Improving Access to Finance for the Least Developed Countries

UN – OHRLLS

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In partnership with Canada

Executive summary

The Least Developed Countries (LDCs) are characterized by low levels of income, weakened human and institutional capacities, and high levels of vulnerability to external shocks. These countries often face significant challenges in accessing international development assistance, which can limit their ability to address the pressing needs of their populations.

The 2015 Addis Ababa Action Agenda (AAAA) called on a broad diversity of actors to mobilize domestic and external financial resources in pursuit of sustainable development in the LDCs. However, while there are more resources made available to LDCs through multilateral sources, there is a growing fragmentation in strategy, modality and eligibility across multilateral sources.

LDCs have had diverse recent experiences and perceptions of challenges in accessing all forms of financing, including for traditional development programming and for climate change mitigation and adaptation projects. Those with more favorable experiences tended to report having well-coordinated ministries and a systematic approach for aligning development priorities with funding opportunities, but even for these relatively better organized governments sufficient external financing cannot be accessed.

In addition to macroeconomic challenges, the core challenges impeding LDC access to finance include insufficient technical resources for project preparation, insufficient project management capacity, onerous and fragmented financier requirements, inability to marshal a coordinated approach across donors and financiers, weak public financial management practices, and insufficient technical expertise in climate change programming.

To address these challenges, this report lays out seven key recommendations for financiers and donors, as well as LDC governments, in facilitating more financing to the LDCs:

1. Expand the roll out of the Integrated National Financing Framework (INFFs) to all LDCs with expanded support from the INFF facility.
2. Deepen collaboration across generalist and sector-specific preparation/institutional reform preparation facilities, ideally through a national coordination unit.
3. Critically evaluate and enhance LDC-specific funding windows for eligibility and basic requirements, including disbursements and monitoring, to better match capacity.
4. Promote inter-LDC sharing of expertise and experience through a coordination mechanism with regular virtual meetings.
5. Expand the scope and volume of capacity building support to LDC institutions and ministries in the design, negotiation, implementation and monitoring of blended finance transactions.
6. Critically review procurement procedures to allow for funding of own staffing costs instead of third-party technical services when undertaking capacity building for LDCs.
7. Assess the current pipeline of LDC's own high priority climate finance projects globally to identify common challenges and opportunities amongst the LDCs.

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Glossary of Terms

Term	Definition
Climate change adaptation	includes actions to prepare economic and social infrastructure for the negative impacts of a changing global climate; includes enhancing resilience and "climate proofing" existing infrastructure
Climate change mitigation	includes actions undertake to reduce the emission of greenhouse gases from existing sources
Climate finance	spans all forms of financing instruments but deals specifically with resources provided to develop, implement and supervise climate adaptation and mitigation projects
Technical assistance and capacity building grants	consist of non-repayable instruments provided to a government to fund the services of advisors and consultants to deepen technical expertise or enhance the capacity of national or sub-national institutions in a way aligned with the Sustainable Development Goals and national development policies of the recipient government; this also includes project design and preparation support.
Traditional concessional loans	deals with financial resources that are provided to a government that are repayable and are used to fund investments made by line ministries in hard or social infrastructure
Traditional investment grants	deals principally with financial resources that are provided to a government that are non-repayable and are used to fund investments made or programs implemented by line ministries in hard or social infrastructure

Introduction

This report was commissioned by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) through generous support by the Government of Canada.

The purpose of the assignment was to better research, through direct outreach and desk research, the specific challenges faced by the Least Developed Countries (LDCs) in their recent attempts to securing external funding for traditional development and climate change mitigation/adaptation programming. The assignment, and this final report by extension, sought to explore questions around lack of information, process complexity, planning and management capacity and risk perceptions in order to better understand the main inhibitors to LDCs accessing finance; therefore, the assignment aims to contribute to a better understanding of how to improve LDCs' access to finance by triangulating their own recent experience with multilateral external funding against the current landscape of financing sources. More details on the assignment's methodology and scope are provided in Annex A.

This report was drafted by external consultants and does not represent the views or opinions of the UN, UN-OHRLLS, the Government of Canada, the LDC governments or the other entities referenced in this report. Errors are solely the responsibility of the authors.

The Landscape of External Financing for the LDCs

LDCs are a group of countries that are characterized by low levels of income, weakened human and institutional capacities, and high levels of vulnerability to external shocks. These countries often face significant challenges in accessing international development assistance, which can limit their ability to address the pressing needs of their populations. Despite the efforts of international organizations and donor countries to provide support, LDCs continue to face a range of challenges in areas such as health, education, infrastructure, and economic development.

The 2015 Addis Ababa Action Agenda (AAAA) called on a broad diversity of actors to mobilize domestic and external financial resources in pursuit of sustainable development in the LDCs. However, only 8% of climate finance and 6% of blended finance went to LDCs over the past few years. Therefore, the Doha Programme of Action for the LDCs for 2022-31 stresses the importance of affording the LDCs with greater access to traditional climate and blended finance opportunities.

In line with the AAAA's calls, a multitude of multilateral and bilateral funding for development and climate purposes exist, with a wide variety of structures, terms, governance, and eligibility criteria. While a noted increase in general international finance over the past few years is good news, the diversity of structures and channels for accessing those resources has compounded some of the challenges faced by LDCs. Figure 1 and Figure 2, by the OECD as presented during the regional roundtables described in the next section, related to recent trends in LDC financings and ODA flows, highlighting the trend towards fragmented multilateral channels.

Figure 1: ODA Composition by Year[1]

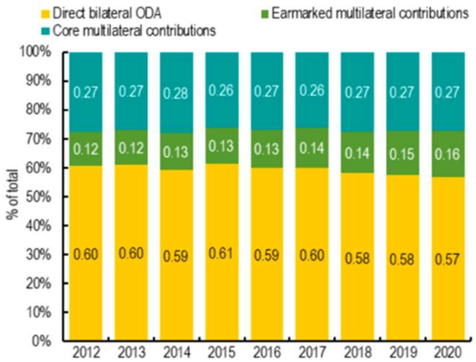
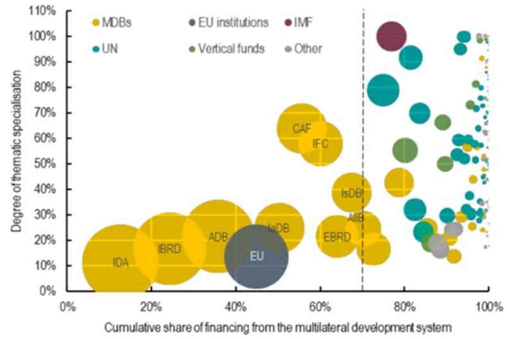


Figure 2: Fragmentation of Multilateral Development Finance[2]



It was confirmed through this assignment that most financiers provide concessional loans to LDCs through special standalone funds, such as World Bank's International Development Association (IDA) or the regional Asian and African Development Funds. These help multilateral platforms source concessional finance through grant contributions from donors, which are then passed on as grants or highly concessional loans to the LDCs apart from each institution's own balance-sheet finance to middle income countries and private borrowers.

There are some specialized funds (i.e. trust funds and other special donor programs) that are managed by multilateral institutions to provide concessional finance to the LDCs. However, most of these special funds are tied to MDB core lending operations, so have somewhat narrower use cases focused primarily on large scale, hard infrastructure projects.

Climate finance platforms tend to be managed by and/or intermediated through the MDBs, and the financing provided tends to co-finance the MDB's own transactions. While this likely increases processing efficiency for the MDBs and climate platforms, it may compound the complexity and lead time for borrowing countries, especially LDCs, due to the technical complexity of properly preparing climate mitigation and adaptation projects. However, some climate platforms recognize this and offer specialized project preparation and institutional technical assistance funding that is especially available to the LDCs.

