

The content and orientation of the National Development Strategy 2019-2023 remain pertinent as both Environmental Sustainability and Resilience and Good Governance are key pillars. Furthermore the strategy incorporates commitments at global level, such as the United Nations Agenda 2030 and its Sustainable Development Goals, the Paris Declaration, the African Union's Agenda 2063, and others. A challenge remains, however, in terms of implementation of the Strategy, given the current tight fiscal and budgetary constraints. Hence, the further justification for donor support at a particularly critical time. Seychelles faces acute human capacity shortages, explained below. Institutional capacity building is a *sine qua non* condition for the successful implementation of the above strategy.

The EU supports the programme of the Government which embraces/promotes similar priorities to the EU as advocated in the European Green Deal and Good Governance.

2.2 Problem Analysis

With its population of 98 000 inhabitants, Seychelles faces acute capacity constraints both at the level of its institutions and in terms of its workforce. The problem is accentuated by a particularly high level of brain drain meaning that the vast majority of its institutions have very limited labour force. A dire drug addiction epidemic affecting the productive population disproportionately add to capacity problems.

A series of new institutions have been set up in line with democratic and human rights values recently reinstated following the victory of the current President in the 2020 elections that put an end to 40 years of single party ruling in Seychelles. These institutions need to be reinforced urgently in order to become fully operational. That was the focus of the 11th EDF NIP, entirely committed in the form of a technical cooperation facility to support such key institutions including the Anti-Corruption Commission, the Financial Intelligence Unit and the Department of Legal Affairs.

Based on the above, it is important to have an adequate capacity to respond to request with high level quality technical assistance to support these national institutions, as well as to ensure the successful implementation of the EU cooperation and the sustainable development of the country.

Also, the end of the role of the National Authorising Officer (NAO) under the NDICI/Global Europe represents an opportunity to develop new cooperation mechanisms with the Government and to ensure that the limited resources are used to support common priorities, as established in the MIP.

Local private sector organisations are weak and disorganised in Seychelles. Support is currently being provided in a complementary manner to the Chamber of Commerce under the ongoing Economic Partnership Programme. Given the size of the MIP and the absorption capacity of the private sector, the current programme does not foresee direct support to private sector organisations.

Environment protection and Climate change adaptation and mitigation will be one of the two priority areas of this Cooperation Facility. As explained above, environmental protection is a *sine qua non* to safeguard Seychelles economic pillars notably tourism and fisheries. As a consequence the Government places environment and climate change as top priorities. Within these areas the focus should be on achieving resilient and inclusive growth.

Finally, EU will need specific expertise to assist it in formulating its actions and policies, but also to be agile and mobilise specific studies in response to emerging needs.

All in all, the experience with the 11th European Development Fund (EDF) Technical Cooperation Facility (TCF) has shown that the EU needs to have a flexible instrument at its disposal to be able to: a) respond rapidly to the varied requests of the government and its institutions and agencies in a number of areas; b) support the private sector in its innovative ideas; and c) study specific topics and to formulate new actions.

Finally, given the large and visible presence on the national scene of other countries, EU cooperation needs to have the means to have a clear presence in Seychelles and organise the policy dialogue.

A CF will be necessary to address the above issues. It will provide: