



BETTER POLICIES FOR BETTER LIVES

FACTSHEET

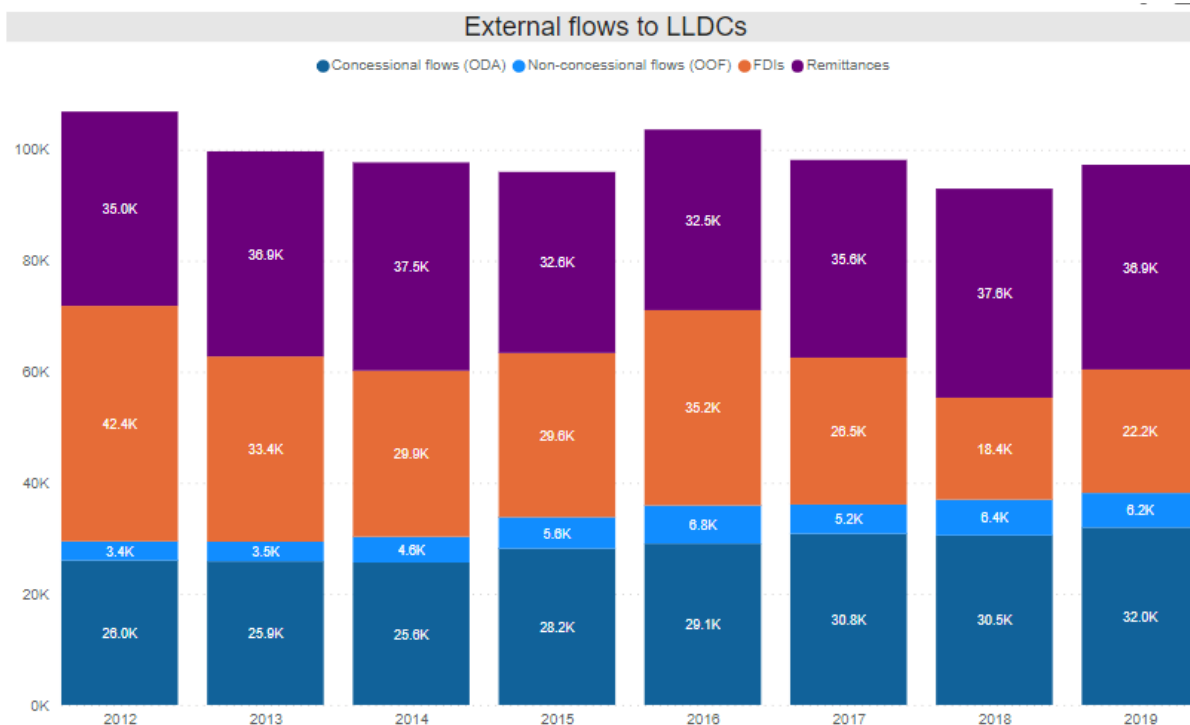
External Financing to Land Locked Developing Countries (LLDCs): Where We Stand

Key Findings:

- Foreign direct investment in LLDCs has decreased as a share of their external financing mix from 41% in 2012 to 23% in 2019.
- Over the last 12 years, the main providers of ODA to LLDCs have largely remained stable, with growing commitments totalling to \$ 31.8 billion in 2019.
- As opposed to other developing countries, LLDCs received more ODA loans and less grants as compared to other developing countries (34% vs 25%).
- Infrastructure investments represented 38% of the total private amounts mobilised to LLDCs in 2012-19.

External financing trends to LLDCs

USD million disbursements, 2019 prices



Source: ODA and OOF flows, OECD/CRS database (DAC and non-DAC disbursements, deflated); Foreign direct investments (FDIs) and Remittances, World Bank database, October 2021.

Total external flows to LLDCs show a slight increasing trend over the period 2012-19. Also, its composition has changed: FDIs held a prominent role in 2012 (representing 40% of the total external mix, followed by remittances with 33% and ODF with 27%). In 2019, it was ODF who led LLDCs' external mix with 39%, followed by remittances with 38% and finally FDIs with 23%.

