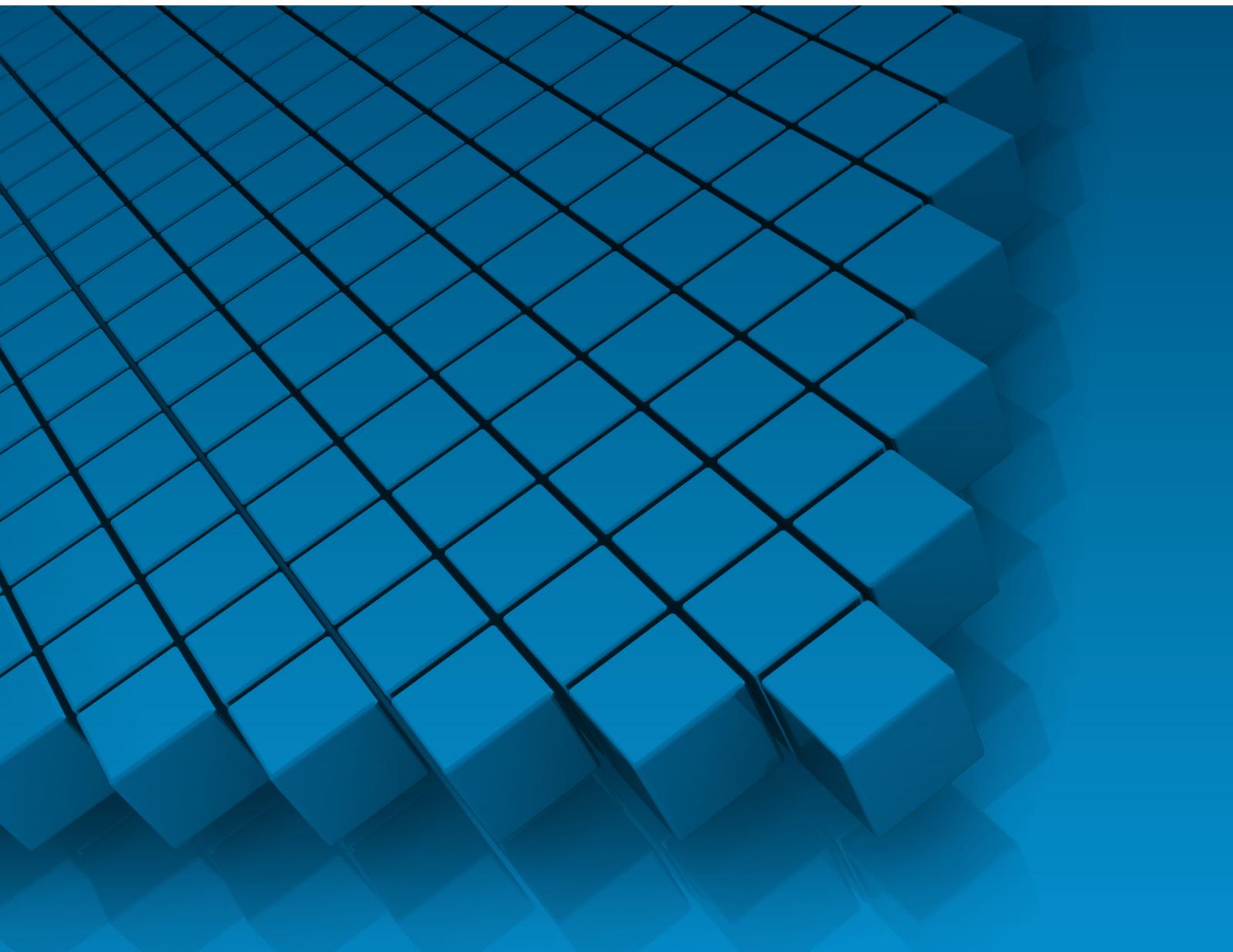




# Identification and Monitoring of Potentially Under-aided Countries



# IDENTIFICATION AND MONITORING OF POTENTIALLY UNDER-AIDED COUNTRIES<sup>1</sup>

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1. This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. An earlier version of this paper was discussed at the DAC High Level Meeting in December 2012. The current version contains updated figures for 2011 and is submitted as part of the “Fragmentation or Pluralism” conference hosted by German Development Institute on 10-11 October 2013.

## Abstract

Aid allocations vary significantly from one country to another. The phenomenon of under-aided least developed (LDCs) and low income countries (LICs) is in part the consequence of the current global development cooperation system, where aid allocation practices are to a large extent un-coordinated. While donors will continue to make their sovereign decisions on the objectives, priorities and incentive frameworks of their aid programme, they have expressed concern about gaps and overlaps that result from donors' individual decisions and a lack of co-ordination.

In the Accra Agenda for Action (AAA) in 2008 donors therefore committed to "improve allocation of resources across countries" and to "work to address the issue of countries that receive insufficient aid". This commitment was further reinforced at the 2011 Busan High Level Forum on Aid Effectiveness.

This paper acknowledges that there is no single agreed definition for under-aided countries, nor does it attempt to prescribe how aid should be allocated or imply that aid should automatically be scaled up to countries flagged as under-aided. Rather, it proposes a practical approach to identify potentially under-aided countries so that their individual situation can be further explored, taking into account other relevant factors not captured in quantitative approaches, such as broad political and governance aspects or absorptive capacity.

This practical approach draws on four already established aid allocation models based on countries' needs and/or institutional performance. In applying these four models to the most recent data, the paper finds that eight countries appear as potentially under-aided according to both needs-based and performance-based aid allocation criteria. These are mostly LICs with significant Millennium Development Goal (MDG) gaps and with some institutional capacity, and where most of their received aid is in the form of grants and concessional loans from multilateral agencies.

With more encouraging growth prospects for developing countries and with improved access to capital markets, aid allocations are bound to evolve over time. Monitoring aid allocations would allow to flag, well in advance, potentially under-aided countries when making decisions on future aid allocations.

## Introduction

Least developed (LDCs) and other low-income countries (LICs) rely heavily on concessional resources. Yet aid allocations to these vary greatly, and cannot be explained by countries' differing needs or institutional performance alone. Some countries appear to receive less aid *relative* to others that appear otherwise comparable.<sup>2</sup> **The phenomenon of under-aided countries is a consequence of the complexity of the current global development co-operation system, characterised by allocation practices which are to a large extent un-coordinated.**<sup>3</sup>

Individual development assistance programmes differ greatly in terms of their objectives, historical background, and the degree of co-ordination with other donors. It would be unrealistic to expect this underlying situation to change, since **each donor makes its sovereign decisions regarding the objectives, priorities and incentive framework of its aid programme, and will continue to do so.**

**That said, there is scope for better co-ordination.** Ensuring that aid is allocated efficiently<sup>4</sup> is crucial for generating development results. Where possible, correcting for some of this under-funding by freeing aid resources for countries with the greatest need and with the institutional capacity to use it, could allow for faster progress towards development results, including the Millennium Development Goals (MDGs). In the Accra Agenda for Action (AAA), the international community committed to “improve allocation of resources across countries” and to “address the issue of countries that receive insufficient aid”. Four years later, at the Fourth High Level Forum on Aid Effectiveness, endorsers of the Busan Partnership for Effective Development Co-operation called for accelerated efforts to address this issue. They set to agree, by the end of 2012, principles that will “guide our actions” to address this challenge.

