
TO WHAT EXTENT DO DONORS TAKE INTO ACCOUNT THE STRUCTURAL CHARACTERISTICS OF LDCS WHEN ALLOCATING THEIR RESOURCES?

03.04.2025

Lusaka, Zambia

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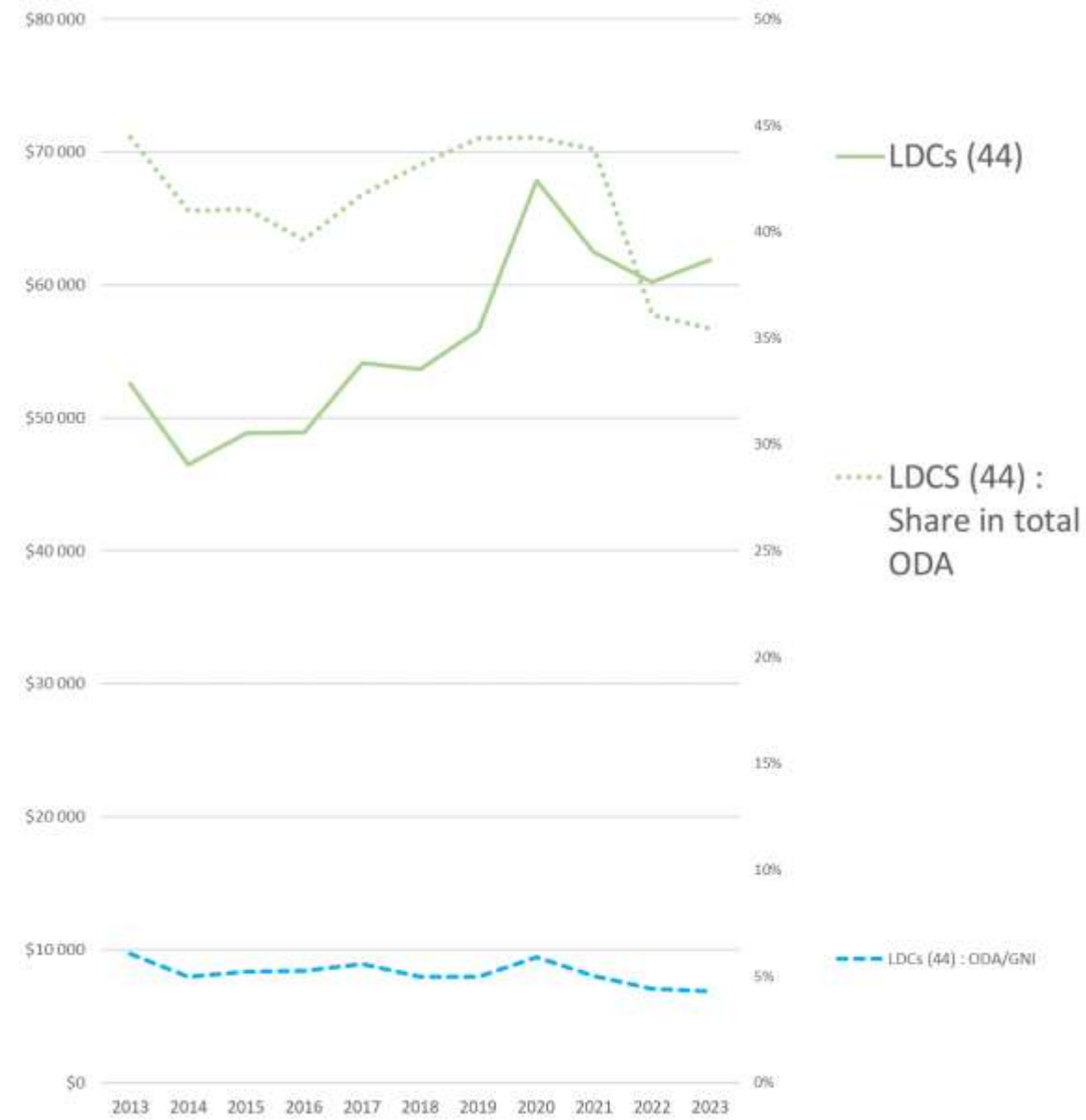
F&Di
FONDATION POUR LES ÉTUDES
ET RECHERCHES
SUR LE DÉVELOPPEMENT
INTERNATIONAL

Roundtable discussion with practitioners on monitoring the DPoA implementation

LDC-V Monitor

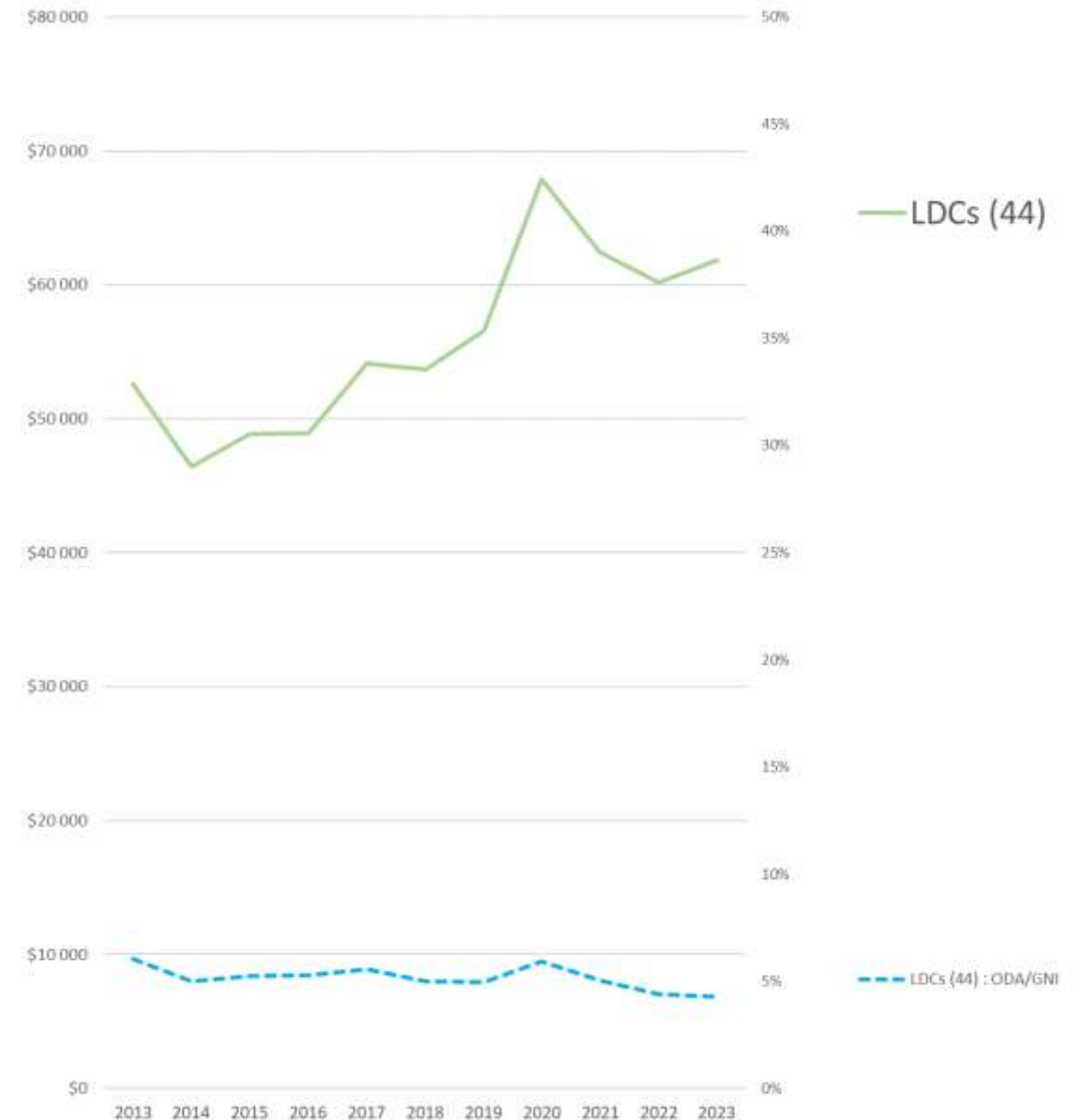


Trends in aid to LDCs and Share of LDCs in international aid



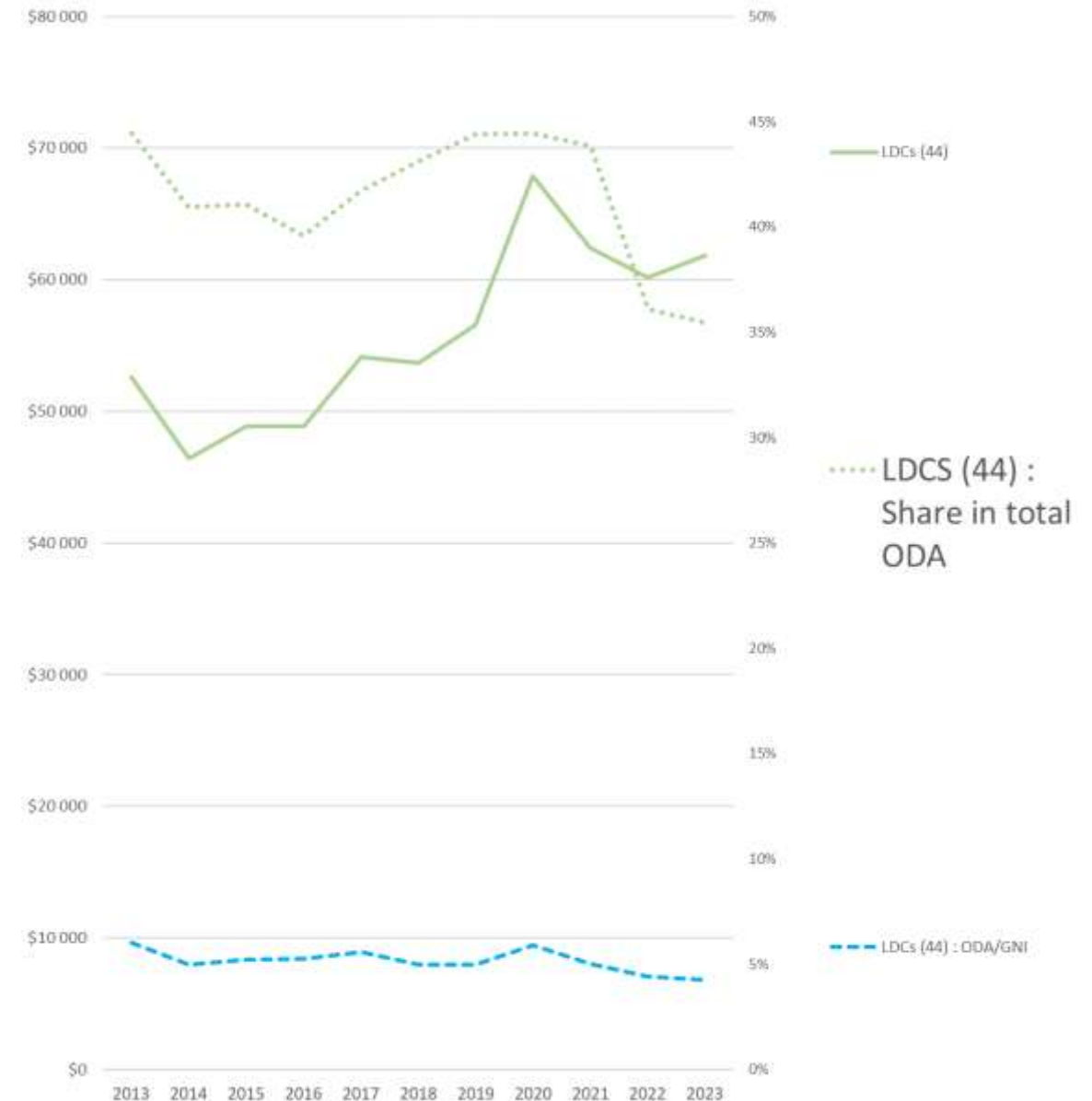
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 - BUT
 - War in Ukraine:
 - Sharp drop in the volume of ODA to LDCs



