



RCC East and Southern Africa

CASE STUDY: Strengthening Investment Readiness for Seychelles' NDC3.0

Executive Summary



Seychelles, a Small Island Developing State (SIDS) is among the countries most vulnerable to climate change, facing acute climate risks including sea level rise, coastal erosion, flooding, ocean acidification and increasing sea surface temperatures. These impacts threaten critical sectors such as tourism, fisheries, coastal infrastructure and water security. As Seychelles finalized its third Nationally

Determined Contribution (NDC 3.0), the Government recognized that translating climate ambition into effective implementation requires stronger financial planning, investment frameworks, and institutional coordination. In this regard, the Government of Seychelles requested technical support from the UNFCCC Regional Collaboration Centre for East and Southern Africa (RCC EASA) to assess the financial implementability of previous NDC commitments and to generate actionable lessons and inform the NDC 3.0 Investment Framework and Investment Roadmap. Through financial and technical support, the RCC EASA commissioned and coordinated delivery with the UNFCCC secretariat Mitigation Division NDC Technical Support Unit (TSU) through a time-bound consultancy (October 2025 –January 2026) with defined outputs: a Financial Assessment Report on implementability, capacity building workshop and NDC 3.0 investment framework recommendations.

The work culminated in a national inception/consultation/capacity-building workshop (27–28 November 2025, Victoria), which validated the assessment findings, strengthened national understanding of NDC financing concepts, and supported cross-ministerial alignment between climate targets and public finance processes. It identified systemic gaps in costing methodologies, climate finance mobilization, institutional coordination, and project pipeline development. The resulting recommendations for the NDC 3.0 investment framework provided a practical pathway for translating Seychelles' climate commitments into bankable projects and scalable implementation. It further demonstrates how SIDS can move from climate ambition to investment-ready



implementation under the Paris Agreement, addressing the ambition–implementation gap by clarifying “how” NDC commitments become a sequenced, costed, financed and tracked investment pipeline under constrained fiscal space and high reliance on external finance.

Context and background

Seychelles is an archipelago of 115 islands in the Western Indian Ocean with a population of approximately 121,000 people and the highest Gross National Income (GNI) per capita in Africa, reflecting its upper-middle-income status. Despite this economic profile, Seychelles is among the countries most vulnerable to climate change due to its geographic characteristics typical of SIDS. Its economy relies heavily on tourism and fisheries, making it highly sensitive to external shocks and climate-related risks, including sea-level rise, coastal erosion, ocean warming, extreme rainfall events, and flooding. These threats directly affect the country’s economic and social systems.

Within this context, Seychelles has progressively strengthened its climate commitments under the Paris Agreement, submitting its first NDC in 2015, NDC 2.0 in 2021 and recently the ICTU Update 2025 for Seychelles’ new NDC 3.0, which will be the basis for the Seychelles NDC 3.0 for 2026 to 2035. As ambition increases, the complexity of financial requirements also rises, requiring stronger systems for costing, prioritization, financing strategy, coordination, and MRV. This is a persistent gap between climate ambition and effective implementation, further emphasized in the first Global Stocktake Outcome, which highlighted the need to strengthen implementation systems alongside ambition, particularly in contexts with limited fiscal space, high public debt burden –with public debt projected to reach 61.5% of GDP beyond 2024-- and high reliance on external finance. Against this backdrop, the Government of Seychelles, with support from RCC EASA, initiated a financial implementability assessment of past NDCs to inform the development of a more credible and investment-ready NDC 3.0. The Government therefore sought an assessment focused not on revising ambition, but on strengthening the financial and institutional architecture required to deliver NDC 3.0 in practice.

Support design

The Government of Seychelles formally requested support from RCC EASA to conduct a comprehensive review of the **financial implementability of previous NDC commitments** and to support the development of an investment framework for NDC 3.0. The intervention was implemented through a targeted consultancy coordinated by RCC EASA with oversight for the UNFCCC secretariat Mitigation Division’s NDC Technical Support Unit from October 2025 and concluding in January 2025.