In terms of capacity building to improve national and institutional capacity to absorb more financing, other multilateral platforms (e.g. UN, IMF) have specialized capacity building programs that improve institutional capacity to secure financing, some of which are well used by the LDCs. Of those who have used such resources, LDCs provide generally positive feedback on the tangible impact such programs have on their ability to secure additional financing.

LDCs' Own Experiences in Accessing Finance

The following notable observations were drawn from the engagement undertaken with LDCs through this assignment:

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[1] Used with permission from OECD from presentation provided during roundtables, original charts are from: OECD, *Multilateral Development Finance 2022*, OECD Publishing, Paris, https://doi.org/10.1787/9fea4cf2-en (figure 1.4).
[2] Ibid.

- LDC representatives reported very diverse experiences and perceptions of challenges in accessing all forms of financing (grant based, climate, loans). Those with more favorable experiences tended to report having well-coordinated ministries and a systematic approach for aligning development priorities with funding opportunities.

- Compliance with procurement procedures and understanding different donors' eligibility requirements is a challenge not just with respect to accessing climate finance, but also grants. Requirements for technical details around environmental and social safeguards, gender impacts, and climate rationale can be overly burdensome.

- Macroeconomic challenges such as inflation, debt rating, security, and currency instability can exacerbate existing weaknesses in public financial management and make the accessibility and management of donor grants and finance challenging.

- Generating the data required by donors, particularly with respect to climate finance applications, is a major challenge among LDCs — for example, a requirement to provide 10-20 years historical rainfall data.

- LDCs have accessed capacity building and technical assistance across several areas, but there remains strong demand for additional assistance; project concept development and feasibility are consistently reported as area requiring greater support. Linked to this, is a lack of technical skills required in writing grant and project proposals.

- LDCs face challenges mobilizing private sector participants and report lacking capacity in both government and private sector developers to prepare project proposals which fit the rigorous application requirements and procedures by climate funds and multilaterals.

- LDCs are keenly interested in unlocking more climate finance but struggle to marshal the technical skills and resources required to prepare and implement climate change adaptation and mitigation projects.

Current Literature on LDC Financing

Several reports and analytical studies were reviewed to triangulate findings derived from primary research. This literature included, for example, the IMF's 'Unlocking Climate Finance for Pacific Island Countries' (2021); Submissions and reports from the UNFCCC Least Developed Countries Expert Working Group (LEG); the OECD's 'SIDS access to Green Funds' (2022) and 'Framework for SDG Aligned Finance' (2020); the UNDP's '2022 INFF Sustainable Investment Stocktake,' as well as other reports published by multilateral actors in relation to LDC finance trends.[3]

A review of this literature identified several recurring themes, summarized below. These included comments on the challenges for LDC's accessing Climate Finance as well as reoccurring themes related to technical assistance, debt challenges, and learning opportunities. The recurring themes are summarized as follows:

- More ODA funding is now channeled through multilateral organizations than in 2015 (39% in 2015 vs 43% in 2020). However, MDBs' focus on middle income countries has grown (over 40% of commitments in

[3] A full list of sources consulted is included in Annex A.

2020 vs just over 30% in 2016) compared to the share of LDC and LIC commitments, which remained constant in response to Covid.

- LDC governments face challenges navigating market-based standards, disclosure requirements, and unclear definitions and assessment methodologies which are required for transparency when establishing funding proposals. Providing and facilitating capacity-building for the LDCs on a continuous basis at all levels (national and subnational) and dimensions (policy, technical and access to support) remains an identified need.

- Linked to the above, insufficient technical capacity and coordination among government ministries to develop bankable project proposals has seen LDCs held back from accessing finance. For climate finance in particular, the pool of domestic Human Resources dedicated to climate activities can be limited.

- Different application templates and requirements among financiers and funds is a source of frustration, complication, and delay for LDC governments.

- Underdeveloped statistics offices in LDCs, leave them unable to provide high-quality data required by financiers as a baseline or justification for project funding.

- Despite support offered through grant funding and access to key experts LDC governments can struggle to translate development priorities into bankable financial proposals, develop comprehensive feasibility studies, and articulate technical issues required to successfully complete project concept notes and obtain project approval from the large Climate Funds. Streamlining access to readiness funding would help LDC's in this regard.

- Between 2020 and 2025, external debt service in developing countries is projected to reach USD 375 billion on average; low-income countries (LICs) are particularly exposed to roll-over risks with 45% of outstanding debt set to mature by 2024. LDCs' financing terms are, in-part, dictated by their debt levels.

With respect to the GCF, not all LDCs have direct access options and rely on international or regional accredited entities. These entities can charge significant management fees (often 5–10%) of the project value depending on project size and other circumstances. They have a high influx of project requests and are also not incentivized to support smaller/ low-value projects relative to the size of their portfolio, which nonetheless may be significant for LDCs.

Key Findings

This section presents specific analysis on key challenges impeding access to finance for the LDCs, drawn from the multimodal research undertaken through the assignment. The findings are organized into four categories of analysis based principally on the financing structure being discussed, as LDC experiences varied greatly across these different financing structures.

Technical Assistance and Capacity Building Support

This section outlines the main challenges related to sourcing and raising grant support for technical assistance and capacity building for LDC institutions or ministries and preparation of financeable projects.

a. **Regarding capacity building, LDCs reported they had received a patchwork of grant backed capacity building or TA for areas such as implementing and managing donor projects, negotiations skills, and project management.** For example, surveyed LDCs reported receiving financial skills training by way of Harmonized Approach to Cash Transfer (HACT) for management of UN grants and managerial skills training through consultancy support for project formation. Additionally, with respect to project management and implementation some LDCs had received support for establishing M&E framework. Some LDCs reported gaining technical support for developing certain policies or for developing national and sectoral strategies and policies which could then set the foundation for future financing requests.

b. **However, complying with procurement procedures and planning presents a major challenge to LDCs when it comes to securing and using TA grants from multilateral donors.** engagement with the LDCs confirmed this is a key challenge that the LDCs face in implementation of capacity building, which they see as holding back institutional enhancements that are precursors to accessing wider finance. Further, this challenge may also exist beyond access to finance in terms of financing approvals, as it is usually a constraint that slows disbursement of already approved loans and grants rather than an impediment to awarding financing.

c. **Capacity and resources appear to be a major challenge area among responding LDCs.** Several respondents reported 'insufficient capacity or resources to develop a project that meets the financiers' investment criteria' as well as 'insufficient capacity or resources to demonstrate project feasibility once a concept has been designed' as medium to highly challenging. This was further highlighted during the roundtables. Further, retention of trained and up-skilled staff, especially when there may be better paying jobs available with donor agencies in national offices, is noted as an issue facing LDC governments.

d. **In terms of capacity building support related to loans and financial management, LDCs reported receiving trainings primarily related to debt management, monitoring and sustainability analysis**. These were delivered by institutions such as the IMF and World Bank and were received by both African LDCs and in Asia-Pacific. Several LDCs also received training on financial negotiation and areas of public financial management such as credit risk management.

e. **Specific areas of capacity building that LDCs reported as insufficiently supported include:**

- Technical capacity to calculating returns on investment (public policy, cost-benefit analysis)

- Integrating and transferring knowledge from TA to the institution or ministry supported[4]
- Writing additional grant proposals, especially with vertical funds
- Aid coordination and leadership from ministries and/or the LDC government
- Overall debt management, debt data analysis and reporting

Traditional Investment Grants

This section outlines the main challenges related to sourcing and raising investment grants (e.g. non-repayable principal) to directly fund traditional developmental activities either on a standalone basis or alongside other instruments (i.e. blending). This deals with traditional use contexts; for climate change adaptation and mitigation, including climate change investment grants, see the last subsection.

f. **Overall, LDCs have very diverse experiences and perceptions of challenges in accessing grant financing for projects and programs.** For example, 'program management capacity in securing and using [investment] grants from multilateral donors' — i.e., a recipient's technical and managerial capacity to use the grants per donor requirements and meet reporting requirements—was reported by most LDCs as extremely challenging, while conversely a few seemed to be adequately capacitated by their own self reporting. Additionally, LDCs' knowledge and awareness of potential grant options and the methods and eligibility for applying seem to be widely divergent.

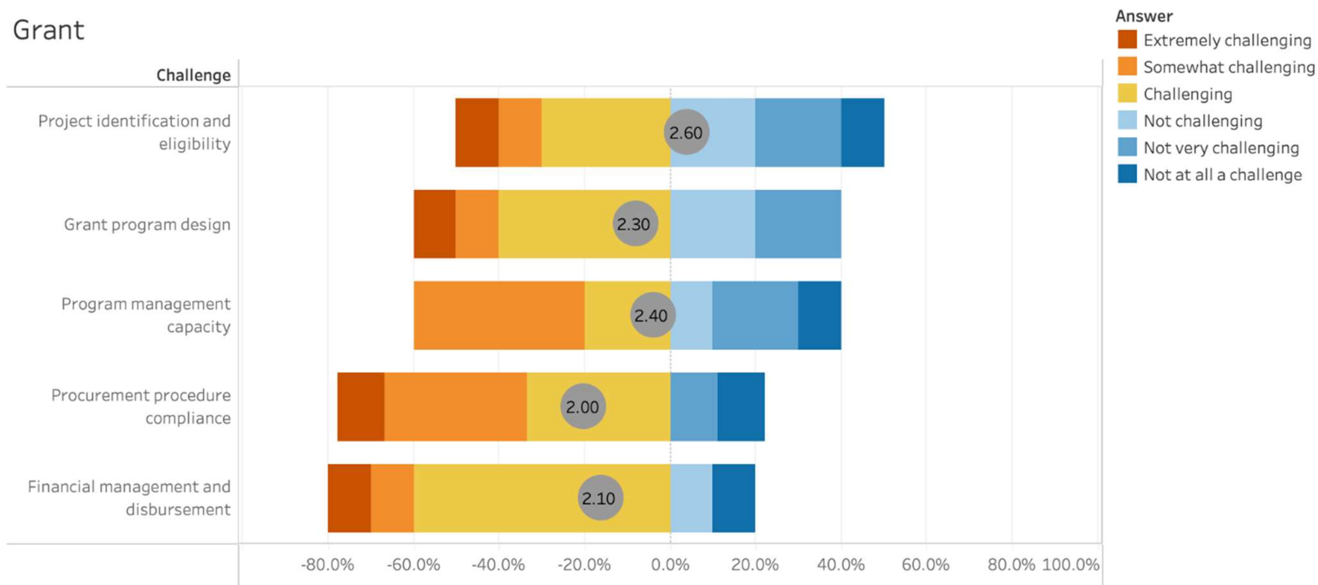
g. **Most LDCs face challenges in both 'investment grant program design' and 'financial management and disbursement of grants from multilateral donors.'.** Generally, this relates to institutional capacity on technical and accounting functions, as well as capacity for program management. Articulating grant requirements is especially onerous, LDCs seem to almost universally indicate that the steps and requirements for grant origination are extensive and sometimes beyond their capacity to deal with even at the design stage. Some financiers, like the African Development Fund's Project Preparation Facility, have deployed specialized assistance to address these challenges, but LDC utilization of such resources is not uniform. Rather, some LDCs have embraced additional resources and mastered their acquisition, while others have not sufficiently channeled additional support.

h. **Positively, where LDC governments have developed a systematic approach for coordinating with donor priority areas they report minimal challenges.** One LDC shared successes around the process of mobilizing grants for government programs. Specifically, mobilization was guided by priority areas that certain donors support. In this regard, a systematic approach was followed which included extensive consultations between the LDC government and the donors before any application for grant funding is made and challenges are avoided upfront. Discussions during the roundtables suggested that the processes that have accompanied the development of LDC's INFFs in the past 2 years can serve to facilitate this such consultation and coordination, therefore, as these progress other LDCs may adopt more systematic approaches.

[4] One example shared by an LDC noted that most TA projects are managed by a consultant or institution outside government ministries, meaning that staff resources from the LDC government only supervise implementation and have limited contribution to a given project.

i. **There is a limited availability of investment grants that suit the scope of implementation needs by some LDC governments.** In the case of one LDC, it was noted that sanctions had reduced their ability to access bilateral grant sources, so they were limited to what was available from some multilateral donors. Another LDC specifically noted that simply accessing investment grants is difficult. While there are many grant providers identified in the financier mapping, the scope of grantmaking, especially for non-TA activities, is limited and may not adequately address the cost of preparing and implementing such projects. Further, some LDCs indicate that the recent changes to ODA, under OECD's *Modernisation of Official Development Assistance* initiative,[5] have complicated availability of investment grants, especially in debt relief contexts. Figure 3 summarizes the overall responses from LDCs on how hindering a certain aspect or challenge related to securing grant financing has been in their recent experience.

Figure 3: LDCs' Perspectives on the Challenges to Accessing Grant Finance[6]



Traditional Concessional Loans

This section outlines the main challenges identified related to sourcing and raising concessional loans (e.g. repayable principal with or without applied interest) to directly fund traditional developmental activities either on a standalone basis or alongside investment grants. This deals with traditional use contexts; for climate change adaptation and mitigation, including climate change investment grants, see the last subsection.

j. **Weaknesses in LDCs' own public sector financial management is a key challenge.** While experience varies substantially across the LDCs, many indicated that their own public sector financial management practices and policies were a major obstacle in accessing traditional concessional loans. Notable underlying factors included the intersection of macroeconomic environment stressors—in particular inflation, foreign exchange fluctuations and recent variability in hard currency values for reserves—with weaknesses in