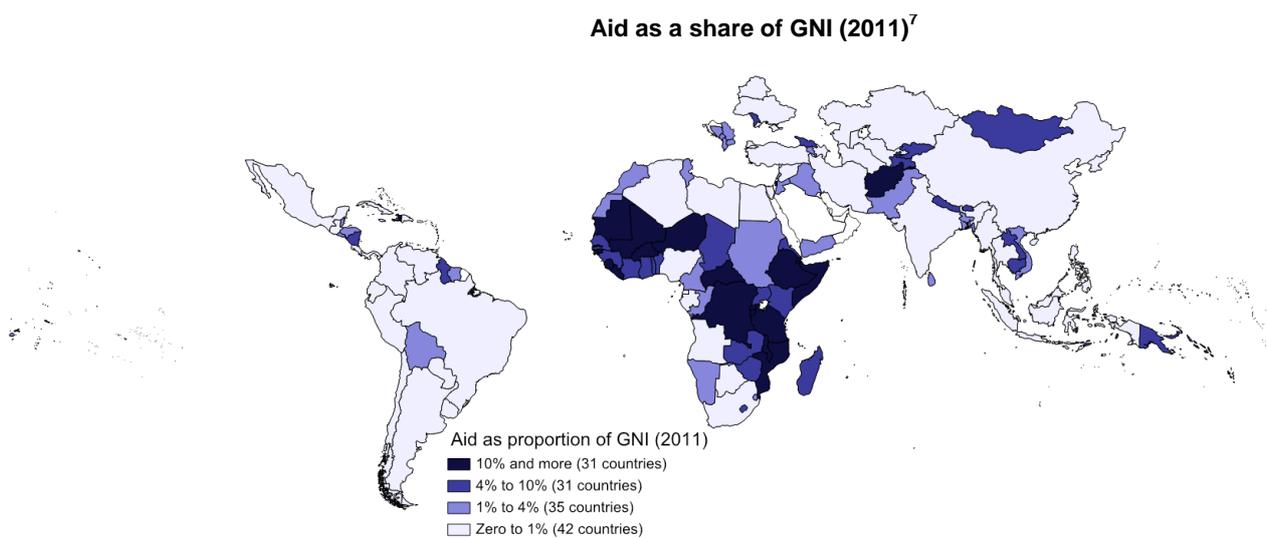
A necessary first step to addressing the issue of under-aided countries is to **create a common understanding of who they are.** Over the past few years, the OECD and the research department of the World Bank have worked in close collaboration to answer this question. The paper “*Will countries that receive insufficient aid please stand up?*” by Robert Utz of the World Bank, presented at the DAC Technical Workshop on “Global aid allocation patterns and cross country division of labour” in October 2010, was an important step in this, and the OECD has since further refined this approach.<sup>5</sup>

While **identifying and monitoring under-aided countries is a necessary first step,** it is by no means sufficient to fulfil commitments made in Accra and Busan to improve the allocation of resources across countries. However, this paper does not advocate any specific course of action in this regard.

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2. Other countries may seem relatively better off against the same benchmarks, including so-called “donor darlings”. Nonetheless, many of them face large funding gaps in *absolute* terms, making mechanical re-balancing from darlings to under-aided countries within any given global resource pool undesirable as well as impractical. The “donor darling” set of issues is not pursued further in this paper.
  3. There is a common perception that under-aided countries receive funding from only a few donors. These situations should not be confused with situations of underfunding.
  4. Allocation efficiency is achieved when resources are allocated in a way that allows the maximum possible net benefit from their use. In terms of aid allocation, this is to say that aid is allocated to the countries in which the aid is able to generate the highest impact for development results.
  5. Update and expansion of recent work undertaken by the World Bank to identify under-aided countries [Robert Utz, World Bank, “*Will countries that receive insufficient aid please stand up?*” (2010)].

## Current aid allocation patterns

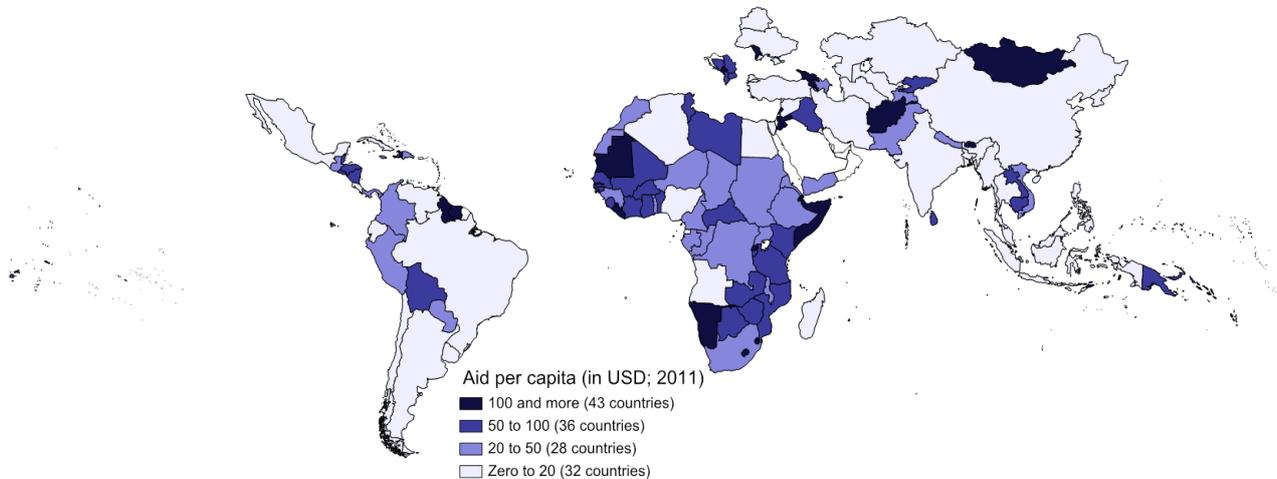
Aid allocations, measured in terms of country programmable aid (CPA)<sup>6</sup> and humanitarian aid, vary significantly from one country to another. While aid globally represents only 0.5% of developing countries' combined GNI, it corresponds to 7% of GNI of LDCs and other low-income countries; for some countries, it amounts to as much as 20% or more of their national income. In per capita terms, partner countries globally receive USD 17 per capita, while LDCs and other LICs receive on average USD 48 per capita; for some LICs, aid reaches more than USD 100 per person. As illustrated in the map below, aid as a proportion of GNI is highest in Africa, however even within this continent there are large differences.



The current aid allocations are also very unevenly distributed across countries with similar income levels. For example, Mozambique and Madagascar are similar both in terms of population size, income per capita and poverty levels. In 2011, the population of both Madagascar and Mozambique was around 22 million with a GNI per capita of 420 (Madagascar) and 450 (Mozambique). The latest poverty estimates of the proportion of people living on less than USD 2 per day was 93% for Madagascar and 82% for Mozambique.<sup>8</sup> Nevertheless, Mozambique received five times more aid than Madagascar. (For graphs showing aid per capita and as a share of GNI for low-income countries, see Annex A.)

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6. Country Programmable Aid (CPA) is a sub-set of gross bilateral ODA that measures actual transfers to partner countries. CPA is critical for delivering international aid commitments in support of the MDGs, but also represents the proportion of aid that is subjected to country allocation decisions by the donor. For more information on CPA see Annex B or [www.oecd.org/dac/cpa](http://www.oecd.org/dac/cpa).
  7. These maps are for illustrative purposes and are without prejudice to the status of or sovereignty over any territory covered by them.
  8. For more information on the latest poverty estimates, see World Bank's poverty analysis tool *Povcalnet* at: <http://iresearch.worldbank.org/PovcalNet>.

### Aid per capita (2011)<sup>9</sup>



As many OECD countries currently face budget austerity measures, it is unlikely that the donor community can address – let alone solve – the significant disparities in aid allocations across countries by increasing aid in absolute terms. The 2013 OECD/DAC Survey on Donors’ Forward Spending Plans points to stagnation in funding from 2013 to 2016.<sup>10</sup> With declining aid envelopes for many bilateral aid agencies, addressing the situation of *relatively* under-aided countries will require capitalising on efficiency gains and/or aid reallocations.

### Approaches and determinants used for aid allocations

A key challenge in addressing the issue of under-aided countries is that there is no single agreed definition or aid allocation **benchmark that could be used to identify under-aided countries**. This paper does not ask which countries receive insufficient aid to cover their financing needs for the MDGs or other development goals - most developing countries would probably claim that they are in this situation. Rather, this paper asks which countries could be considered “under-aided” in *relative*, not in *absolute* terms, meaning, which countries receive less aid *relative* to others that appear otherwise comparable. This section examines donors’ current aid allocation practices and (a) reveals a multitude of approaches in what guides aid allocations by bilateral and multilateral donors<sup>11</sup>, (b) summarises some of the contentious issues in the debate about the ‘right’ way to allocate aid, and (c) highlights four established models (among many other possible approaches) that can be used as benchmarks for identifying “under-aided” countries in the absence of an agreed definition.

### Multitude of aid allocation approaches

The majority of **multilateral agencies** use **resource allocation formulas** to **determine their aid allocations** to countries based on their global mandate. The formulas used by the multilateral development

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9. These maps are for illustrative purposes and are without prejudice to the status of or sovereignty over any territory covered by these maps.
  10. While aid has decreased since 2010, the 2013-16 survey estimates that global CPA is projected to “bounce back” in 2013, reflecting the planned increases of a few larger bilateral development providers. However, looking beyond 2013, global CPA is projected to stagnate up to 2016. See OECD (2013a), ‘Outlook On Aid: Survey On Donors’ Forward Spending Plans 2013-2016’, OECD, Paris.
  11. Some of these findings are summarised in Utz’ paper *Will countries that receive insufficient aid please stand up?* (2010).

banks' concessional funds (such as IDA and African and Asian Development Funds) take into account both countries' needs (measured in terms of population and income per capita) and their institutional performance. The United Nations agencies use other allocation approaches largely based on needs, using similar measures. For some global funds and programmes, such as the Global Fund, resource allocations are driven by project-specific demand and programme performance, with no country-specific limits. In practice, multilateral country allocation approaches allow for flexibility through subsequent reviews and modifications, including by setting floors and ceilings for different groups of countries and/or adjusting for country size.

**Bilateral donors**, on the other hand, **do not generally use quantitative aid allocation formulas**, with few exceptions including the United Kingdom and the Netherlands, which use quantitative approaches as one input to **guide their overall decisions** on aid allocations. Instead, bilateral donors' allocations reflect a mix of criteria, some of which are quantifiable, while others not. These range from **needs** (e.g. income, MDG lags, poverty measures), **institutional performance** (as an indicator of likely effectiveness and fiduciary risks), **historical and colonial ties**, **commercial** and **geopolitical** interests, to regional or global public goods, including specific attention to countries affected by **conflict and fragility**. In choosing their priority countries, most bilateral agencies have already decided on their set of eligible countries (for example by applying an income benchmark, or determining focus countries on political grounds) by the time any more detailed cross-country and cross-donor comparisons are made.

Most aid allocation approaches are, to varying degrees, inspired by the approach of “**poverty-efficient aid allocations**”, a term introduced by Collier and Dollar (2000) that describes the principle that aid should be allocated to countries where there is more poverty and where aid is expected to have more impact on poverty and growth (i.e. in good policy environments). This approach is by no means universal, however, and not necessarily embedded in the approaches of other providers of development co-operation such as emerging donors and non-official donors (private foundations and NGOs).

Another common feature is that **aid allocation decisions are generally unilateral**, meaning that in making aid allocation decisions, donors do not usually factor in information on what others are doing or planning to do. Hardly any donors, bilateral or multilateral, build into their allocation approaches an analysis of whether a given country is – by whatever criteria considered applicable – over or under-funded when all other aid is considered. It is worth noting, however, that there is **currently no commonly-agreed framework or co-ordination mechanism that donors could draw on** for this kind of analysis.

In the above described situation, even very basic information sharing and co-ordination between donors could help to make allocations more efficient. Bilateral donors could use data on aid allocations for internal analysis and for co-ordination with other donors when drafting government aid policies and preparing decisions on aid allocations. Multilateral organisations could factor information on aid allocations into their aid allocation models, or use them to complement them.

### ***Which factors should guide aid allocations? – an inconclusive debate***

There are long and on-going debates on optimal aid allocations, since 2001<sup>12</sup> these have been taking place within the DAC as well, which can be roughly summarised along *three tracks*.

The *first* issue is whether donors should target poor people or poor countries with their aid. In other words: should they think in terms of “aid per capita” or aggregate country envelopes? Evidence shows that

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12. OECD Expert seminar series on Aid Effectiveness, Selectivity and Poor Performers.

aid allocations reflect a **systematic bias in favour of less populous countries**.<sup>13</sup> As a consequence, in terms of aid received per capita, highly populous countries receive less compared to less populous countries. This ‘small country bias’ seems to imply that aid allocations do not achieve the maximum reduction in aggregate global poverty, since a vast majority of the world’s poor people live in highly populous countries. Although the small country bias has declined over the last decade, and some populous LICs with high income-poverty headcounts (*e.g.* Ethiopia and Tanzania) have seen important increases in aid levels, the question of aiding poor people versus poor countries is still debated.<sup>14</sup>

The *second* element of the debate on optimal aid allocations is about **how to measure needs and how much relative weight** to assign to them. Donors increasingly agree that an exclusive focus on income masks major underlying development challenges and is therefore inadequate for measuring multi-dimensional poverty. This has led donors to look for alternative measures that go beyond income to include, for example the extent to which countries are off-target for meeting the MDGs. Another example is the Human Development Index (HDI), which combines income levels with life expectancy and education, and is considered a broader measure of the economic and social progress of a country. The UK included the HDI as a criterion to judge whether multilaterals are performing or not in its recent bilateral and multilateral aid review, and the UNDP also considered, in the context of the Second review of its programming arrangements, the option of using this indicator in its country allocation formula (TRAC1).<sup>15</sup>

*Third*, there is a debate on whether a country’s **institutional performance or its needs** should be the prevailing criterion in allocating aid. While institutional performance ratings are generally seen as relatively good empirical predictors of future effectiveness of the use of funds, they have been challenged empirically and are seen as unfairly penalising those most in need.<sup>16</sup> Whether the weight given to country performance assessments is too high relative to needs therefore remains a contentious issue. There is also concern as to whether in the case of fragile states, especially post-conflict and recovering countries, recent performance is a valid predictor of their future effectiveness in absorbing aid. Fragile and conflict-affected states may be able to leverage one-off change and exploit windows of opportunity for future growth and poverty reduction, or they may conversely (or subsequently) relapse into conflict – this is not a linear process. Moreover, the broader spill-over risks for neighbours of fragile and conflict affected states or for global security may affect a country’s ability to use funds effectively.

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13. This bias has been observed for many years and Collier and Dollar (2000) accepted this bias as “a fact of life”.

14. Among the most recent publications on this topic is the paper by Andy Sumner, and Kanbur, R. “Poor Countries or Poor People? Development Assistance and the New Geography of Global Poverty”, *Journal of International Development*, Special Issue: EADI-DSA Conference, 19–22 September 2011, Volume 24, Issue 6, pages 686–695, August 2012.