Bilateral and multilateral ODA flows to LLDCs

2007-2019, USD million disbursements, 2019 prices

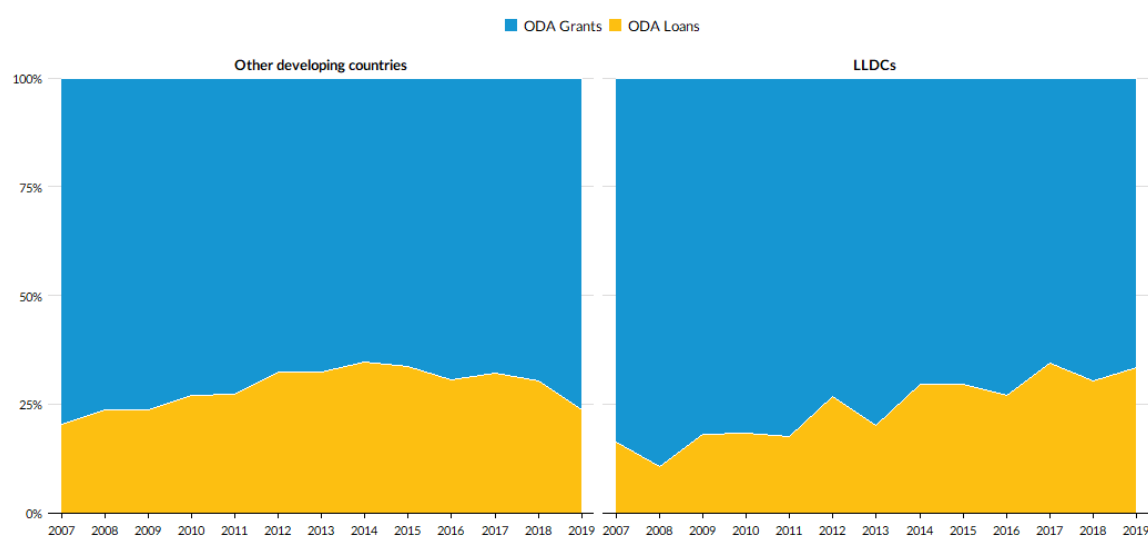
| Donor | | Total ODA flows ¹ | Share of total ODA ¹ |
|---------------------------------------|--|------------------------------|---------------------------------|
| United States | | \$93,283.26 | 29.60% |
| International Development Association | | \$61,524.56 | 19.52% |
| EU Institutions | | \$35,147.44 | 11.15% |
| Japan | | \$22,028.59 | 6.99% |
| Germany | | \$22,015.81 | 6.99% |
| Asian Development Bank | | \$13,986.11 | 4.44% |
| United Kingdom | | \$13,537.71 | 4.30% |
| Global Fund | | \$11,645.37 | 3.70% |
| African Development Fund | | \$9,949.08 | 3.16% |
| France | | \$9,286.25 | 2.95% |

¹ Source: Author's calculations based on OECD/ Creditor Reporting System (CRS) database (2022)

Over the last 12 years, the ten largest providers of ODA to LLDCs have been the United States, the World Bank IDA and the EU, accounting for roughly 50% of total ODA provided during that period. It appears as though the United States has continuously decreased commitments to LLDCs since 2009, however, this trend is driven by their decreased engagement in Afghanistan and disappears when controlling for the country. Other actors have equally built up their commitments, most notably the World Bank IDA, which almost doubled their commitments from 3.3bn in 2007 to 6bn in 2019. Afghanistan, Ethiopia and Uganda have received the bulk of the funding with 18.4%, 14% and 6.9% respectively.

Bilateral and multilateral ODA loans & grants to LLDCs vs. other developing countries (2007-2019)