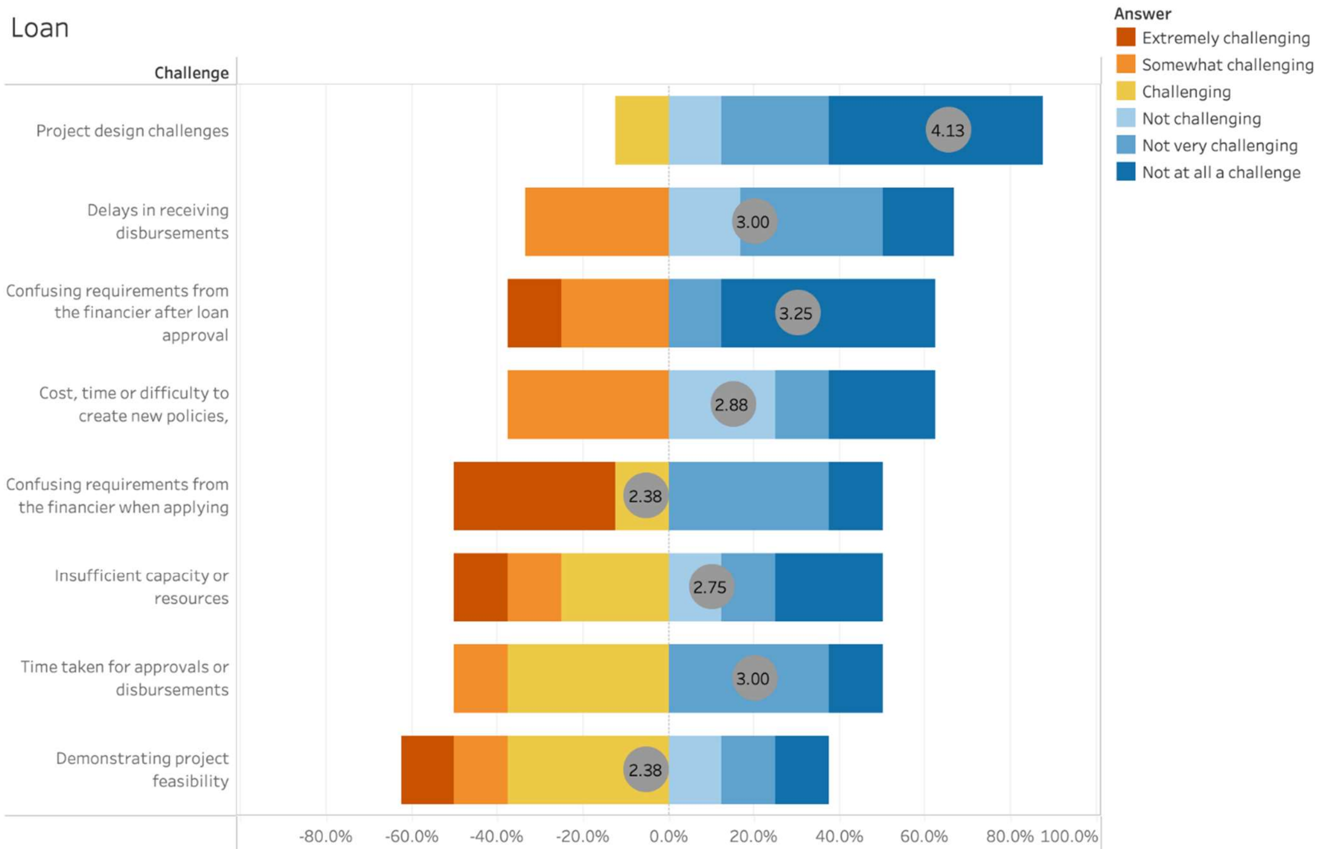
[5] See the following link for more details: https://www.oecd.org/dac/financing-sustainable-development/modernisation-dac-statistical-system.htm
[6] Developed based on questionnaire responses provided by ten LDCs

public financial management. Some LDCs highlighted the need for more support to innovate and implement reforms to mobilize domestic resources, and to manage domestic debt, as a key priority where they were unable to identify a lending source. A subset of responding LDCs reported current political or security situations as significant barriers, further compounding macroeconomic challenges. However, some LDCs acknowledged the effectiveness of the Integrated National Financing Frameworks (INFFs) in building cohesion in the national financing approach and its role in enhancing traditional finance access.

k. **When seeking to access loans, other key challenges noted by LDCs tended to relate to debt and loans for budget support, or the requirements and priorities of lenders.** For example, one respondent raised the issue of financiers requiring delivery of physical documents, while another noted that 'most projects are dictated by financiers.' Similarly, changing donor/lender preferences and priorities were highlighted as a challenge by some of the LDCs. For one LDC, challenges occurred when seeking external financing for budget support, while another reported that a high-risk rating associated with debt restructuring limited financing sources.

l. **The experience of LDCs in accessing concessional loans is hardly universal, with a wide variation in perceived obstacles by the LDCs.** When asked to rate eight different areas on the extent that they presented a challenge**,** results were skewed towards both ends of the rating scale. Figure 4 summarizes the LDCs' perspectives on how challenging some of the main dimensions of raising concessional loans have been in recent experience.

Figure 4: LDCs' Perspectives on the Challenges to Accessing Concessional Loans[7]



Compared to grants, as depicted in Figure 3, it seems there is a perception amongst the responding LDCs that, on average, the various dimensions of loan origination and implementation are less challenging. However, some respondents reported the following areas as not very challenging while there were as many who reported them as extremely challenging:

- Confusing requirements from the financier when applying for the loan (e.g. prerequisites for the creation of new policies or hiring for new roles)
- Burdensome or confusing requirements from the financier after the loan has been approved, between disbursements or when reporting is required
- Cost, time or difficulty to create new policies, roles etc to satisfy the requirements set by the financier
- Time taken for approvals or disbursements from the financier is too long or not aligned with your project's cashflow requirements

Overall, these challenges and the high rating for approximately half of the responding LDCs indicate a general mismatch between financier expectations and LDC readiness to implement projects funded through concessional loans. While this links to issues around public financial management generally, it

[7] Ibid.

may also link to the challenges outlined in the Technical Assistance and Capacity Building sub-section above and institutional capacity more broadly. It also reinforces the general absence of tailored, highly consultative approaches which recognize the unique institutional weaknesses within different LDCs and makes space for fit-to-need technical assistance and capacity building.

m. **However, project design challenges as they related to lending criteria and basic eligibility didn't appear to be a challenge for responding LDCs, at least from self-reporting.** Besides two outliers, the majority of respondents rated 'project design challenges - e.g. size of a project is too small to be considered/ prioritized by the lending entity' as not a challenge or very low. This seems to indicate that LDCs are well versed in the general parameters of concessional loans available from traditional financing sources.

Climate Finance

This section outlines the main challenges related to sourcing and raising financing of all types specifically for climate change adaptation and mitigation projects initiated by LDC governments. Because the financing for climate change projects is typically a combination of loans and grants or all grant based (as is the case with most LDC adaptation projects), it is not possible to disaggregate challenges between accessing climate loans and climate grants. Further, because these climate finance packages must meet specific criteria to qualify as either adaptation or mitigation, it is critical to analyze these challenges separately from "traditional" development finance for non-qualifying activities.

n. **The requirements for structuring climate transactions and qualifying as eligible are onerous to the LDCs.** Whether it relates to underlying climate data to justify baselines, environment and social criteria, or gender aspects, which are now integrated into climate finance minimum requirements, LDCs generally report many additional challenges for accessing climate finance above and beyond the challenges faced in accessing traditional finance. Further, climate loans and grants are almost entirely project-focused, there is precious little room in climate finance transactions to absorb auxiliary costs like data capture, social impact management systems and other related climate finance requirements into the overall project financing envelope. One LDC provided a specific example of a water source preservation project requiring 10-20 years of historic rainfall data to meet eligibility requirements for climate finance. This is data that the LDC did not have. Several LDC's referred to institutional challenges in relation to this; sophisticated statics departments able to collect and analyze meteorological and demographic data are lacking. Generally, insufficient, or low-quality scientific data is seen as a major challenge for both adaptation and mitigation projects.

o. **LDCs report challenges in accessing mitigation finance because of already low national emissions levels, where they have capacity to measure such levels.** Because mitigation finance hinges on a verifiable reduction in GHG emissions and LDCs generally have already low emissions levels, the LDCs are at a disadvantage in accessing mitigation finance compared to more developed, higher emitting developing countries. Financing plans against Nationally Determined Contributions offsets this challenge, but LDCs view themselves as disadvantaged compared to other more developed, higher emitting countries in access mitigation finance.

p. **Similarly, where LDCs have accessed climate finance, they report substantial challenges in meeting the ongoing reporting requirements associated with those loans.** Tracking and reporting on climate-related outputs and outcomes is very challenging for some LDCs, as it requires a level of technical expertise that they may lack or need to outsource, which drives up project costs. It also adds to the administrative burden overall, which often isn't factored into the planning cycle by associated ministries when implementing climate finance projects.