15. See UNDP (United Nations Development Programme) (2012), *Second review of the programming arrangements, 2008-2013, DP/2012/3, First regular session 2012*. At the second regular session in 2012, it was agreed to replace the current weighting system with simple mathematical formulas; however, without including HDI in the country allocation formula.

16. For instance, the Collier/Dollar poverty-efficient aid allocation model, building on the Burnside/Dollar analysis from 1997, concludes that aid has more impact when it is allocated to countries with good institutional and policy environments. Others, however, including Guillaumont (FERDI), criticise the substantive weight currently given to institutional performance in the IDA PBA model, arguing that the definition of “performance” is ambiguous and the way in which it is currently measured (CPIA), subjective.

### *Four possible benchmarks to identify under-aided countries*

A mapping of all these practices and debates reveals a multitude of approaches to allocating aid, not all of which are necessarily shaped by underlying models. However, for the purpose of this report, **four well-established models for aid allocation are used**. Two of them (UNDP-TRAC-1 and IDA15) are used in practice; and the other two (egalitarian model, Collier/Dollar model) emanate from theory. They range from simplistic approaches assuming equal aid per capita to more sophisticated formulas based on countries' past institutional performance, poverty levels and income. The box below presents a brief description of the four models. (For more information on the methodology behind each model, see Annex B.)

#### **Overview of aid allocation benchmarks**

The **egalitarian allocation** model on the basis of aid per capita is founded on the fundamental principle that each person in an eligible country receives the same amount of aid (i.e. according to this model, aid would be distributed equally among all citizens, leading to larger aid envelopes for more populous countries).

The **UNDP TRAC-1 allocation** model uses population and per capita income weights based on the Executive Board's approved weighting system, which gives higher weight to poorer and more populous countries. Each country receives a score based on its size and needs, which forms the foundation of the base allocations. Floors and ceilings are applied to take account of judgments on fairness across countries. This model was used for the 2008-13 programming cycle; however, it should be noted that this model will be adjusted for the next programming cycle (2014-17).

The **Collier/Dollar poverty-efficient aid allocation** model developed by Paul Collier and David Dollar in 2000 was designed to maximise global poverty reduction. The model combines a country's poverty headcount (the number of people living below two dollars per day), per capita income and country institutional performance to determine the optimum aid allocation across countries to reduce global poverty. Collier-Dollar initially calculated allocations with no small-country bias and then added a substantial small-country bias, reflecting actual donor practice rather than policy recommendation.

The **IDA 15 performance-based allocation** model closely related to the Collier-Dollar model, provides the basis for the current allocation of the World Bank's concessional resources. The model attaches an important weight both to countries' institutional and policy performance and to need, measured by population size and per capita income. Countries with high institutional performance received nearly three times more aid per capita than low performing countries from IDA15. Most multilateral development banks apply a variant of this model.

It goes without saying that none of the models is perfect; there is no "right" way to allocate aid. Each approach has its merits and shortcomings. All four reinforce a small country bias (based on current allocations) to varying degrees, whether in the allocation formula, through ceilings for highly populous countries or through aid floors to ensure a minimum level of aid for each country. The **allocation outcomes of the egalitarian model and UNDP TRAC-1 model are correlated**, since both models focus on countries' needs measured by GNI per capita. The **Collier/Dollar poverty-efficient aid allocation model and the IDA 15 performance based allocation model are also correlated**, as both models include the country's institutional performance as a key component.

### **Applying established models to identify potentially under-aided countries**

The previous sections assessed current allocation patterns and concluded that donors, whether they use quantitative aid allocation approaches or not, attach different weights to country needs and performance, regional and global factors, and their own self-interest and priorities. This section compares

actual aid allocations with the aid allocations that would result from each of the four allocation approaches, as a way to flag countries that are **potentially under-aided and merit a more country-specific review**.

### *A few words about the methodology*

It is worth re-emphasising that the findings of this section – including Table 1 – are based on a **methodology that is proposed to serve only as an initial step for analysis** and as a quantitative basis for further qualitative examination of individual country situations. The OECD expert meetings in December 2009 and October 2010 agreed that given that views diverge on what constitutes an “under-aided” country, using multiple approaches would be important in reaching an agreement on which countries should be flagged for a more detailed country-specific review. Therefore, the approach taken here reflects how global aggregate aid would be allocated if all donors distributed aid **according to the four existing aid allocation models**. It must be acknowledged that these methods were not developed to identify funding imbalances and therefore serve merely as proxies for this quantitative analysis. The paper does not infer that a combination of these models is the only approach to inform discussions on aid allocation. Furthermore, it is worth noting that this analysis does not take into consideration the number of donors present in a country, as the focus is exclusively on overall funding levels for partner countries.

The four allocation models are applied only to LDCs and other LICs with per capita income below USD 1 025.<sup>17</sup> This is because these countries rely heavily on concessional resources and typically face more difficulty in accessing non-concessional finance, and are therefore more vulnerable to fluctuations resulting from the financial and economic crisis and to the increase in food prices. Also, their possibilities to redistribute wealth within the country are limited, compared to middle-income countries.

For this study, aid to partner countries is measured on the basis of CPA and humanitarian and food aid, as captured in OECD/DAC statistics. While humanitarian aid is not technically “country programmable” given that it is usually triggered by external and/or unpredictable events, it commonly represents an important share of overall external resources in fragile states and hence should be included in the assessment of overall aid allocations.

In practice, actual aid volumes are being compared with the aid allocations that would result from the four allocation approaches, if global aggregate aid were distributed according to the four criteria. For each benchmark model, countries with actual aid receipts with a minimum of one percentage point of GDP below the benchmark value are identified as under-aided according to the specific aid allocation model used.

If a country appears as **under-aided in 2011 according to at least two of the four benchmark models** applied, it is included in Table 1, which gathers the broad list of countries that could potentially be considered as under-aided. Altogether 20 countries appear on the list. This paper does not make any preference between needs-based or performance-based models. Therefore, **only the countries that appear to be under-aided in both approaches are identified as countries that would merit closer examination**.

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17. World Bank’s low-income threshold set for 2011 flows was USD 1 025 per capita.

*What do we learn from applying these models to current data?*

As Table 1 shows, **eight countries appear as potentially under-aided according to both needs and performance based aid allocation approaches.**<sup>18</sup> (Annex C provides some key indicators for each country listed in Table 1.)

**Table 1. Potentially under-aided countries by aid allocation benchmarks (2011)**

Country	Equal aid per capita	UNDP's TRAC1 aid allocations	Poverty-efficient aid allocation	IDA's performance based allocations	Number of benchmarks
Madagascar	x	x	x	x	4
Malawi	x	x	x	x	4
Bangladesh	x		x	x	3
Gambia	x	x	x		3
Guinea	x	x	x		3
Niger	x	x		x	3
Togo	x	x	x		3
Nepal	x		x		2
Central African Rep.	x	x			2
Chad	x	x			2
Comoros	x	x			2
Congo, Dem. Rep.	x	x			2
Eritrea**	x	x			2
Guinea-Bissau	x	x			2
Zimbabwe***	x	x			2
Burkina Faso			x	x	2
Ethiopia			x	x	2
Senegal			x	x	2
Tanzania			x	x	2
Uganda			x	x	2
<b>11 countries*</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>1</b>
<b>Total: 31 countries</b>	<b>18</b>	<b>17</b>	<b>16</b>	<b>9</b>	

\* These countries are: Benin, Burundi, Djibouti, Kenya, Laos, Myanmar, Sierra Leone, Somalia, Tajikistan, Yemen, and Zambia

\*\* Due to lack of data, the number of possible aid allocation benchmarks for Eritrea is only three.

\*\*\* Due to lack of data, the number of possible aid allocation benchmarks for Zimbabwe is only two.

