

Aligning climate finance and Aid for Trade

A new agenda for LDC negotiators

Jodie Keane, Neil Bird, Beatrice Tanjangco and Sarah Colenbrander
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Aligning climate and trade policy: a new agenda for LDC negotiators

Key messages

The international climate and trade architecture both have mechanisms for disbursing concessional finance to lower-income countries. Climate finance is intended to support mitigation and adaptation actions. Aid for Trade is intended to build supply-side capacity and trade-related infrastructure.

In 2009, developed countries agreed to provide and mobilise \$100 billion a year by 2020 for climate action in developing countries. They have fallen short in 2020 and 2021, with lower-income countries particularly struggling to access resources.

In parallel, Aid for Trade has disbursed more than \$400 billion since 2006. However, empirical analysis of environmental impacts is weak and climate change is not integrated within conceptual frameworks.

Going forward, both forms of concessional finance need to support Least Developed Countries (LDCs) to expand their productive capacity in a low-carbon, climate-resilient way. Improved coordination is needed to better support LDCs achieve a green structural transformation, reducing poverty within the constraints imposed by climate change.



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About this publication

This policy brief is one in a series entitled ‘Aligning climate and trade policy: a new agenda for LDC negotiators’. The publication series was complemented by three closed roundtables and two public events with LDC negotiators in advance of the 26th UN Climate Change Conference of Parties (COP26) and the 12th WTO Ministerial Conference (MC12).

About the authors

Dr **Jodie Keane** is a Senior Research Fellow with ODI’s International Economic Development Group whose research focuses on the trade and climate nexus.

Neil Bird is a Senior Research Fellow with ODI’s Climate and Sustainability programme whose research focuses on climate and development.

Beatrice Tanjangco is an Economist in ODI’s Global Risks and Resilience programme.

Sarah Colenbrander is the Director of ODI’s Climate and Sustainability programme.

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Financing climate and trade goals

This briefing aims to provide trade and climate policy-makers from Least Developed Countries (LDCs) with an understanding of how to coordinate two forms of concessional finance, public climate finance and Aid for Trade (AfT), to deliver against both their climate and trade goals. The briefing provides guidance on how the mechanisms work in practice and how they could potentially work better to support LDCs' climate, trade and development aspirations. It also considers the challenges facing LDC graduates and highlights some of the more contentious issues that lie ahead at the 26th UN Climate Change Conference of Parties (COP26) and the 12th WTO Ministerial Conference (MC12) for all LDCs.

This section begins by reviewing how climate finance and AfT have developed over time, their focus on LDC climate and trade issues, and key issues ahead of COP26 and MC12. We then outline some of the opportunities and risks for LDCs, before drawing on comparative case studies to highlight some of the key issues. Finally, we conclude with some priorities for negotiations ahead of the conclusion of COP26 and MC12 later this year.

Introduction to climate finance

Climate finance can be broadly understood to encompass all financial flows relevant to climate change. This policy brief, however, focuses on a specific subset of climate finance: the transfer of concessional finance from developed to developing countries, including LDCs, for the purpose of climate action.

At the 15th Conference of Parties (COP15) in Copenhagen in 2009, developed countries committed to jointly provide and mobilise \$100 billion a year by 2020 to address the needs of developing countries (UNFCCC, 2009). The \$100 billion goal also serves as the annual floor for international climate finance to 2025, when a new climate finance goal will be adopted.

Formal deliberations will begin on the new climate finance goal at COP26 in Glasgow in 2021; decisions at COP24 in Katowice suggest that this goal will also have a quantitative element. Improved access to climate finance is widely recognised as a priority for LDC negotiators ahead of COP26.

To date, developed countries have fallen short of the \$100 billion a year goal (Bhattacharya et al., 2020). They have also been criticised for the quality of climate finance, particularly the inclusion of loans, the bias towards mitigation over adaptation and delays in accessing resources from new sources of finance such as the Green Climate Fund (GCF). The following sub-section summarises recent trends in the provision of climate finance, particularly towards LDCs.

Recent trends in climate finance for LDCs

Any assessment of progress towards the \$100 billion a year goal is complicated by a continuing lack of consensus on the definition of climate finance and the methodologies employed to assess international climate finance flows (Schulz et al., 2021). The Organisation for Economic Cooperation and Development (OECD) estimates relevant commitments of \$79.6 billion in 2019, up from \$78.3 billion the previous year. These totals consist of four main components: bilateral public finance, multilateral public finance,¹ export credits and private climate finance. For each component, estimates are made based on an accounting framework developed by the OECD in 2015 (OECD, 2021a).

LDCs received a small proportion of this finance, \$12.1 billion in 2018 and \$15.4 billion in 2019 (ibid.). The United Nations, using earlier OECD data, estimates that climate finance to LDCs increased between 2016 and 2018, representing approximately 14% of total climate flows (UN, 2021).

The international climate finance architecture is complex, involving multiple financial institutions (bilateral development agencies, export credit agencies, multilateral development banks and multilateral climate funds) and instruments (grants, loans, guarantees, equity, among others). Of these, dedicated multilateral climate funds such as the GCF, Global Environmental Facility (GEF) and Adaptation Fund have received perhaps the most attention. Many of these funds have specific policies in place to support LDCs. For example, the GCF has pledged that half of GCF adaptation finance is targeted at LDCs, Small Island Developing States (SIDS) and African states. As of November 2020, the GCF reported that 29% of its funding had gone to LDCs (GCF, 2020). The GEF administers a fund dedicated to supporting LDCs, the Least Developed Countries Fund (LDCF), which has been operational since 2001. Support has been on a modest scale, with a country ceiling of \$50 million.

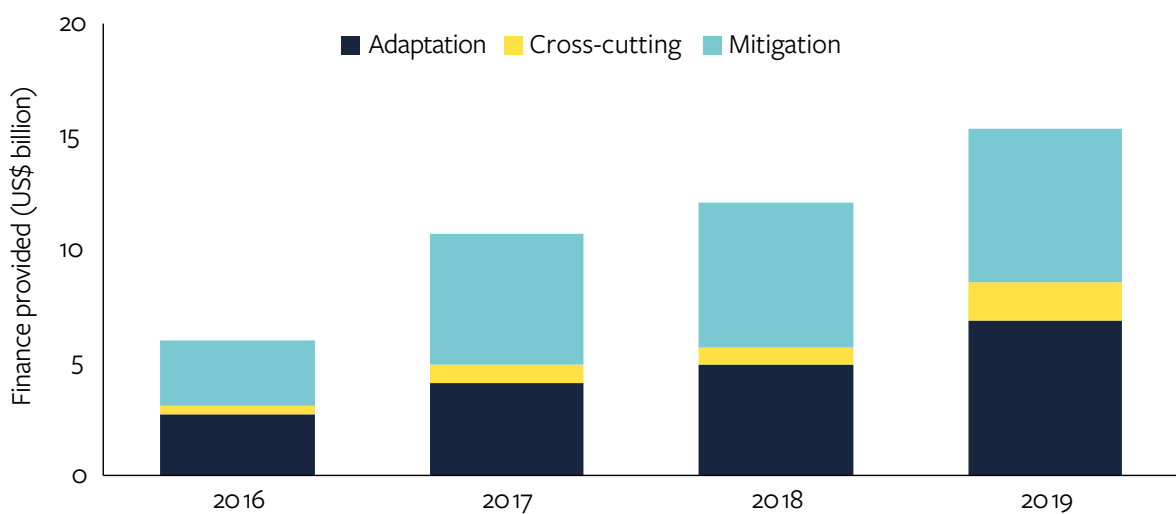
LDCs have struggled to access and navigate climate finance mechanisms given complexity, uncertainty and fragmentation. Accreditation and approval processes are often resource-intensive and vary from donor to donor, creating significant transaction costs for recipient countries. Many LDCs do not have the capacities or resources to meet these requirements repeatedly, nor is sufficient climate finance available to incentivise improved coordination and institutional strengthening.

The quality of climate finance provided by developed countries has been criticised particularly for the inclusion of non-concessional finance, the bias towards mitigation over adaptation, and challenges accessing climate finance. Most climate finance reaching LDCs is in the form of loans (66%), which contrasts with official development assistance (ODA) to LDCs more generally, of which 89% is in grants (UN, 2021). There have been strong and persistent calls for more attention to adaptation finance, which is particularly important for LDCs given their respective

¹ Multilateral public finance consists of two types of institutions: multilateral development banks (MDBs) and multilateral climate funds.

low per capita emissions. There is some indication that adaptation finance to LDCs is beginning to increase (Figure 1). However, it remains far short of estimates of need, including the UN Environment Programme (UNEP)'s current estimate of \$70 billion each year for all developing countries (UNEP, 2021). The Chair of the LDC Group of Negotiators in the UNFCCC estimates that LDC climate finance needs (adaptation and mitigation combined) amount to \$93 billion a year, growing to \$500 billion a year by 2050 (ODI, 2021).

Figure 1 Climate finance provided to LDCs



Source: OECD (2021)

Increasing the overall volume of climate finance, while simultaneously increasing the share of grant and adaptation finance, is required to help LDCs meet their Nationally Determined Contributions (NDCs). More generally, there are international efforts to shift from projectised climate finance to programmatic support for countries' climate change strategies, exemplified by the principles and recommendations of the Taskforce on Access to Climate Finance.

Introduction to Aid for Trade

At its inception, the AfT initiative responded to calls by developing countries for support in implementing trade policy commitments (Page, 2007). Over time, the mechanism has focused more on expanding productive capacities, while more specific support has also been provided to LDCs through the Enhanced Integrated Framework (EIF). In some ways, the EIF also responded to calls for improved governance of disbursements, being a multi-donor managed trust fund situated

within the World Trade Organisation (WTO) Secretariat.² Overall, it is fair to say that the AfT mechanism is viewed favourably by the international trade and development community, with an estimated \$400 billion disbursed since 2006 (OECD, 2021c).

Empirical analyses show that AfT has boosted trade for recipients and supported poverty reduction and economic growth (Cali and Te Vedle, 2011; Basnett, 2012), though it could do more to support structural economic transformation, particularly for African economies (Winters and Cirera, 2015). Hoekman and Shingal (2021) observe considerable heterogeneity in the trade effects of AfT on individual service sectors, indicating the importance of country-specific diagnostics in targeting AfT allocation. In the case of LDCs, Diagnostic Trade Integration Studies (DTIS) provide a guiding framework for AfT interventions.

The impact of AfT on the environment and climate is less clear. Within EIF programming, the environment is considered a cross-cutting issue (output indicator 2.1.b. tracks awareness-raising activities on the environment). Despite this, empirical analyses have not explored potential environmental impacts. This is likely to change in view of the increased focus on environmental issues within the WTO by member states, as reflected in the Trade and Environmental Sustainability Structured Discussions (TESSD) and deliberations regarding how AfT can be 'greener'. These issues will also feature as part of the 2022 Global Review of the AfT initiative.