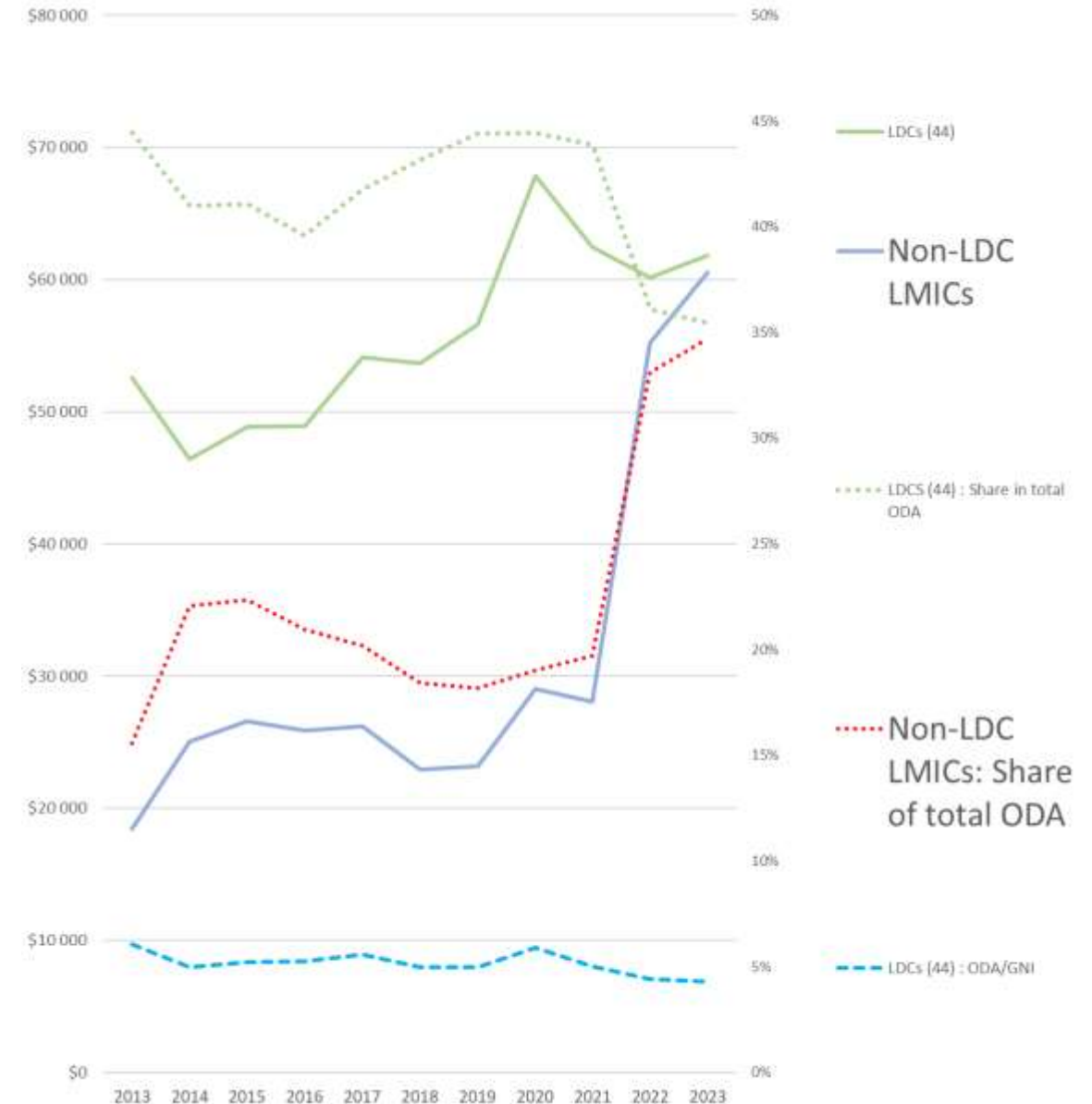
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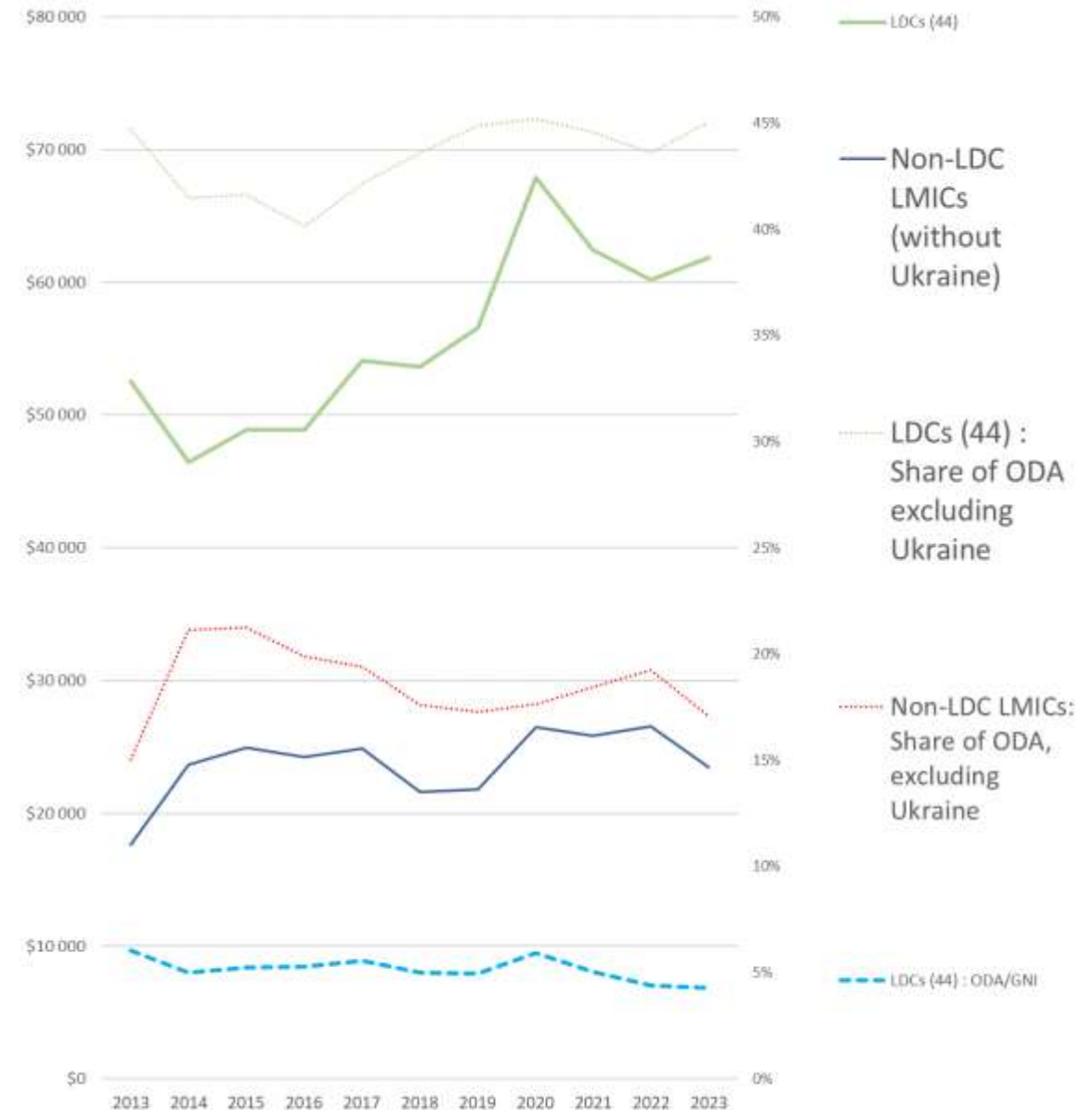
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- Slight shift in support from LDCs to LMICs
- **Strong crowding-out effect of ODA to Ukraine on ODA to LDCs**