These eight countries constitute the **proposed list of potentially under-aided countries that merit further country-specific review.** Most of these countries also appear to be the chronically under-aided (according to the same criteria) over the past six years as shown in Table 2. Two countries (Guinea and Madagascar) have been identified as potentially under-aided according to at least three benchmarks over six years (from 2006 to 2011).

18. A sensitivity analysis finds that the list changes somewhat when humanitarian aid is excluded; without humanitarian aid, Chad falls short of one additional benchmark and therefore appears under-aided according to both needs and performance based criteria, whereas Bangladesh meets two more benchmarks and therefore no longer appears under-aided by both needs and performance based criteria. Furthermore, Niger, Sierra Leone and Somalia are identified as under-aided according to one additional benchmark, and Gambia, Malawi, Nepal, and Tanzania are identified as under-aided according to one less benchmark. In addition, Senegal meets two benchmarks and no longer appears under-aided according to any benchmark.

Table 1 also shows twelve countries that would merit some examination because they appear potentially under-aided according to only one allocation approach. These countries are identified as potentially under-aided according either to allocation criteria that emphasise needs (left hand side columns) or allocation criteria that emphasise performance (right hand side columns). Both approaches have their merits and any decision to weight one over the other would be for individual donors to make. However, as a basis for such deliberations, it could be argued that countries appearing to be potentially under-aided according to performance-based allocation criteria (e.g. Ethiopia and Uganda) are countries where increased aid volumes could, on the basis of efficiency, generate higher marginal returns in terms of poverty reduction and other development outcomes as compared to other countries. On the other hand, countries appearing on the list as potentially under-aided according to needs-based allocation criteria could benefit from increased aid volumes on the basis of their low levels of income per capita and lack of progress in achieving the MDGs.

**Table 2. Potentially under-aided countries over time (2006-2011)**

Country	Number of benchmarks identified as potentially under-aided						Average (2006-2011)
	2006	2007	2008	2009	2010	2011	
Madagascar	3	3	4	4	4	4	3.7
Malawi	1	2	1	3	2	4	2.2
Bangladesh	2	2	2	3	3	3	2.5
Gambia	2	2	3	1	3	3	2.3
Guinea	3	3	3	3	3	3	3.0
Niger	1	2	4	4	3	3	2.8
Togo	3	3	2	3	3	3	2.8
Nepal	4	4	4	3	3	2	3.3
<b>Total: 8 countries</b>							

Of the eight countries appearing as potentially under-aided, all are LDCs and seven are fragile or conflict-affected states<sup>19</sup>, with varying levels of institutional capacity and lagging behind in achieving the MDGs (Table 3). These countries are also much more reliant on multilateral funding than other countries. In 2011, aid from multilateral agencies' core resources accounted for a higher share of aid than bilateral aid in most of the eight potentially under-aided countries. On average, 53% of total aid was extended by multilateral agencies, compared to the global average of 36%. The extreme case is Togo, where 79% of all aid over the last six years was extended by multilateral agencies. In addition, the significance of multilateral agencies would further increase if non-core resources are re-attributed from the bilateral donor to the multilateral agency generally responsible for its implementation.

While the ability of fragile and conflict affected states to absorb aid varies significantly, research indicates that most fragile states could efficiently absorb greater amounts of aid than they currently receive.<sup>20</sup> Alongside channelling additional aid through community-driven development programmes and direct service delivery, it can also be argued that additional aid channelled as budget support and humanitarian aid can play an important state building role in fragile states, when accompanied by targeted technical assistance to support public financial management.

19. These are countries classified as fragile and/or conflict-affected states according to the working definition of the International Network on Conflict and Fragility (INCAF), which is not an official DAC list or definition. This list compiles various measures for fragility, such as the World Bank CPIA bottom two quintiles and Fund for Peace Failed States Index. See OECD (2013b), 'Resource flows and trends in fragile states', OECD, Paris.

20. McGillivray and Feeny (2008).

**Table 3. Potentially under-aided countries (2011)**

Country	Region	Fragile and/or conflict-affected state*	Least Developed Country
Madagascar	Sub-Saharan Africa	Fragile	LDC
Malawi	Sub-Saharan Africa	Fragile	LDC
Bangladesh	South and Central Asia	Fragile	LDC
Gambia	Sub-Saharan Africa		LDC
Guinea	Sub-Saharan Africa	Fragile	LDC
Niger	Sub-Saharan Africa	Fragile	LDC
Togo	Sub-Saharan Africa	Fragile	LDC
Nepal	South and Central Asia	Fragile	LDC
<b>Total: 8 countries</b>		<b>7 fragile states</b>	<b>8 LDCs</b>

\* These are countries classified as fragile and/or conflict-affected states according to the working definition of the International Network on Conflict and Fragility (INCAF).

### What can donors do?

The information provided by this paper requires a **collective debate on aid allocations**. As stated in previous sections, donors seldom take a systematic approach for factoring activities of other donors into their allocation processes or decisions. Moreover, the current bilateral donor emphasis on cross-country selectivity (i.e. the increased focus on fewer partnerships) may inadvertently lead to exits from under-aided countries. It is important to have a political discussion where the development providers can unpack and better understand the implication of their allocation decisions. Further analytical work on the composition and effectiveness of aid in the potentially under-aided countries could be helpful to provide additional information based on other international measures and benchmarks, e.g. governance indices. The work should also be informed by other tools, such as the DAC Survey on Donors' Forward Spending Plans which provides a useful outlook on global aid allocations.

It is relevant to continue to **monitor** global aid allocations to flag potentially under-aided countries early on, so that the international community can discuss and further analyse the issue of under-aided countries on an empirical basis, and ultimately undertake corrections or re-allocations, either individually or collectively.

There is no forum by which the issue of under-aided countries is being discussed. In this respect the DAC has a key role to play since analysis shows that bilateral assistance is low in relative terms in the potentially under-aided countries.