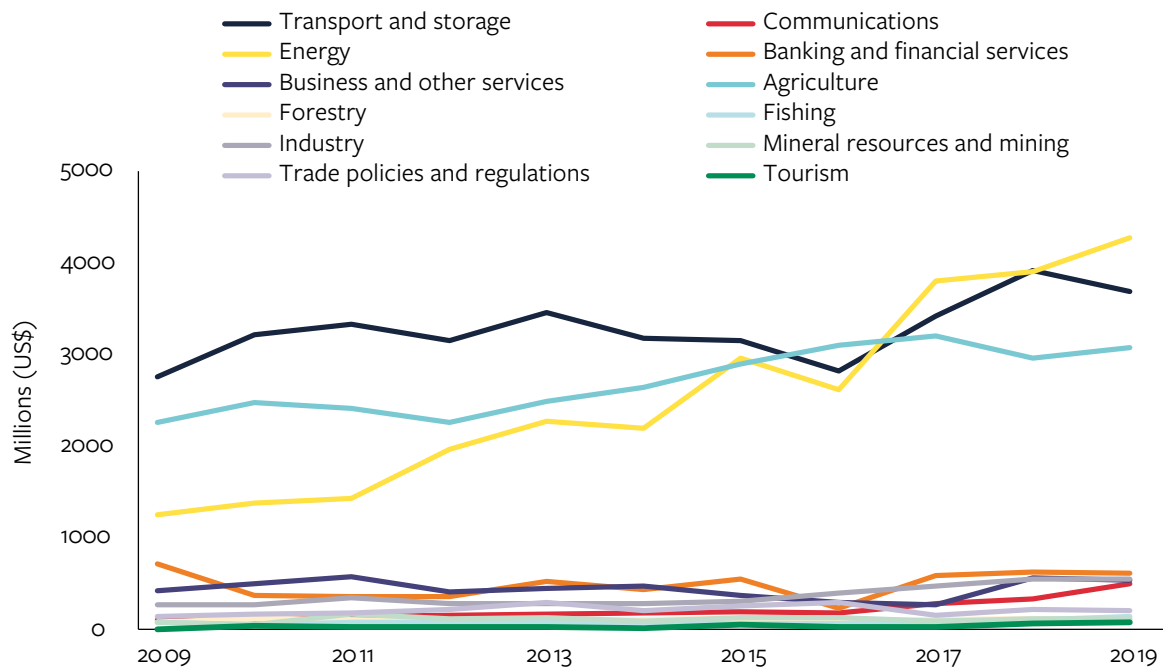
Recent trends in AfT for LDCs

AfT comprised around 23% of total ODA in 2019 (OECD, 2021c). From 2006 to 2019, AfT disbursements grew by 6.6% per year on average. Most AfT in 2019 were allocated for economic infrastructure and building productive capacity (OECD, 2021c). Disbursements to LDCs and other low-income countries (LICs) sustained an above average increase of 8.2% per year. Meanwhile, AfT for upper middle-income countries (UMICs) declined by an average of 1.7% per year. As AfT is part of ODA, it is generally in either grant form or a form of concessional loan. Historically, LDCs received a larger share of grants compared to loans. However, this trend reversed in 2017 and loans started taking on a larger share. In 2019, the share of loans exceeded the share of grants, at 59% and 41% respectively (OECD, 2021c). Most AfT to LDCs is targeted at the transportation, agriculture and energy sectors, which is also the focus within many NDCs. Within the energy sector, a large portion of AfT support was for electricity transmission and distribution and supporting energy policy. In the transport sector support was mainly for road transport. Given

² The EIF is a partnership of LDCs, donors and partner agencies, including the International Monetary Fund (IMF), the International Trade Centre (ITC), the United Nations Conference on Trade and Development, the United Nations Development Programme, the United Nations Industrial Development Organization, the United Nations World Tourism Organization, the World Bank Group and the World Trade Organization.

the overlap between AfT expenditures and the focus within NDCs, checks for compatibility and coordination between institutions may need to be improved.³ The sources of AfT data only filter currently for flows, sectors, donors and recipients.

Figure 2 Aid for trade to LDCs for economic infrastructure and production sectors



Source: OECD data (www.oecd.org/aidfortrade/data); aid-for-trade data by income groups – disbursements to LDCs in constant prices (US\$ million), official donors. Database accessed October 2021.