q. **The lead time and disbursement lag for climate finance are too long for the LDCs' planning cycles and climate finance needs.** Many LDCs provided examples of origination processes for climate finance transactions in the range of 18-24 months to approval, followed by long periods to reach disbursement after approval. The GCF 'Simplified Approval Process' was generally perceived as not much simpler or more efficient than the previous GCF approval process.

r. **LDCs recognize a need to improve their whole-of-government approach to accessing climate change financing.** Some seem to have relatively organized national approaches to prioritizing climate projects and accessing related financing in a whole-of-government approach, but others remain somewhat silo-ed across ministries when planning and prioritizing climate change projects. More support in building national cohesion around climate change project prioritization and resource allocation for preparation would be greatly beneficial to many of the LDCs. Misalignment between donor priorities and national priorities is a related challenge, but this hinges on coherent national priorities being established in the first place. LDCs also noted that they find it much easier to work with and secure climate financing from institutions that have a country office, whereas international climate finance sources with no in-country representation are particularly hard to engage. However, some LDCs acknowledged the effectiveness of the Integrated National Financing Frameworks (INFFs) in building cohesion in the national financing approach and its role in enhancing climate finance access.

s. **Capacity building specifically for climate project preparation is critically needed by most LDCs.** While many LDCs could point to one-off support programs for specific preparation functions, such as climate reporting, accreditation support, project management, environmental safeguards and GHG inventories, there appear to be no or very few comprehensive capacity building programs offered to LDCs that provide adequate training and skills development to cover the whole climate change origination and implementation cycle; demonstrating capacity is implicit in the requirements, as discussed above, and insufficient capacity leads the LDCs to diminished access to climate finance.

t. **It is possible that the terms offered by climate financiers could be improved.** At least one LDC pointed out that the terms offered by climate financiers were not adequately concessional and used up too much precious fiscal space in the public budget. Given that not all LDC's provided a response to the survey or participated in the roundtables, it could be worth exploring whether this sentiment is experienced more widely. However, during the climate roundtable, it was clear that there is great unmet demand amongst the LDCs for more climate finance on terms that do not exceed debt capacity of the LDCs.

Recommendations

Generally, availing more financial resources to the LDCs is a key recommendation that echoes the research already published by the IMF, OECD and UNDP, among others. The current and anticipated future financing flows are insufficient to meet the development needs of the LDCs, both in terms of traditional development projects/programs and climate change projects. This need is widely acknowledged and thus not elaborated in depth in this section. Rather, drawing from the specific challenges outlined above, the following more specific recommendations should be considered by donors, the UN and the international financial institutions/funds:

1. **Expand the roll out of the Integrated National Financing Framework (INFFs) to all LDCs with expanded support from the INFF facility.** Of the support programs reviewed and discussed by the LDCs, the INFF stood out as one of the few programs that explicitly takes a whole-of-government approach and takes stock of all current capacity, context and conditions for the supported government. Further, the LDCs that had implemented the INFFs so far reported many fewer obstacles overall to accessing finance. Further engagement through the INFF, and expanded support from the INFF facility via UNDP, UN DESA and OECD seems well poised to make a sizeable impact against the challenges outlined by the LDCs, especially those that have not yet initiated the INFF process.

2. **Deepen collaboration across generalist and sector-specific preparation/institutional reform preparation facilities.** In addition to generalist capacity building support to LDC governments, there are several sector-specific support facilities provided through multilateral institutions via special donor funding allocations. In most cases, it seems that it is up to LDCs to ensure cohesion amongst these facilities and to "best use" the myriad of different preparation and reform support resources available. In line with recommendation #1, donors and multilaterals should deepen collaboration by appointing a nationally based focal point to complement the LDC government's own work toward building a cohesive donor engagement approach through the INFFs.

3. **Critically evaluate and enhance LDC-specific funding windows for eligibility and basic requirements, including disbursements and monitoring, to better match capacity.** Ultimately, it is equal responsibility between the LDCs to ensure they meet requirements and the donors to ensure that the requirements are fair and attainable for the LDCs. Particularly from the feedback provided by LDCs, it seems clear that some of the specific requirements around environmental and social impact (E&S), gender impact, results monitoring, and climate-specific parameters for adaptation and mitigation are cumbersome to the point of becoming an obstacle to access, rather than an assurance of reduced risk for the financiers. Multilateral financiers and funds should consider adapting LDC-specific loan and grant origination processes for both traditional and climate interventions.

4. **Promote inter-LDC sharing of expertise and experience through a coordination mechanism with regular virtual meetings.** The LDCs themselves seem poised to learn much from one another, and to share lessons on how to best engage with financiers, prepare funding requests and avoid pitfalls/delays during project implementation. Even within regional groupings, the LDCs have had very different experiences individually in engaging with donors and multilaterals to secure financing. Thus, regionally segmented, regularly scheduled roundtables would be an excellent way to continue momentum. This could include guest presentations from financiers or case studies on successful projects presented by external parties or LDC representatives themselves.

5. **Expand the scope and volume of capacity building support to LDC institutions and ministries in the design, negotiation, implementation and monitoring of blended finance transactions.** In line with recommendations 1 and 2, there generally needs to be a much greater investment in capacity for the institutions that lead the origination and implementation of traditional and climate programs/projects in the LDCs. More resources are needed to build the technical skills of ministry staff to prepare and implement the detailed and demanding requirements set out by multilateral funders. This would complement the financing framework and cross-ministerial coordination supported by the INFFs and enhance the technical capacity to help LDCs meet even tailored lending and granting requirements. Such training should focus on technical financial analysis (e.g. cost-benefit analysis), procurement management, GHG emissions estimation/tracking, gender impact, environmental management, social impact and resettlement planning, and project/program impact monitoring, among other topics.

6. **Critically review procurement procedures to allow for funding of own staffing costs instead of third-party technical services when undertaking capacity building for LDCs.** In tandem with recommendation 5, it is critical that the multilateral funders explore ways to ensure that capacity building investments are retained in the LDC institutions and ministries that are supported through current and/or expanded services. In most cases, technical assistance provided by multilateral funders must be used to procure third-party service providers to undertake discrete, deliverables-based studies and related project/program development and implementation support. While knowledge transfer is sometimes considered in this modality, LDCs report that it is not often very effective, to the point that some technical units within ministries are fully staffed by external consultants on short- to medium-term contracts. Reforming this approach by being able to fund direct training of ministerial staff, up to and including the ability to use capacity building grants to partially fund staff salaries at rates competitive with domestic employment opportunities for local donor offices, would help to ensure that capacity building investments are retained where they are most needed.

7. **Assess the current pipeline of LDC's own high priority climate finance projects globally to identify common challenges and opportunities amongst the LDCs.** Additional research analyzing the climate change priorities, across adaptation and mitigation, for the LDCs to take an inventory of planned projects would help to better inform the global and regional approaches taken by donors and financiers to best support the LDCs. This would complement the work being done under the INFFs, and it would contribute to the identification of both preparation and implementation support needs amongst the LDCs to provide a "master plan" for LDC climate change programming. Such research could draw on existing inventories of climate change mitigation and adaptation requirements from NDCs and similar sources, but it would be best achieved through primary research by interviewing the LDC governments themselves to identify both near-term and long-term priority investments against the absolute need for more financing overall to achieve national climate objectives. Furthermore, this should prioritize and would help to build a full lifecycle support process for LDC climate finance, including the myriad requirements around coordination, data collection, scenario planning, M&E and others. *This recommendation addresses findings n-t from the previous section.*

Annex A: Objective, Methodology and Scope

This assignment was commissioned by UN-OHRLLS to better research, through direct outreach and desk research, the specific challenges faced by the LDCs in their recent attempts to securing external funding for traditional development and climate change mitigation/adaptation programming. The assignment, and this final report by extension, sought to explore questions around lack of information, process complexity, planning and management capacity and risk perceptions in order to better understand the main inhibitors to LDCs accessing finance; therefore, the assignment aims to contribute to a better understanding of how to improve LDCs' access to finance by triangulating their own recent experience with multilateral external funding against the current landscape of financing sources.