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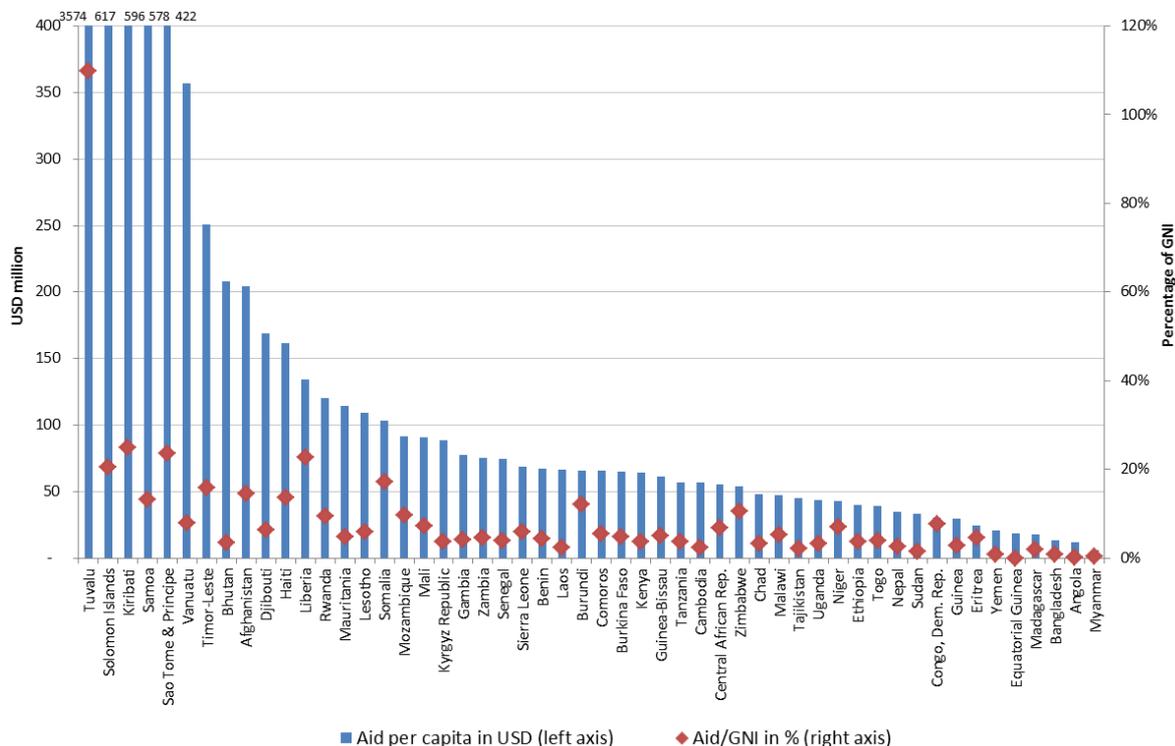
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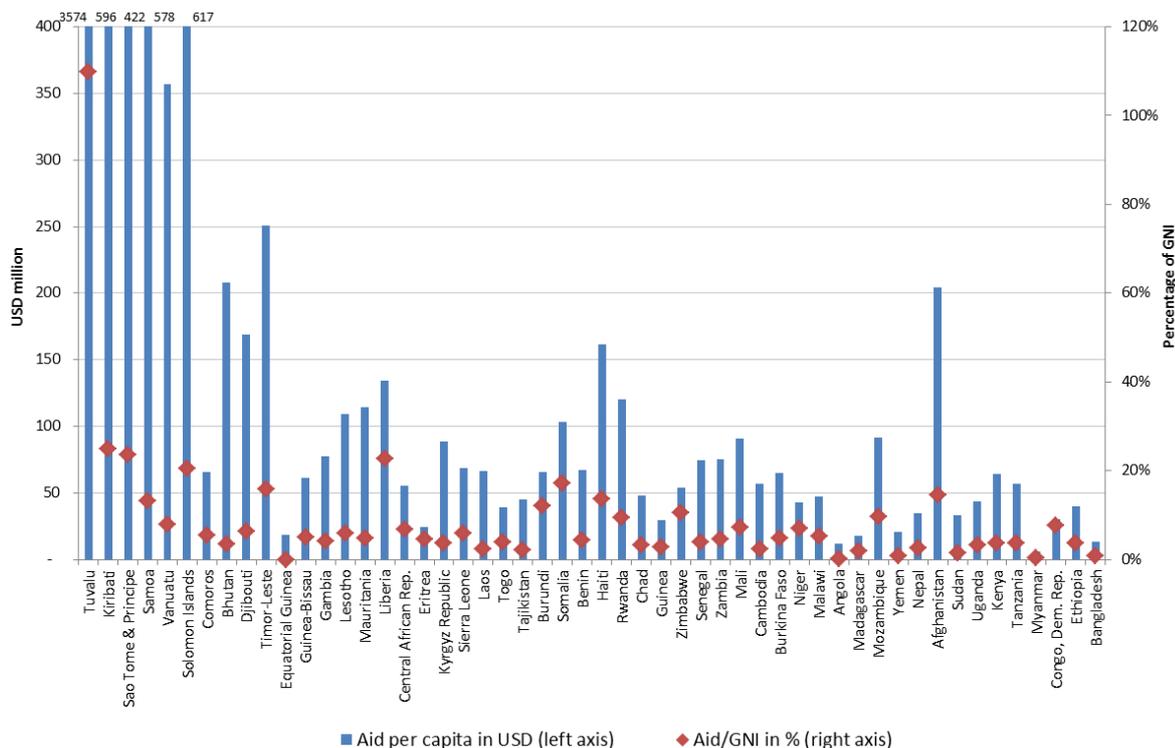
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## Annex A: Aid receipts of least developed and low income countries

### Aid receipts per capita and as a share of GNI (2011) - countries sorted by aid receipts per capita



### Aid receipts per capita and as a share of GNI (2011) - countries sorted by population size



## Annex B: Methodology

Donors' contributions to development programmes in developing countries are best captured by the concept of country programmable aid (CPA), a subset of gross bilateral ODA critical for the support of the MDGs. CPA reflects the amount of aid that constitutes a cross-border flow and is subjected to multi-year planning at country/regional level. CPA tracks the proportion of ODA over which recipient countries have, or could have a significant say. Several studies have also shown that CPA is a good proxy of aid recorded at the country level (excluding humanitarian aid).

CPA is defined through exclusions, by subtracting from total gross bilateral ODA flows that:

- (1) are inherently unpredictable (humanitarian aid and debt relief);
- (2) entail no cross-border flows (administrative costs, imputed student costs, promotion of development awareness, and costs related to research and refugees in donor countries); and
- (3) do not form part of co-operation agreements between governments (food aid, aid from local governments, core funding to NGOs, ODA equity investments, aid through secondary agencies, and aid which is not allocable by country or region).

All benchmark allocation models in this paper redistribute a fixed volume of aid, but according to different criteria. The total volume of aid each model allocates is equal to the current level of aid allocated to least developed and low-income countries.<sup>21</sup> The four models used in this paper are the (1) **egalitarian allocation model**, the (2) **UNDP TRAC-1 allocation model**, the (3) **population-adjusted, poverty-efficient aid allocation model**, and the (4) **IDA 15 performance-based allocation model**.

(1) The **egalitarian model** is based on the fundamental principle that every person should receive the same amount of aid. Under this principle, many countries with large populations appear under-aided. The model includes a parameter to reflect the systematic bias in favour of less populous countries.<sup>22</sup>

(2) The **UNDP TRAC-1 allocation model** for the 2008-13 programming cycle weights both population size and per capita income (GNI) based on the Executive Board's approved weighting system, giving higher scores to poorer and more populous countries. Each country receives a score based on its size and needs, which forms the basis for UNDP allocations.<sup>23</sup> The weighting system, which has remained constant since 1995, is constructed on the basis of per capita income and population thresholds that are biased towards smaller and poorer countries. It is worth noting that only countries with a per capita income (GNI) below USD 6 500 are eligible for TRAC-1 resources. Table 4 presents the current thresholds used in the UNDP TRAC-1 allocation model.

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<sup>21.</sup> All data used in this analysis is country programmable aid (CPA) and humanitarian and developmental food aid.

<sup>22.</sup> Even when applying this parameter, Bangladesh appears under-aided by USD 3.1 billion (USD 5.8 billion without applying the bias parameter), corresponding to 1% of its GDP.

<sup>23.</sup> The base allocations are later adjusted to ensure that least-developed countries receive at least 60% of all aid and countries' basic allocations are not lower than the minimum mandated by the Executive Board.

### UNDP TRAC-1 weights of population size and per capita income

GNI per capita (USD; Atlas method)		GNI weights		Population (in million)		Population weights	
From	To	From	To	From	To	From	To
0	375	9.3	5.1	0	1	0.1	0.5
375	750	5.1	2.6	1	10	0.5	1.4
750	1464	2.6	0.3	10	100	1.4	3.3
Above 1464		0.3		100	500	3.3	4.7
				500	1000	4.7	6.5
				Above 1000		6.5	

For the coming programming cycle covering the years 2014-17, UNDP is updating the eligibility criteria to a more gradual approach where also other middle-income countries with GNI per capita above USD 6 500 (but below USD 12 195) are eligible to receive TRAC-1 resources. In addition, UNDP will replace the current weighting system with simple mathematical formulas similar to those used by other UN agencies (e.g. UNICEF and WHO).