Currently, the EIF is the only global AfT programme dedicated to addressing the trade capacity needs of LDCs, and the only dedicated AfT programme specifically included in the Sustainable Development Goals (SDGs).⁴ The initiative also supports LDCs as they prepare for graduation for up to five years, as one of the few global mechanisms that continue to provide technical and financial support to graduated countries to facilitate a smooth transition (EIF, 2017). How AfT support can increase the likelihood of graduation – through reductions in environmental and economic vulnerability – has not been explored in a systematic way.⁵

³ As discussed by Keane et al. (2010), many of the donors that provide mitigation and adaptation finance are also involved in trade-related assistance.

⁴ SDG 8.a ‘increase Aid for Trade support for developing countries, particularly LDCs, including through the Enhanced Integrated Framework for LDCs’.

⁵ Though there are indications that disbursements to LDCs likely to graduate have tended to focus on specific sectors (Keane and Borgatti, 2018).

Every LDC participating in the EIF programme undertakes a periodic assessment of trade opportunities and challenges through a DTIS. These studies provide a platform for the integration of priority issues into government policies and donor programming through the identification of an action matrix. Over time, environmental considerations have been strengthened within the DTIS, which inform EIF and donor AfT support, with new guidelines produced in 2016 that include the environment as a cross-cutting issue. However, since the update was undertaken in 2016, many of the existing DTIS for forthcoming graduates written before this date do not pay as much attention to these issues. For DTIS developed after 2016, environmental concerns have become more integrated, but there remains a need for a coherent conceptual framework to integrate climate change adaptation and mitigation objectives.

Given the imperative of structural economic transformation for LDCs in order to first adapt to and then mitigate climate change (within timescales that are recognised by the international community), it will be important to avoid limiting use of old technologies and processes, and support competitiveness under future trading conditions.⁶ Looking forward, the EIF is embarking on initiatives to further embed proactive engagement with LDCs around aspects of trade, environment and climate change. The revision of LDC NDCs could provide an indication of demand for trade-related support for transition and alignment climate objectives.

A concerted effort across multiple international agencies will be required to translate country ambitions into trade and investment policy roadmaps, particularly for capacity-constrained countries. In some cases, it may simply be unrealistic for trade considerations to be included in the current round of NDC revisions (as the process is so far advanced). However, in other cases there are clear trade-related components within existing NDCs which could be supported through AfT. Looking ahead, it is clear that DTISs should refer to and draw on NDCs and National Adaptation Programmes and integrate climate effects, as well as vice-versa: NDCs and NAPAs should also consider trade effects.

LDC perspectives

It has long been recognised that LDCs are particularly vulnerable to climate change impacts in part because they lack the economic and financial capacities to mitigate risks or rebuild after disasters (Huq et al., 2004). For this reason, LDCs emphasise the importance of boosting incomes, increasing labour productivity and diversifying their economies to improve their citizens' ability to cope with shocks and stresses (UNCTAD, 2020). There are specific issues for commodity-dependent LDCs – especially those dependent on rainfed agricultural production systems; net food importing LDCs are also particularly susceptible to climate shocks. Within this, international trade remains a pivotal mechanism to support adaptation to climate change as well as the advancement of broader development goals.

6 The Technology Mechanism established under the Paris Agreement (Art. 10) seeks to accelerate, encourage and enable innovation for long-term global response to climate change.

Concessional finance – whether tagged as ‘climate finance’ or ‘aid for trade’ – needs to support LDCs to expand their productive capacity in a way that is consistent with climate goals.⁷ This is not to suggest that this should be the sole purpose of climate finance or aid for trade, but rather that neither financing stream should be used in ways that jeopardise this longer-term outcome. Rather, resources should be allocated in ways that facilitate structural economic transformation with minimal increases in greenhouse gas emissions and awareness of emerging climate hazards.

From an LDC perspective key objectives include:

- **Ensuring that LDCs have climate-smart infrastructure necessary for economic activity**, particularly clean energy generation and sustainable transport infrastructure, both for labour (within urban areas) and freight (to secure inputs and export products).
- **Enabling LDCs to integrate into emerging green value chains and steadily improve their position within them.**
- **Ensuring that Aid for Trade resources and climate finance support and work together** to maximise opportunities for adaptation and mitigation (where this is a specified LDC objective).