Objectives

The support aimed to:

1. Conduct a review of Seychelles' past NDCs, financial strategies, and implementation progress.
2. Assess financial implementability, including costing approaches, resource mobilization efforts, and funding sources (domestic, international, private sector).
3. Facilitate multi-stakeholder consultations to validate findings and secure buy-in.
4. Design and deliver a targeted training programme for the Ministries of Finance, Planning, and Environment on NDC costing methodologies and investment planning tools.
5. Provide comprehensive recommendations to strengthen the investment framework for NDC 3.0.

Analytical framework

The assessment applied a structured, pillar-based readiness framework (ISARP) to evaluate the readiness of Seychelles' climate finance system and identify structural constraints affecting implementation across four pillars:

1. Costing and prioritization of NDC actions
2. Public finance and fiscal alignment
3. Climate finance mobilization
4. Monitoring, reporting and verification (MRV) and institutional capacity

Stakeholder consultation and capacity building

A key milestone of the support was the National Inception, Consultation and Capacity-Building Workshop held in Victoria, Seychelles on 27–28 November **2025**. The workshop brought together a broad range of national stakeholders, including ministries of environment, climate, energy finance, economic planning and trade, fisheries and blue economy; Central Bank of Seychelles and other domestic financial institutions as well as development partners from the International Union for Conservation of Nature (IUCN) and United Nations Development Programme (UNDP). The workshop served three key functions:

- Review and consultations on preliminary findings from the financial implementability assessment
- Identification of systemic barriers to climate investment
- Delivery of targeted training on climate finance planning focused on: NDC costing methodologies, climate finance mapping and tracking, climate investment



planning, international climate finance architecture and aligning sectoral climate actions with financing opportunities.

Key Assessment Findings

The NDC financial implementability assessment finds that, though Seychelles has established a solid strategic foundation for NDC implementation, this foundation has not yet been fully translated into operational, investment-ready systems capable of supporting scaled implementation. In particular:

- **Data gaps and costing limitations:** NDC costing has progressed beyond ad-hoc estimation and provides reasonable order-of-magnitude figures across key mitigation and adaptation sectors. However, costing remains largely indicative, with insufficient granularity on operational expenditure, lifecycle costs, and sensitivity to risk, limiting its usefulness for investment structuring and long-term fiscal planning.
- **Prioritization and sequencing of NDC actions are present at a conceptual level but remain largely implicit.** The absence of a transparent, multi-criteria prioritization framework constrains effective sequencing, pipeline development, and alignment with public investment planning.
- **Public finance alignment shows encouraging progress through climate finance mapping and reporting under the Enhanced Transparency Framework.** However, climate budget tagging remains at a pilot stage, and the absence of an updated diagnostic Climate Public Expenditure and Institutional Review (CPEIR) limits understanding of how well public financial management systems support NDC delivery.
- **Climate finance mobilization is supported by a Cabinet-approved Climate Finance and Resource Mobilization Strategy (CFRMS),** which represents a major strength. Nonetheless, implementation of the strategy is uneven, instrument diversity remains limited, and the national pipeline of bankable, investment-ready projects is underdeveloped.
- **Project pipeline constraints:** Many potential climate projects remain at concept stage, requiring further preparation to become bankable investments.
- **MRV systems and governance arrangements exist** but are not yet fully integrated across public, private, and decentralized investment flows. Coordination mechanisms remain partially activated, and institutional roles are not always clearly operationalized.



Results and outcomes

The engagement strengthened national ownership and multisector alignment for NDC 3.0 and LT-LEDS implementation, producing clear next steps, including: the creation of thematic working groups to drive and monitor progress; a roadmap for private-sector engagement to channel investment and partnerships; and commitments to reinforce data and MRV systems and mobilize technical and financial support.

Lessons learned and follow-up

This support demonstrated the importance of sensitizing government ministries and institutions, as well as non-party stakeholders like the private sector, academia and civil society actors of the new NDC targets to ensure strengthened implementation on the ground. Critically, this direct support helped increase the buy-in of implementing line ministries and raise public awareness of Mongolia's updated climate commitments, while ensuring a comprehensive, all-sector approach to climate action. This was also the first step in bringing in the private sector, and further interactions will be required to create a productive platform for unlocking finance for the implementation of the NDC 3.0.