(3) The **population-adjusted poverty-efficient aid allocation model** was developed by Paul Collier and David Dollar in 2000. In this model, aid allocations are higher with strong country institutional performance, low per capita income and a high proportion of people living on less than USD 2 per day.

$$A^i = 2.6p^i - \lambda * y^i / (0.14 * h^i) * N^{i\beta}$$

where:

- $A^i$  is the level of aid receipts as a share of GDP;
- $p^i$  is country performance measured by the rating of World Bank's annual Country Policy and Institutional Assessment (CPIA);
- $y^i$  is per capita income (GDP PPP);
- $\lambda$  is the shadow value of aid, or the marginal effect of additional aid on poverty reduction;
- $h^i$  is the proportion of people living on less than USD 2 per day.
- $N^i$  is population size;
- $\beta$  is the population bias factor, that is the degree of preference for less populous countries; and
- $i$  is indexed countries.

When the population bias factor ( $\beta$ ) is zero, no bias is applied. In the original Collier/Dollar model using data from 1996, the population bias was estimated to be 0.32. CPA estimates this factor to be 0.25, indicating a slight reduction in the population bias due to larger aid increases in recent years to more populous countries. Without this adjustment to the formula, populous countries with high levels of poverty, but strong institutional performance, such as Bangladesh and Ethiopia, would receive a larger portion of global aid.

Country performance is a key component in the poverty-efficient aid allocation model. Underlying this is the understanding that countries with stronger institutions can utilise aid more effectively and should receive more aid than countries with weaker institutional capacity.

(4) The **IDA 15 performance-based allocation model (PBA)**<sup>24</sup> provides the basis for allocation of the World Bank’s concessional resources<sup>25</sup>. The model places high importance on a country’s institutional and policy performance measured by its Country Performance Rating<sup>26</sup> as well as its need, measured by population size and per capita income.

$$IDA\ 15\ PBA\ per\ annum = Country\ performance\ rating^5 * Population * GNI/capita^{-0.125}$$

The main determinant of the performance-based allocation model is the country performance rating that allocates more aid to countries with higher institutional performance, such as Ethiopia and Uganda, and less aid to countries with lower performance ratings, such as Burundi and Togo. This is to some extent counterbalanced by the post-formula adjustments that allow for more resources to post-conflict countries with strong needs, but weak institutional performance. Post-formula adjustments are not applied in this analysis.

Both the egalitarian model and UNDP TRAC-1 aid allocation model are focused on countries’ **needs** on the basis of population size and GNI per capita, leading to a positive correlation of results calculated on the basis of these models. In contrast, country **performance** is the key component in both the population-adjusted poverty-efficient aid allocation model and the IDA 15 performance-based allocation model, resulting in a correlation in the outcomes of these two models. The UNDP TRAC-1 allocation model is the allocation benchmark that is most positively correlated with actual aid receipts of LICs.

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<sup>24</sup> Most of IDA's resources are allocated through the PBA system, however there are five exemptions: capped allocations to blend countries (India and Pakistan are capped at 11% and 7% of total IDA 15 disbursements); funding for arrears clearance; special allocations for post-conflict and re-engaging states; special provisions for regional projects; and exceptional disaster-related allocation.

<sup>25</sup> Only countries with a GNI per capita below an established threshold (in fiscal year 2014 USD 1,205) or that are in need for concessional resources due to a lack of creditworthiness are considered eligible for IDA financing.

<sup>26</sup> The World Bank’s Country Performance Rating (CPR) is 92% based on its Country Policy and Institutional Assessment (CPIA), and 8% on its Portfolio Performance Rating (PPR). Each year, the World Bank rates each country based on 16 criteria grouped into four clusters: (a) economic management; (b) structural policies; (c) policies for social inclusion and equity; and (d) public sector management and institutions. The IDA Resource Allocation Index (IRAI), or overall country score, is the average score of these four clusters.

### Key indicators for potentially under-aided countries (2011)

Countries	Actual aid / capita	Population (million)	GNI per capita (Atlas method)	GDP per capita (PPP)	Proportion of population living on less than USD 2 per day	World Bank's IRAI rating (i.e. overall CPIA rating)
Madagascar	18	21.9	420	953	93	3.2
Malawi	48	16.2	360	890	82	3.3
Bangladesh	13	166.7	770	1,751	77	3.3
Gambia	77	1.8	510	1,853	56	3.5
Guinea	30	10.6	400	1,031	70	2.9
Niger	43	15.1	330	607	75	3.4
Togo	39	7.1	470	998	69	3.0
Nepal	35	28.5	610	1,402	57	3.3
Central African Rep.	55	4.7	480	820	80	2.8
Chad	48	10.5	690	1,431	83	2.4
Comoros	65	0.7	830	1,196	65	2.7
Congo, Dem. Rep.	31	72.6	200	396	95	2.7
Eritrea	24	5.5	390	534	n.a.	2.2
Guinea-Bissau	62	1.7	570	1,211	78	2.8
Zimbabwe*	54	12.6	590	515	n.a.	2.2
Burkina Faso	65	15.0	620	1,382	73	3.8
Ethiopia	40	86.8	380	1,052	66	3.5
Senegal	75	13.4	1,030	1,886	60	3.8
Tanzania	57	42.2	540	1,508	88	3.7
Uganda	43	35.2	470	1,320	65	3.8

\* GDP per capita for Zimbabwe is estimated on the basis of IMF data.

### Estimated funding gap for under-aided countries

The maximum amount of resources that would hypothetically be required to close the funding gap of all countries identified as under-aided according to any of the four benchmarks varies widely, from a low of USD 9.7 billion to a high of USD 14.9 billion, with a simple average of USD 11.8 billion. These are important gaps, and represent on average 12% of total country programmable aid.

### Estimated funding gap for under-aided countries

Benchmark allocation model	Number of countries identified as under-aided	Funding gap (cost of bringing under-aided countries up to expected level; USD billion)
Egalitarian model	18	9.7
UNDP's TRAC1 aid allocations	17	10.9
Poverty-efficient aid allocation	16	14.9
IDA's performance based allocations	9	11.5

### Aid as proportion of GDP under the benchmark allocation models<sup>27</sup>

Countries	Actual aid / GDP	Egalitarian model	UNDP's TRAC1 aid allocations	Poverty-efficient aid allocation	IDA's performance based allocations	Number of benchmarks	Average funding gap (% of GDP)
Madagascar	1.9%	5.6%	8.4%	6.8%	3.9%	4	4.2%
Malawi	5.4%	6.4%	12.2%	6.9%	8.0%	4	3.0%
Bangladesh	0.8%	1.8%	0.7%	2.5%	2.4%	3	1.1%
Gambia	4.2%	5.3%	6.1%	6.2%	3.8%	3	1.2%
Guinea	2.9%	6.2%	14.1%	5.5%	2.2%	3	4.1%
Niger	7.0%	9.6%	20.3%	7.7%	10.3%	3	4.9%
Togo	3.9%	7.0%	10.3%	6.1%	3.5%	3	2.8%
Nepal	2.5%	3.5%	3.5%	4.4%	2.9%	2	1.1%
Central African Rep.	6.8%	9.4%	12.7%	6.1%	2.7%	2	1.0%
Chad	3.4%	4.4%	6.2%	4.0%	0.8%	2	0.5%
Comoros	5.5%	10.5%	23.4%	5.7%	2.0%	2	4.9%
Congo, Dem. Rep.	7.7%	9.9%	14.6%	6.0%	4.1%	2	0.9%
Eritrea	4.5%	14.0%	21.9%	n.a.	4.0%	2	8.7%
Guinea-Bissau	5.1%	8.3%	8.5%	6.1%	2.3%	2	1.2%
Zimbabwe	10.5%	11.8%	18.2%	n.a.	n.a.	2	4.5%
Burkina Faso	4.7%	4.2%	5.5%	7.1%	8.1%	2	1.5%
Ethiopia	3.8%	3.6%	3.6%	5.4%	6.9%	2	1.1%
Senegal	4.0%	3.2%	2.2%	5.4%	5.1%	2	0.0%
Tanzania	3.8%	3.0%	2.9%	6.4%	4.8%	2	0.5%
Uganda	3.3%	3.6%	4.1%	6.2%	5.7%	2	1.6%