In the future, NDCs could provide an indication of requirements for trade-related support for transition and alignment with green trade policy and support measures like green AfT. However, a concerted effort will be required to translate country ambitions into trade and investment policy roadmaps, particularly for capacity-constrained countries. Opportunities within the nexus of climate finance and AfT for LDCs include:

- Improved programming at the country level and enhanced coordination among donors.
- Increased resources available to address productive capacity constraints and achieve NDCs.
- Ability to leverage climate finance as a platform to facilitate FDI in clean energy and infrastructure.

Some of the risks for LDCs include:

- Environmental conditionality within AfT and continued limited ability to access climate change finance, especially for adaptation.
- Inability to maximise available resources through leveraging both AfT and CC finance: boosting productive capacity and ability to adapt to CC.
- Focus on business as usual, without consideration of LDC climate objectives.

7 UNCTAD (2020) defines productive capacity as the resources (physical, human and financial capital), entrepreneurial capabilities (skills, knowledge and information) and production linkages necessary to enable accumulation, innovation and increased complexity of economic activity.

Case studies

The following section reviews two LDC case studies: Ethiopia and Bangladesh (a forthcoming graduate). It provides the context in terms of climate objectives and then details how climate finance resources have been mobilised to date. It concludes with a consideration of interactions with AfT.

Case study: Ethiopia

Ethiopia is one of the world's most climate-vulnerable countries on account of its heavy dependence on rain-fed subsistence agriculture, high population growth and low level of economic development. Climate change models indicate not only a substantial rise in mean temperatures and an increase in rainfall variability, but also more frequent extreme events such as floods and droughts.

The 2011 Climate Resilience and Green Economy strategy of the government of Ethiopia guides the national response to climate change. It includes elements that promote climate-smart agriculture and forestry, oriented both to adaptation and mitigation, as well as renewable energy and energy efficiency. As greenhouse emissions in Ethiopia are among the lowest in the world, actions relevant to mitigation tend to focus on strengthening systems against weather-related stresses: climate-smart land-use options for rural people, and energy options to reduce an over-dependence on hydroelectricity.

The 2021 update of the 2017 NDC foresees business as usual GHG emissions in 2030 of 403 MtCO_{2e} (GoE, 2021). The NDC plans for a reduction to 126 MtCO_{2e} by applying a multi-sectoral approach, at a cost of approximately \$276 billion. Adaptation costs are estimated at an additional \$40 billion over this 10-year period, with 80% of both sets of costs expected to be sourced internationally. There is no explicit mention of trade in the NDC, although the effects of trade are likely to have a noticeable impact, e.g. through participation in international carbon markets governed by Article 6 of the Paris Agreement, as well as more broadly through clean energy technology imports (see Box 1), as well as exports. A significant export trade is envisaged when the Great Ethiopian Renaissance Dam is connected to the grid, with an estimated 5,000 MW/year of clean energy exports to neighbouring countries envisaged (GoE, 2021).

The Covid-19 pandemic has had both health and economic impacts in Ethiopia, as elsewhere. Foreign Direct Investment inflows were reportedly 20% lower in 2020 than in the previous year (GoE, 2021). Debt levels have increased and the government's fiscal space is increasingly constrained. In this context, international grant finance can help the government move forward on its climate adaptation agenda.

Three multilateral climate funds that function under the UNFCCC are the GCF, LDCF and the Adaptation Fund (Table 1). The two latter funds provide grant finance to government agencies in support of public spending programmes that assist targeted beneficiaries (e.g. small-scale

agriculturalists). Any link to international trade is therefore indirect. The GCF can employ additional financing instruments, including equity and concessional lending, combining GCF resources with much larger co-financing involving international partners. Trade can play a greater role in such investments.

Table 1 Funds committed to Ethiopia from global climate funds

Fund	Project commitment (\$ million)	Projects
Green Climate Fund ¹	265.4	6
Least Developed Countries Fund ²	40.1	5
Adaptation Fund ³	16.8	2

Source: 1 GCF Ethiopia (www.greenclimate.fund/countries/ethiopia). 2 GEF (2021a). 3 Adaptation Fund (n.d.)

The absence of trade considerations in most climate-related processes is mirrored in the absence of climate change in trade-related processes. For example, there is no mention of climate change as a strategic issue to be addressed in the 2016 update of the DTIS for Ethiopia (UNCTAD, 2016). This is despite two of the prioritised sectors – the agro-food and leather industries – having a strong export orientation, as well as being heavily dependent on suitable climate conditions.

Box 1 Clean energy investment in Ethiopia

The Sustainable Energy Fund for Africa (SEFA) is a multi-donor trust fund housed at the African Development Bank. SEFA promotes access to cost-effective and climate-friendly sustainable energy (African Development Bank, 2021). The fund's support in Ethiopia has included efforts to develop the country's extensive geothermal energy resources. Realising the potential of geothermal energy requires considerable technical expertise underpinned by public and private investment sustained over several years.

In October 2014, AREF (the private equity fund manager for SEFA) signed an agreement to invest \$20 million in the first 20MW phase of a geothermal project at the Corbetti caldera, located approximately 250km south of Addis Ababa in the Rift valley. This early SEFA investment led to a power purchase agreement (PPA) in March 2020 for the commercial development of electricity generating capacity. The PPA sets out the commercial terms for a project of up to 150MW, split into two phases of 50MW and 100MW.

This project is an example of the combination of concessional climate finance, international technical assistance and foreign direct investment supporting Ethiopia's clean energy goals.

Source: Richter (2020)

Case study: Bangladesh

Bangladesh is one of the most climate-vulnerable countries in the world, with the world's largest delta and a long history of disasters, now exacerbated by climate change. The country has sought international help to address the new challenges brought about by climate change, and to meet the associated additional costs. The country's national guiding strategy is the Bangladesh Climate Change Strategy and Action Plan prepared in 2009, and currently under revision. More recently, a long-term development plan (the Delta Plan 2100) was formulated, detailing a total of 80 projects to be implemented at a cost of \$37 billion, 34 of which are identified as climate-sensitive (Government of Bangladesh, 2018). In addition to the challenge of climate change, the Covid-19 pandemic has had a major impact on the economy since 2020, prompting government stimulus packages amounting to \$14.6 billion (4.4% of GDP) (Government of Bangladesh, 2021a).

There is no mention of trade effects in the 2021 update of the country's first NDC (Government of Bangladesh, 2021b). The NDC presents the country's contribution towards securing the goal of the Paris Agreement, namely to limit the increase in the global average temperature to well below 2°C above pre-industrial levels. From an estimated base GHG emissions of 169 MtCO₂e in 2012, a business-as-usual growth trajectory would lead to 409 MtCO₂e by 2030 (with the largest contribution coming from the industry sub-sector). The NDC plans for a reduction to 320 MtCO₂e, with 69% of the planned reductions dependent on receiving external financial/technology support. Much of this support would have trade dimensions, including the import of clean energy equipment and low-carbon transport systems.

As in the case of Ethiopia, Bangladesh has been a recipient of international funding from the GCF, the LDCF and the Adaptation Fund. A similar pattern to Ethiopia can be discerned, with the first source – the GCF – providing funding at scale, while the latter two funds have provided adaptation-related grant finance at a smaller project scale (Table 2).

Table 2 Funds committed to Bangladesh from global climate funds

Fund	Project commitment (\$ million)	Projects
Green Climate Fund ¹	351.1	5
Least Developed Countries Fund ²	34.2	6
Adaptation Fund ³	10.0	1

Source: 1 GCF Bangladesh (www.greenclimate.fund/countries/bangladesh). 2 GEF (2021b). 3 Adaptation Fund (n.d)

Box 2 Early Green Climate Fund experience in Bangladesh

The GCF was launched in 2011 and became fully operational in 2015 with the start of project investments. Bangladesh was one of the first countries to engage with the GCF, through the \$80 million Climate Resilient Infrastructure Mainstreaming (CRIM) project. CRIM is implemented by the German Development Bank KfW and executed by the Local Government Engineering Department. The project aims to make a significant climate change adaptation impact, both directly and locally through the provision of pilot infrastructure, and indirectly and structurally through the mainstreaming of climate change adaptation into government operations.

Early GCF Board discussions led to delays in the approval of the project. Although it received initial GCF Board approval in November 2015, the Funding Activity Agreement was only signed with KfW in December 2017. On account of the bureaucratic procedures of the GCF, KfW and the Bangladesh government, Cabinet approval was not reached until March 2018. Only then could project procurement begin. The procurement cycle was completed in March 2020, with project implementation starting on 1 April 2020.

Thus, from GCF Board approval in November 2015 it took almost four and a half years for the project to begin. This long delay led to concerns among non-government stakeholders and acted as a disincentive to KfW implementing further GCF projects in Bangladesh. However, it should be noted this was only the fourth-ever GCF project, approved at a time when the fund's policies and administrative protocols were yet to be established.

Four additional GCF projects have been approved for implementation in Bangladesh. Funding from the GCF for the five projects totals \$101.2 million in grant finance (out of \$507.8 million of total project finance) for both climate change mitigation and adaptation actions.

Questions have been raised over accessing these funds, in particular the lengthy process involved in project implementation (see Box 2). Where access to climate finance is measured in years this may act as a constraint to trade. The current DTIS is being updated at the time of writing, offering an opportunity to consider Bangladesh's climate objectives, as well as environmental considerations.

In February 2021, the United Nations Committee for Development Policy recommended Bangladesh graduate from the category of Least Developed Country. If approved by the UN General Assembly, the country will have up to 2026 to prepare for graduation (Jha, 2021). Bangladesh has been a major proponent of the LDC Group submission of a proposal for a 12-year smooth transition for all support measures at WTO (Kashem, 2021).

Recommendations

The recommendations arising from this analysis for LDC trade and climate negotiators as well as international development partners include:

Ensuring the ability of aid for trade and climate finance to work more effectively together. This requires consideration of how DTISs can integrate objectives specified in NDCs and NAPAs, as well as vice-versa. Not only may this require greater coordination at the international level between the WTO and UNFCCC, but also nationally between trade and environment ministries. This process could begin through regular dialogues between the UNFCCC and the Committee on Trade and Environment. However, there will be a need to move beyond dialogue towards implementation, with specific timelines for operationalisation.

Conceptually, there is a need to consider climate change effects within aid for trade programming, related to both adaptation and mitigation. This goes beyond mainstreaming environmental concerns within programming.

Concessional finance in the form of climate finance or Aid for Trade needs to support LDCs to expand their productive capacity consistent with their climate goals. The focus on productive capacities as part of the next Programme of Action for LDCs (LDC V) provides an important opportunity, but climate change considerations must feature more prominently within trade support programmes.

There is a need to ensure that access to both aid for trade and climate finance is maximised pre-graduation and continued potentially for a longer period post-graduation than currently (around five years' additional support from the EIF). One option is to support the proposed UN LDC graduation facility and ensure that climate and trade are coordinated within national smooth transition strategies.

Access to climate finance mechanisms must be improved and there may be lessons from aid for trade programming at the country level. There will be a need for improved coordination between donors providing trade-related assistance and climate adaptation and mitigation finance.

A consistent programme of support to facilitate interactions between climate and trade negotiations could also be considered by development partners. The provision of resources contingent on cross-collaboration among trade and climate negotiators would help break down the barriers that often exist between these two groups.

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