Increasing aid to LDCs through better recognition of the MVI by donors?

- **Average vulnerability : LDCs > non LDCs**

With MVI : Average vulnerability of LDCs / Average vulnerability of other developing countries = 1.08.

This ratio is even 1.16 if we use an improved IVM on which Ferdi is working (FSVI)

- **But, until now, vulnerability is not fully taken into account by donors :**

- Ferdi analysis of donors' sensitivity to vulnerability:

- = Econometric estimation of the marginal selectivity of donor's support

- Results :

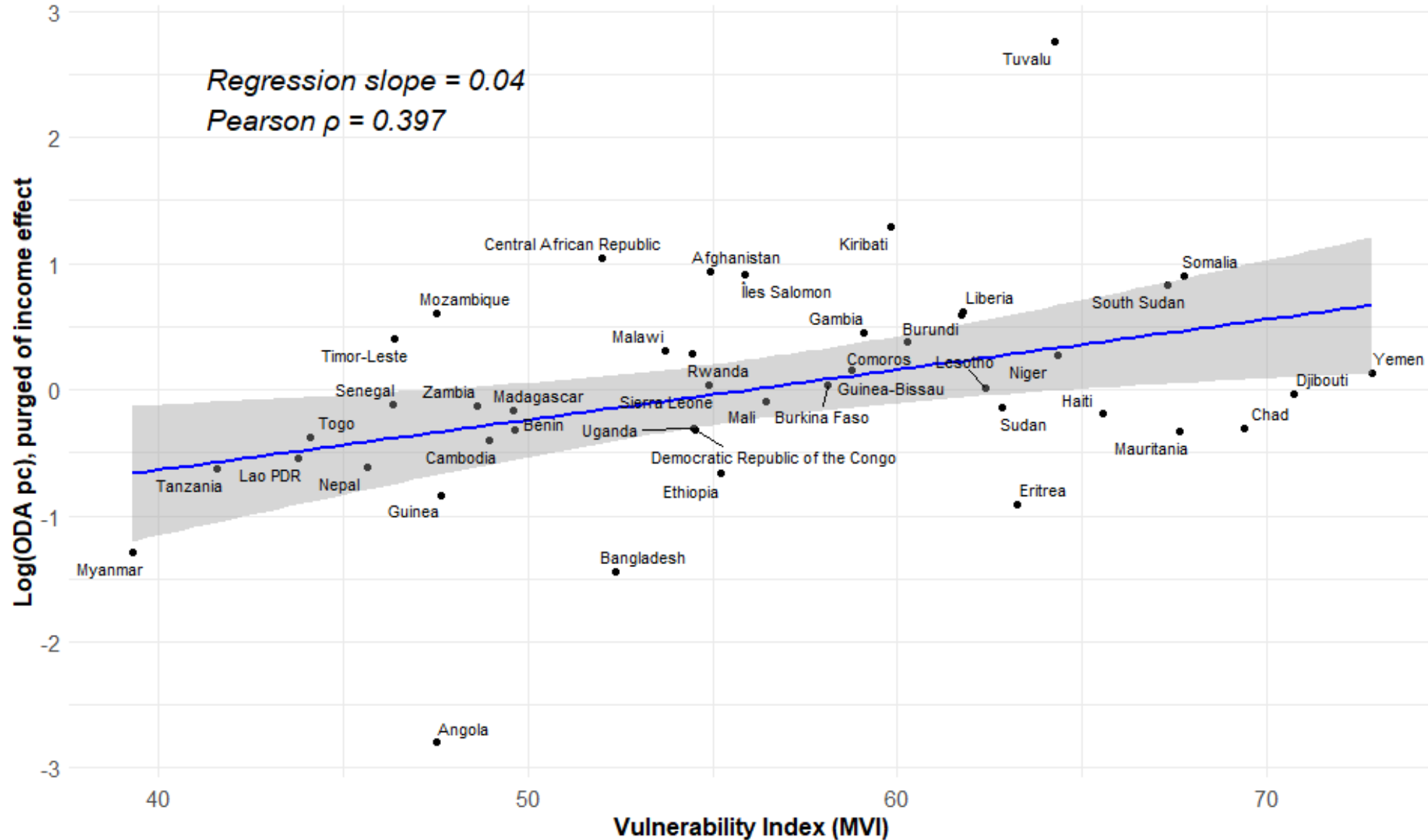
- Multilateral donors are taking greater account of structural vulnerability in their allocations

- BUT not for IDA and ADF

- ➔ this would probably be the case for IDA and ADF **if they used an index such as the MVI**

What about the LDCs ?

Correlation between the aid received by LDCs and their structural vulnerability



- International support : stagnating and threatened
- An option : Convince Donors to introduce an Vulnerability index as MVI among their criteria for allocating their concessional resources.
- The effect should be positive for LDCs, since :
 - LDCs are on average more vulnerable than other countries
 - Donors' awareness of vulnerability can be improved (IDA and the ADF).
 - It will make it easier to distinguish between countries according to their degree of vulnerability, thereby making the allocation fairer and more appropriate.