The primary audience for this report includes representatives of governments of both the LDCs and donor countries, especially regarding enhancing the provision of financial resources for traditional development and climate change mitigation/adaptation programming and projects in the LDCs. More details on the context, objectives, methodology and scope of the assignment are provided below.

Methodology

The assignment's approach consisted of four key activities that all contributed to the knowledge base represented in this final paper. These components were as follows:

Desk Research & Literature Review: focused primarily on recent publications by the UN, other intergovernmental organizations and the IMF related to current levels and structures of international financing flows to LDCs for traditional development and climate change programming.

Multilateral Financier Mapping: utilized a combination of the consultants' networks and knowledge base to build out a mapping of primarily multilateral international funding providers and channels, including the terms and pathways for sovereign financing to LDCs available under each source. For some sources, multiple sub-entities were mapped, including the Multilateral Development Banks or MDBs, their associated Development Funds and some special funds/trust funds. Specifically, this mapping sought to gauge the qualitative aspects of provision of grants, traditional concessional loans and climate finance of all types to the LDC governments. This generally excluded private sector finance, which typically does not provide financial resources to LDC governments. Further, it only assessed a handful of bilateral financing entities which have relatively well known LDC financing track records.

LDC Representative Questionnaire: UN-OHRLLS and the consultants deployed a novel questionnaire that was submitted to LDC government representatives, targeting senior officials from within each LDC's relevant Ministries of Finance or Planning, dealing with international resource mobilization that focused on better understanding key challenges related to grants (investment grants and technical assistance), loans and climate finance transactions that the LDC government had recently tried to secure. The Survey was provided in French and English. Responses were provided by ten LDCs—including Africa, Pacific SIDs, and Asian LDCs.

Regional Roundtables: drawing on the literature review, financier mapping and preliminary responses from the LDC questionnaire, two regional roundtables were convened by UN-OHRLLS. The main objective of these seminars was to directly engage LDC government representatives, especially at the managerial and operational levels, with information and guidance directly from key financiers highlighted in the mapping.

An Africa/Yemen/Haiti roundtable was convened on 28-30 November 2022 and the Pacific/Asia roundtable was convened on 6-8 December 2022. The roundtables were organized in a three half-day format, where the first day focused on UN/IMF, the second on traditional concessional finance and the third on climate finance. A full summary of the roundtables, including related speakers' presentations, are available on the UN-OHRLLS website.[8]

Scope

There are a few notable boundaries to the scope of this assignment, due to time and budgetary constraints. They are summarized as follows:

1. **Mainly multilateral sources were analyzed.** Because bilateral aid programs are both operationally complex and political in nature, this assignment focused almost exclusively on multilateral platforms, funds and institutions that provide financing to the LDCs. Only a few of the largest bilateral development finance institutions were included in the mapping exercise and LDC questionnaire noted above, due to substantial LDC lending activities.

2. **Only external sources of finance were analyzed.** While domestic resource mobilization is a critical component of national economic development for all developing countries, including the LDCs, the main objective for this assignment was to address the obstacles and challenges that prevent the LDCs from accessing more external financing, some of which may be used to fund the policy reforms and institutional capacity enhancements that are required to increase domestic resource mobilization.

3. **Engagement with LDCs focused on qualitative rather than quantitative questions.** Other published research by OECD, IMF and others provides substantial quantitative estimation of the financing flows to developing countries, including the LDCs, both in terms of the structure of flows (ODA vs. non-ODA, bilateral vs. multilateral, etc.) and the areas where these funds are mostly allocated. However, there is little documented primary evidence from the LDCs themselves that relates to their perceptions of the processes, challenges and information asymmetries around securing more external financing for development and climate programs. Thus, this assignment principally focused on the qualitative experience with external financing rather than undertaking another quantification of financing trends.

[8] See https://www.un.org/ohrlls/events/virtual-regional-roundtables-ldcs%E2%80%99-access-finance for more details

Annex B: Sources Consulted

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Annex C: Financier Mapping

Financier	Type	Description	Approach	Accessible to LDC Sovereigns	Haiti	Africa	Asia	Grants	Grant terms, capacity building?	Loans	Loan terms, blending?	CF	CF terms, blending?	Direct access or intermediated?
MDBs														
World Bank Group	MDB													
International Bank of Reconstruction and Development (IBRD)		Primarily middle-income governments, also some creditworthy low-income countries	Non-concessional loans and loan guarantees	No		x	x			x	Non-concessional			Direct
International Development Association (IDA)		Low-income governments	Concessional loans and grants	Yes	x	x	x	x		x	Concessional			Direct
International Finance Corporation (IFC)		Private-sector firms in developing countries (middle- and low-income countries)	Non-concessional loans, equity investments, and loan guarantees	No	x	x	x			x	Non-concessional	x	Private sector loans only	Direct
African Development Bank (AfDB)	MDB	Middle-income governments, some creditworthy low-income governments, and private- sector firms in the region	Non-concessional and concessional loans, equity investments, and loan guarantees			x				x	Concessional and non-concessional	x	largely sourced from internal climate funds/trust funds, plus CIF and GCF (see below)	
African Development Fund (AfDF)		Low-income regional member states	Concessional loans	Yes		x				x	Only concessional (ODA eligible)			Direct, via country strategy paper
African Development Fund Project Preparation Facility		Low-income regional member states	Grants for project preparation	Yes		x		x	"Reimbursed" out of future ADF country allocations, but provided in advance of normal ADF resources to help prepare projects					Direct by request
African Legal Support Facility		Regional member states (terms vary by income status)	Reimbursable grants for legal fees related to PPP preparation	Yes		x		x	Nominally repaid by private side of PPP transaction; exclusively for procuring legal support to negotiate and structure PPPs on government side					Direct by request
Canada-AfDB Climate Finance Facility		Special fund dedicated to providing concessional co-finance for sovereign and non-sovereign projects	Tied to AfDB/ADF lending activities to provide concessional climate finance (and some TA	Possible, but challenging (sovereign risk ratings are carefully managed, so LDC lending may be challenging)		x		x	TA is generally provided by direct payments to providers (no grants to beneficiaries)			x	concessional terms only with low fixed rates for sovereign borrowers and 40 year tenor	Only alongside AfDB lending, and also brand new
Other AfDB-managed trust funds		Regional member states (terms vary by income status)	Grants for capacity building	Yes		x		x	Typically requires procurement of third part experts to do TA/CB					Direct or via internal referral
Asian Development Bank	MDB	Middle-income governments, some creditworthy low-income governments, and private- sector firms in the region	Non-concessional and concessional loans, equity investments, and loan guarantees	Limited			x			x	Concessional and non-concessional	x	largely sourced from internal climate funds/trust funds, plus CIF and GCF (see below)	
Asian Development Fund (AsDF)		Low-income governments in the region	Grants, concessional loans	Yes			x	x	To be confirmed	x	Concessional			Direct, via country strategy paper
Asia-Pacific Climate Finance Fund (ACLIF)	TF	ADB member countries sovereign and non-sovereign entities to support the development of financial risk management products to mitigate and manage climate risks	Technical assistance, grants, and on a selective basis other instruments (loans, mezzanine, or equity)	Limited			x	x	Used to support expenses related to the development of financial products and/or risk transfer/ risk sharing arrangements	x	On a select basis	x	Exact terms not specified	
Asian Infrastructure Investment Bank	MDB													
Sovereign finance		Provides sovereign-guaranteed finance	Likely to only be accessible by LDCs with SFW support (new)	Limited			x			x	made concessional by SFW	x	exact terms unclear, but 2021 flows of climate finance were 82% to sovereign borrowers	Direct
Special Fund Window for Less Developed Members (SFW)		provides interest rate buy down to eligible sovereign-backed financing projects that are aligned with AIIB's Corporate Strategy	Enhances interest rates to make debt to LDCs sustainable	Yes			x	x	CB unclear, but investment grants for interest rate buydowns (only for AIIB loans)					Only with finance from AIIB
European Investment Bank	MDB	EU's MDB												
Loans for public sector		Loans starting at €25 million to public sector entities to finance a single large investment project or investment programme, aligned with one or more priorities of the EIB	Direct lending, project based	Yes	x	x	x		No grant information provided	x	Backed by external lending mandate (ELM) guarantee, likely making concessional terms available	x	terms vary by project	
Framework loans for public sector		Flexible loans to finance an investment programme which usually start from €100 million and consists of smaller projects. The loan will have pre-defined objectives, aligned with one or more priorities of the EIB.	Basically a policy based loan	Yes	x	x	x							
West Africa Development Bank	Regional MDB	common development finance institution of the member countries of the West African Monetary Union (WAMU).	Direct financing	Yes (WAMU only)		x			grant availability unspecified, but provides pre-construction financing for development costs of projects	x	concessional loans provided, but exact terms not published	x	Only via ICFs, no internal funding for CF on blended terms	Direct
Development Bank of Central African States	Regional MDB	CEMAC region development bank	Direct financing	Yes (CEMAC only)		x			grants seem generally unavailable	x	concessional terms not specified			Direct
Development Bank of Southern Africa	Regional MDB	government-owned development finance institution, established in 1983, with the mandate to promote economic growth as well as regional integration for sustainable development projects and programs in South Africa, SADC and the wider Sub Saharan Africa	Direct financing	No (sub-sovereigns only - municipalities, SoEs, etc.).		x				x	provides credit enhancements	x	Maintains its own "Green Fund" and can also mobilize GCF	NA
ECOWAS Bank for Investment and Development	Regional MDB	the financial arm of the Economic Community of West African States (ECOWAS)												
ECOWAS Regional Development Fund		public sector financing capital base for EBID	Direct financing	Yes (ECOWAS only)		x		x	funds capacity building, but no direct granting	x	concessional terms not specified			Direct
East Africa Development Bank	Regional MDB	the apex financial institution for the East African Community	Direct financing	No (private sector lending in EAC only)		x								Private sector only
Islamic Development Bank	MDB					x	x							
Islamic Solidarity Fund for Development		Concessional finance arm of IsDB group, focused on sovereign and non-sovereign operations in Islamic LDCs (primarily)	Concessional loans and grants	Yes		x	x	x	focused on poverty alleviation for Muslim populations	x	concessional Islamic loans (low rates)			Direct
World Waqf Fund		Specifically focused on mobilizing a Ramadan-linked form of philanthropy (waqf) and coordinating waqf flows/facilitation in LDCs	Grants	Yes		x	x	x	General poverty alleviation grants, plus capacity building for national waqf bodies (sometimes government-run)					Direct
International Islamic Trade Finance Corporation		Trade facilitation and trade finance organization for IsDB group	Trade finance products and capacity building	Yes - but mostly just capacity building		x	x	x	Multiple aid for trade and trade enhancement programs to increase market access for majority Muslim LDCs		trade finance products typically not usable by national governments (with some exceptions)			Direct
BADEA	MDB	Arab bank for economic development in Africa with the objective to assist African countries with large balance-of-payment deficits, to provide technical assistance, and to sponsor Arab investments in Africa through investment guarantees and export financing.	Grants, public sector loans, private sector loans, technical assistance, trade finance, and debt-relief support	Yes and several have accessed debt relief for loans		x		x	Grants typically for technical assistance, training and smaller programs or project feasibility studies	x	Public sector loans available to LDC sovereigns, concessionality and terms not clear. Other loans are private sector and trade related.		Not explicitly.	
BILATERAL DFIs WITH ODA LENDING CAPACITY														
KfW	DFI	German bilateral DFI	Grants to low-income countries, concessional (reduced-interest) loans and promotional loans for projects	Yes	x	x	x	x	Focused on low-income countries. Development policy criteria must be met including the partner country's ownership and commitment.	x	Concessional loans are secured by partial guarantee by the German Government and compliant with international ODA agreements. Promotional loans can be public or private sector focused, typically infrastructure projects, and are at the high end of the range of concessional financing (close to market conditions) and usually with a minimum loan term of four years.		Climate-related projects are funded using KfWs grant and loan instruments	Direct
AfD	DFI	French bilateral DFI which finances the public sector and NGOs, as well as research and education in sustainable development. Parent organization to Proparco, which finances private sector development.	Assistance in the form of loans, grants, and expertise or technical assistance. These forms of assistance are granted to States, local authorities, companies, foundations and NGOs.	Yes	x	x	x	x	Focused on LDCs and low-income countries. Includes debt reduction-development contract (C2D) which is a tool AfD uses to restructure debt in certain countries	x	Loans and concessional loans are available to sovereigns but require the sovereign to have low debt levels.	x	The Adapt'Action Facility helps a number of LDCs implement their adaptation strategies through technical assistance and capacity building.	Direct

China Development Bank	DFI	Chinese policy bank focused primarily on infrastructure and Belt and Road Initiative. Was reclassified as a commercial bank in 2008 and now is regulated by the China Banking and Insurance Regulatory Commission.	Loans, guarantees, equity and investment, technical assistance and in-house project development expertise. Can be very flexible on blending more concessional and more commercial terms.	Yes	?	x	x	?	Consultancy services and technical assistance are available for project preparation and feasibility but it is not clear if these are grant based or at a cost.	x	Sovereign loans - usually medium to long term. Levels of concessionality or blending are unclear.	x	Provides financing for a wide range of clean energy infrastructure projects and projects which report environmental benefits, under existing finance and grant instruments.	Direct
JICA	DFI	Japan's international development agency	Grants, concessional (ODA) loans, grant aid, technical cooperation.	Yes	x	x	x	x	Provides a range of ODA grants to sovereigns including project grants, budget support grants etc. Also provides technical cooperation through sending experts to work alongside developing country government officials and accepts foreign officials for training programs in Japan etc.	x	Concessional loans— JICA provides ODA compliant funding which has a blended grant element of at least 25%		No explicit climate finance program - but E&S integrated into projects/funding.	Direct
		INTERNATIONAL CLIMATE FUNDS												
Climate Investment Funds (CIF)	CF	Multi-program climate finance platform hosted by WB and delivered exclusively through MDBs to approved countries	Varies by program, see below	Limited by pre-approved countries, per program-specific or umbrella "investment plan"; always channeled through MDBs (incl. WB)	x	x	x	x	varies by program, see below	x	varies by program, see below	x	varies by program, see below	The application of all CIF finance (concessional loans, grants, and guarantees) is intermediated through the MDBs and can be classed as ODA provided the grant element is at least 25%, it meets the criterion of promoting economic development, and are used in ODA eligible country
Accelerating Coal Transition Investment Program		Toolkit to support countries in transitioning away from coal. It builds local support to reconsider the development of new coal plants and accelerate the retirement of existing coal assets		Yes, with investment plan (see above)								x		Intermediated via MDBs
Clean Technology Fund		Supports fossil fuel-dependent countries with the deployment of low- carbon technologies with significant potential for reducing long-term greenhouse gas emissions	grants, contingent grants, concessional loans, equity and guarantees, but only for private sector projects	No (private sector only)				x	CTF financing provides a grant element tailored to cover the identifiable additional costs necessary to make the project viable, thereby providing the appropriate incentive to facilitate deployment of low carbon technologies at scale.	x		x	Power sector, transport sector, and energy efficiency sector.	Intermediated via MDBs
Global Energy Storage Program		A funding window under the Clean Technology Fund, this program supports clean energy storage technologies to expand integration of renewable energy into developing countries	Follows CTF private sector focus	No (private sector only)								x		Intermediated via MDBs
Forest Investment Program		A targeted programme of the CIF Strategic Climate Fund (SCF) that supports developing countries' efforts to reduce deforestation and forest degradation (REDD) and promotes sustainable forest management.	Grants, concessional loans, guarantees, or equity. CIF finance can be classified as ODA by the partner MDBs acting as implementing entities for the CIFs	Yes, with investment plan (see above)				x	Project preparation grants	x	Classified as ODA loans	x	For forest related investments. Mitigation.	Intermediated via MDBs
Pilot Program for Climate Resilience		A targeted programme of the CIF Strategic Climate Fund (SCF) that aims to pilot and demonstrate ways in which climate risk and resilience may be integrated into core development planning and implementation	Grants and concessional finance available through budget support/development policy lending, coordinated investment programs across key sectors, alongside national financing and/or existing international support mechanism targeted at the public and/or private sector	Yes, with investment plan (see above)		Varies by IPs		x	Grant finance to prepare the Strategic Programme for Climate Resilience and preparation grants for detailed preparation of activities in the Strategic Programme	x	concessional loans to cover the additional costs associated with mainstreaming climate resilience into investments.	x	Adaptation	Intermediated via MDBs
Renewable Energy Integration Program		Supports fossil fuel-dependent economies by enabling them to integrate renewable energy into their economies	Primarily grantmaking for infrastructure upgrades to better integrate renewables onto existing grids	Yes, with investment plan (see above)								x		Intermediated via MDBs
Scaling up Renewable Energy Program in LICs		A targeted programme of the CIF Strategic Climate Fund (SCF) which aims to help low-income countries use new economic opportunities to increase energy access through renewable energy use	Grants, contingent grants or loans, concessional loans, guarantees and equity, blended with IDA and other concessional financing,	Yes, with investment plan (see above)				x	Technical assistance including support for planning and pre-investment studies, policy development, legal and regulatory reform, business development and capacity building	x	High or moderate risk of debt distress countries receive all funding in the form of grants, countries with low debt risk may receive forms of concessional funding. Blending with IDA and other concessional sources are available.	x	Financing for renewable energy use and generation, specifically for proven "new" renewable energy technologies— solar, wind, waste to energy, cookstoves, geothermal, as well as hydropower with capacities normally not exceeding 10MW per facility.	intermediated via MDBs. Government of recipient countries needs to appoint a national focal point for SREP. This focal point works as a liaison agency and is most commonly led by a deputy minister, a government commissioner or other representatives of government ministries.
Industry Decarbonization Program		supports middle-income countries, where industries constitute a growing share of their overall emissions, by aiming to decarbonize industrial practices and change behaviors in the sector		No, excludes LDCs								x		Intermediated via MDBs
Smart Cities Program		Helps countries undergoing challenges from rapid urbanization to support their newly emerging cities	Primarily focuses on city/municipality level beneficiaries	Likely not available to national level government entities								x		Intermediated via MDBs
Nature, People and Climate Program		deploy nature-based solutions that recognize the interdependence among land use, climate-change mitigation and adaptation, and the improvement of the sources of livelihoods of rural communities and Indigenous peoples	Grant and concessional loans	Yes, with investment plan (see above)								x	Mitigation	Intermediated via MDBs
Green Climate Fund	CF	Part of the financial mechanism of the UNFCCC and largest dedicated multilateral climate fund. Aims to implement mitigation and adaptation goals of Paris Agreement.	Grants, contingent grants, concessional loans, equity and results-based finance	Yes - via accredited entities or nationally designated authorities	x	x	x	x	Project grants and grants for capacity-building + preparation of national reports.	x	Concessional loans	x	Adaptation, mitigation (including REDD+), technology development and transfer	Intermediated via direct access entities (national designated authorities) or International/regional access entities or private sector via a private sector facility
Adaptation Fund	CF	Developing countries that are Parties to the Kyoto Protocol via implementing entities	Grants - small sized projects up to USD 1 million, or project/program grants of more than USD 1 million	Yes - via implementing entities	?	x	x	x	Project grants and readiness funding (capacity building)			x	Adaptation	Intermediated via implementing agencies
Global Environment Facility	CF	Government agencies, civil society organizations, private sector companies and research institutions of developing countries and countries with economies in transition	Grants, but provide grant funding to projects that might be co-financed with other funds or entities e.g. the GCF	Yes - usually via the LDCF	x	x	x	x				x	Adaptation, mitigation and resilience	Intermediated via GEF agencies
Special Climate Change Fund (SCCF)	CF	GEF agencies access GEF grant funding on behalf of government recipient	Grants supporting adaptation actions of developing countries	Yes - via GEF agencies				x	For project preparation up to full sized projects			x	Adaptation	Intermediated via GEF agencies
Least Developed Countries Fund (LDCF)	CF	GEF partner agencies - the agency accesses funding directly on behalf of a government recipient	Grants supporting adaptation actions of LDCs	Yes - via GEF agencies				x	For project preparation up to full sized projects			x	Adaptation	Intermediated via GEF agencies
		OTHER NOTEWORTHY DONORS AND PROGRAMS (excluding bilateral agencies/bilateral aid)												
International Monetary Fund (IMF)	Multilateral	Multilateral focused on sustainable growth and prosperity through supporting economic policies that promote financial stability and monetary cooperation.	Capacity-building activities and concessional financial support (extended credit facilities (ECF), standby credit facilities(SCF), and rapid/single up-front credit facilities(RCF))	Yes	x	x	x	x	Capacity building and policy support programs	x	Concessional lending - credit facilities are interest free and have different maturities and grace periods.		Not directly	Direct
Abu Dhabi Fund for Development (ADFD)	TF	Emerging market governments	Concessionary financial resources in the form of sovereign loans in accordance with the requirements of the OECD	Yes		x	x			x	Concessional	x		
EU DG INTPA	Multilateral													
European Fund for Sustainable Development Plus (ESFD+)		part of the EU's investment framework for external action. It ensures world-wide coverage for blending, guarantees and other financial operations. It is included in the EU's long-term budget programme for external action: Global Europe – NDICI.	Primarily administered through EIB, but also funds some EU-backed capacity building programs (e.g. GET.transform). Also funds EIB's ELM Guarantee (see EIB)	Not directly	x	x	x	x	capacity building are the only direct grants; other resources are made available to EIB to facilitate LDC/development finance					No direct access for grant capital; some access to CB via EU external action service/regional delegations, but mostly administered through EIB

Annex D: Heat Map of LDCs' Level of Engagement with Specific Financiers

Note: blank boxes indicate that the level of engagement is unknow, or the responded was ineligible. Warm green represents strong engagement, but no funding received. Positively, this could imply that they are nearing the point that they will receive funding, or negatively, it could be an indication that a lot of resources and effort have been put into attempts to obtain finance which have been unsuccessful. Hence, future research could further investigate the circumstances around countries that answered they had strong engagement but no funding and work towards obtaining additional responses to cover the full list of LDCs.

Source: Developed for this report based on LDC responses to surveys.