy-wide indirect cost of SCR 385.7 million (2% of GDP).

10. **Direct cost:** Direct cost is composed of cost of various services; personal cost (out-of-pocket expenses by survivors); and income loss.
  - **Direct cost (typical case):** Among the various types of services, the cost of healthcare turned out to be largest: SCR 115.9 million (0.6% of GDP). Learning time lost in primary school (which is not reported in most other economic cost of VAW studies) is also high, estimated at SCR 57.1 million (0.3% of GDP).
  - **Direct cost (full coverage case):** Costs for two major cost drivers found in the typical case – healthcare services and learning time lost (education) – were kept unchanged under the full coverage case, since they are based on supposedly ‘full coverage’ data. Thus, the costs for law enforcement, social services, specialised services, personal cost and income lost are re-estimated under the full coverage case.

The most dramatic increase is found for income loss under the full coverage cost compared to the typical case.

Income lost increased to SCR 239.8 million in the full coverage case. Total direct cost under the full coverage case is SCR 507.5 million (2.63% of GDP).

11. **Economy-wide indirect cost:** A data SAM for Seychelles was developed for 2016 using a 1999 IOM and other required national accounts data for 2016. The data SAM was converted into a SAM multiplier model. Following this approach, two consumption shocks were set up and then used with the multiplier model to simulate output loss under the 'typical' case and 'full coverage' case.
  - **Typical case:** The income loss under the 'typical' case is SCR 15.8 million. Thus, household (private consumption) is reduced by 15.8 to simulate the impact on domestic output. Simulated output loss under the 'typical' case is SCR 29.8 million (0.16% of 2016 GDP). The services sector is found to be most affected among the three broad sector categories with a bill of SCR 13.4 million.
  - **Full coverage case:** The income loss under the 'full coverage' case is SCR 239.8 million. Thus, household (private consumption) is reduced by SCR 239.8 million to simulate the impact on domestic output. Simulated output loss under the 'full coverage' case is SCR 385.7 million (2% of 2016 GDP). The services sector is the most affected among the three broad sector categories, with a bill of SCR 172.6 million.

## Conclusion

12. An important finding of the costing exercise that features in this book is that the deleterious effects of violence against women and girls encompass almost everyone in the society. For instance, the **cost of VAWG to girls is 0.296 per cent of GDP**; the **cost to adult women is around 2.332 per cent of GDP**; cost to the private sector is **1.997 per cent of GDP** and the cost to the whole of **society is 4.6 per cent of GDP**. The elimination of VAWG thus needs actions on different fronts. (Source Table A).

Special attention and policy actions are recommended in particular for the health and education sectors, and for private sector actors and corporations. Healthcare data

collection in Seychelles is not able to capture the use of healthcare services by VAWG survivors. The following steps could help healthcare services to better cater to the needs of VAWG victims: (i) modification of the forms used for data collation; (ii) digitisation of data collection and sharing; (iii) training and capacity building provided for relevant staff on VAWG and data/information collection, preservation, assessment and dissemination; and (iv) revisiting the healthcare budget to allocate adequate funds to carry out these activities. Learning time lost due to VAWG may have far-reaching implications on productivity and hence future earning potentials. The following steps could help improve education services: (i) employing dedicated school welfare personnel in each school to deal with cases relating to VAWG; (ii) arranging special meetings with parents at regular intervals to find out ways to deal with such cases; (iii) digitisation of data collection and sharing; and (iv) revisiting the education budget to allocate adequate funds to carry out these activities. The private sector is not immune to the cost of VAWG. In 2016, they incur cost equivalent to 2 per cent of GDP. Thus, they should come up with plan of action to combat VAWG.

13. This book presents the development of a comprehensive economic costing model for Seychelles to estimate the cost of VAWG using country-level data and parameters. The model is developed in an MS Excel environment and is a live product – officials and other stakeholders would be able to update the results with new and more concrete information. Moreover, it can also be modified or extended using new areas or categories, which could not be carried out at this stage due to lack of data and specifications. Some of these areas include: work place violence, income loss due to permanent incapacity and emotional intimate partner violence (IPV)/GBV.
14. VAWG is a major violation of human rights. This aspect coupled with the high economic cost of such violence requires immediate and effective action by national authorities. Suggestions from the consultation meetings in Seychelles, findings of the costing exercise and review of other studies has helped shape these recommendations. Some of the recommended actions include:

*Enabling policy:*

- I. Engaging the involvement of policy-makers, administrative officials and programme stakeholders to prepare and implement an adequately funded plan of action considering VAWG as a priority development issue.
- II. Executing a multisectoral and inter-ministerial plan of action on VAWG by establishing mechanisms that focus on co-ordination and accountability.
- III. Scaling up resources in primary prevention as well as establishing a dedicated budget to address VAWG.

*Strengthening capacity:*

- IV. Capacity development of the national statistics offices and administrative agencies in gathering VAWG statistics to enable the design of effective strategies and for progress monitoring.
- V. Capacity strengthening of frontline service providers such as police, social services, healthcare services etc. for effective service delivery, and for improve the collection and maintenance of records in appropriate formats and environments.

*Short term consideration:*

- VI. Design and implement a comprehensive communication strategy involving: communities; individual stakeholders including men and boys; government organisations; non-governmental organisations/ civil society organisations; and the corporate sector.
- VII. Design a data collection protocol for frontline service providers (e.g. in healthcare, the police, the judiciary etc.) using computer enabling software for faster collection, processing and sharing.
- VIII. Operationalise dedicated shelters for VAWG victims (survivors) that provide support such as medical care, accommodation, food, counselling and legal aid.