USD million commitments, 2019 prices

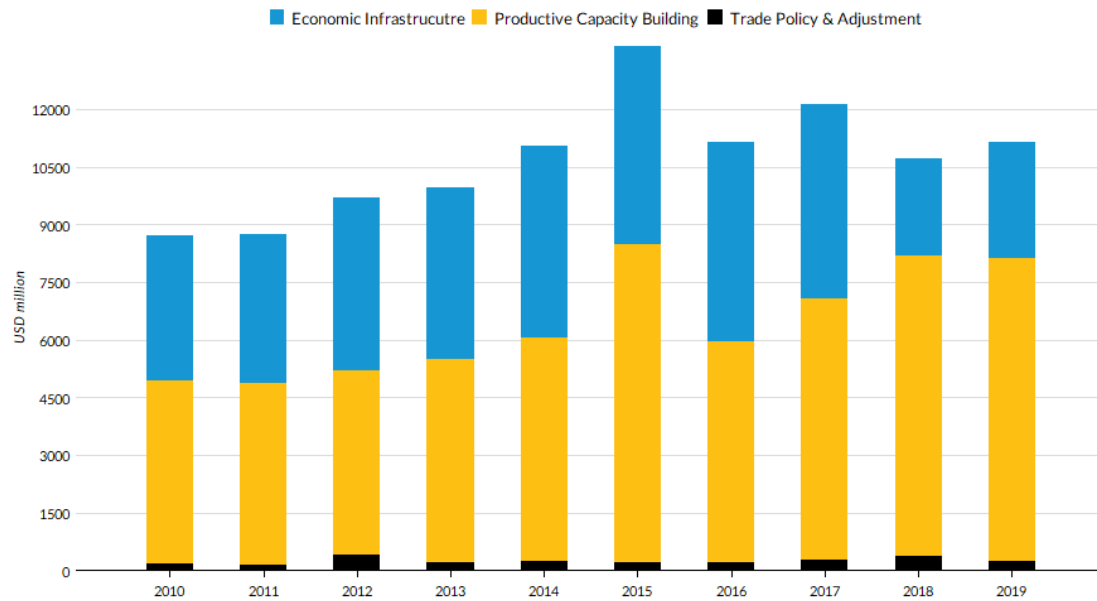


Source: Author's calculations based on OECD/ Creditor Reporting System (CRS) database (2022)

The share of ODA grants to ODA loans to LLDCs has gradually shifted over the last 12 years toward more ODA loans, by contrast with the trend observed in other developing countries. The share of ODA loans to LLDCs has increased from 16.2% to 33.5% over the period, when it decreased in other developing countries from 34.7% in 2014 to just below 25% in 2019.

Commitments to Aid for Trade related commitments show a positive trend

USD million commitments, 2019 prices

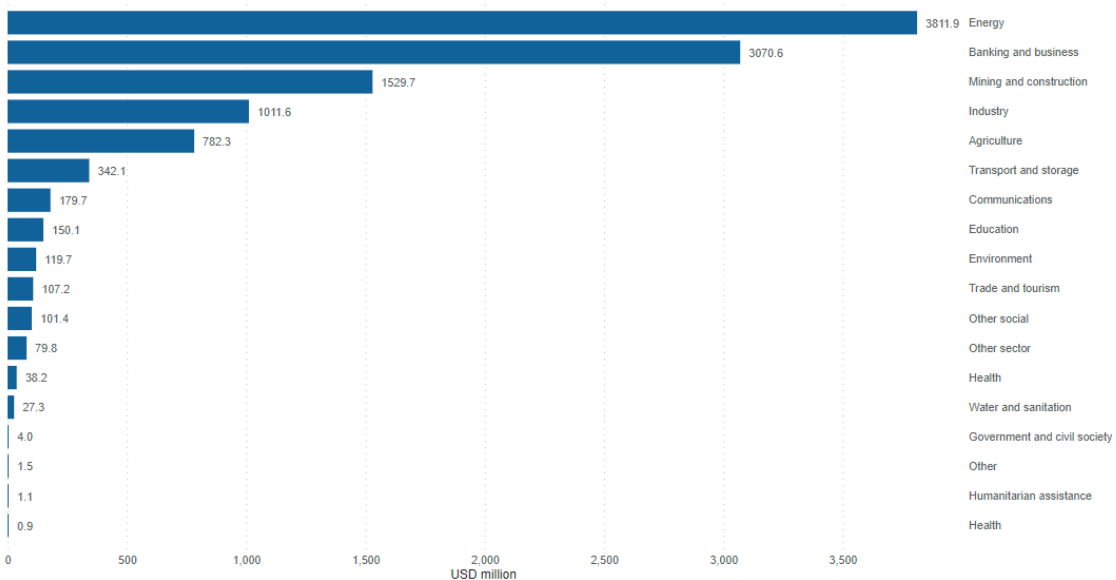


Source: Author's calculations based on OECD/ Creditor Reporting System (CRS) database (2022)

Aid for Trade commitments to LLDCs have risen again in 2019. However, it is also evident that Aid of Trade commitments in LLDCs are gradually shifting away from Economic Infrastructure and toward Productive Capacity Building.

Private finance mobilised to LLDCs

USD million



Private finance mobilised to LLDCs by sector in USD million. Source: Mobilisation, OECD/CRS database (2021)

Since 2012, private finance mobilised has almost doubled from 0.8 billion to 1.6 billion. Infrastructure investments represented 38% of the total private amounts mobilised to LLDCs in 2012-19. Both, funds mobilised in Energy and Banking & business have increased by multifold from 2012: From 210 million to 812 million (Energy) and 170 million to 558.4 million (Banking & Business).