### Aid volume (in USD million) under the benchmark allocation models

Countries	Actual aid volume	Egalitarian model	UNDP's TRAC1 aid allocations	Poverty-efficient aid allocation	IDA's performance based allocations	Number of benchmarks	Average funding gap (amount)
Madagascar	395	1,156	1,740	1,413	814	4	885
Malawi	772	922	1,751	994	1,157	4	434
Bangladesh	2,222	5,308	1,951	7,398	6,991	3	3,190
Gambia	138	177	202	206	127	3	40
Guinea	314	672	1,537	598	244	3	449
Niger	643	876	1,863	703	939	3	452
Togo	278	500	733	432	252	3	201
Nepal	1,001	1,410	1,389	1,758	1,155	2	427
Central African Rep.	263	368	493	236	104	2	38
Chad	507	666	937	607	119	2	75
Comoros	45	86	190	46	16	2	40
Congo, Dem. Rep.	2,221	2,845	4,197	1,736	1,170	2	266
Eritrea	133	410	641	n.a.	116	2	256
Guinea-Bissau	104	169	174	123	46	2	25
Zimbabwe	680	764	1,178	n.a.	n.a.	2	291
Burkina Faso	982	873	1,153	1,466	1,673	2	309
Ethiopia	3,483	3,254	3,323	4,968	6,340	2	988
Senegal	1,007	803	548	1,381	1,295	2	(1)
Tanzania	2,406	1,893	1,820	4,088	3,083	2	315
Uganda	1,533	1,653	1,889	2,866	2,657	2	733

27.

Bold denotes that the country is identified as under-aided (actual aid receipts are below the benchmark allocation by at least one percentage point of GDP).

## **Annex C: Selected country indicators**

### **Methodological note:**

The following tables present key indicators that are used in the benchmark aid allocation models and that provide input for analysing country contexts. However, it should be emphasised that the data provided in the tables should be complemented by rigorous qualitative country-specific assessments. This is needed to identify underlying factors, such as broad political and governance aspects or constraints in absorptive capacity that are not captured in quantitative approaches, but can help to explain why aid volumes to some countries are low or have been recently reduced.

All data used in this analysis is, unless otherwise specified, CPA and humanitarian and developmental food aid for 2011 (current USD million). The estimated maximum funding gap is the difference between actual aid receipts and the highest aid volume of the four benchmark aid allocation models. Due to a lack of data, not all models can determine appropriate aid allocations for Eritrea, Myanmar, Somalia and Zimbabwe. Therefore, the number of possible benchmark models is only three for Eritrea and two for the remaining countries.

The projected real annual change in CPA 2013-16 is based on donors' reporting to the 2013 DAC Survey on donors' forward spending plans. The complete results from this survey are presented in the *2013 OECD Report on Aid Predictability: Survey on Donors' Forward Spending Plans 2013-2016*, (forthcoming).

The fragmentation ratio is defined as the number of "non-significant" relations divided by the total number of relations. Further definitions of the terms "significant" and "non-significant" are explained in the *2009* and *2011 OECD Reports on Division of Labour: addressing cross-country fragmentation*. Both reports are available online at: <http://www.oecd.org/dac/aid-architecture/aidfragmentation.htm>.

### Countries identified as under-aided according to four benchmarks:

<b>Madagascar (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	21.9
- GNI per capita (Atlas method)	420
- GDP per capita (PPP)	953
- Proportion of population living on less than USD 2 per day (latest estimates)	92.6
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.2
<b>Aid allocations</b>	
- Aid (USD million)	395
- of which humanitarian aid	45
- Aid / GDP (PPP)	1.9%
- Aid / capita	18
- Estimated real annual change in CPA 2013-2016	-1.5%
- Number of benchmark models that identify the country as under-aided	4
- Estimated maximum funding gap (USD million)	1,345
- Number of donors	30
- of which DAC countries	14
- Fragmentation ratio	19%
- Announced number of bilateral aid exits	0

<b>Malawi (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	16.2
- GNI per capita (Atlas method)	360
- GDP per capita (PPP)	890
- Proportion of population living on less than USD 2 per day (latest estimates)	82.3
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.3
<b>Aid allocations</b>	
- Aid (USD million)	772
- of which humanitarian aid	86
- Aid / GDP (PPP)	5.4%
- Aid / capita	48
- Estimated real annual change in CPA 2013-2016	-1.4%
- Number of benchmark models that identify the country as under-aided	4
- Estimated maximum funding gap (USD million)	979
- Number of donors	33
- of which DAC countries	14
- Fragmentation ratio	34%
- Announced number of bilateral aid exits	2

### Countries identified as under-aided according to three benchmarks:

<b>Bangladesh (Asia)</b>	
<b>Basic statistics</b>	
- Population (million)	166.7
- GNI per capita (Atlas method)	770
- GDP per capita (PPP)	1751
- Proportion of population living on less than USD 2 per day (latest estimates)	76.5
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.3
<b>Aid allocations</b>	
- Aid (USD million)	2,222
- of which humanitarian aid	217
- Aid / GDP (PPP)	0.8%
- Aid / capita	13
- Estimated real annual change in CPA 2013-2016	-0.8%
- Number of benchmark models that identify the country as under-aided	3
- Estimated maximum funding gap (USD million)	5,176
- Number of donors	35
- of which DAC countries	18
- Fragmentation ratio	24%
- Announced number of bilateral aid exits	1

<b>Gambia (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	1.8
- GNI per capita (Atlas method)	510
- GDP per capita (PPP)	1853
- Proportion of population living on less than USD 2 per day (latest estimates)	55.9
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.5
<b>Aid allocations</b>	
- Aid (USD million)	138
- of which humanitarian aid	12
- Aid / GDP (PPP)	4.2%
- Aid / capita	77
- Estimated real annual change in CPA 2013-2016	0.4%
- Number of benchmark models that identify the country as under-aided	3
- Estimated maximum funding gap (USD million)	68
- Number of donors	26
- of which DAC countries	9
- Fragmentation ratio	17%
- Announced number of bilateral aid exits	1

<b>Guinea (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	10.6
- GNI per capita (Atlas method)	400
- GDP per capita (PPP)	1031
- Proportion of population living on less than USD 2 per day (latest estimates)	69.6
- World Bank's IRAI rating (i.e. overall CPIA rating)	2.9
<b>Aid allocations</b>	
- Aid (USD million)	314
- <i>of which humanitarian aid</i>	17
- Aid / GDP (PPP)	2.9%
- Aid / capita	30
- Estimated real annual change in CPA 2013-2016	0.5%
- Number of benchmark models that identify the country as under-aided	3
- Estimated maximum funding gap (USD million)	1,223
- Number of donors	28
- <i>of which DAC countries</i>	11
- Fragmentation ratio	23%
- Announced number of bilateral aid exits	0

<b>Niger (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	15.1
- GNI per capita (Atlas method)	330
- GDP per capita (PPP)	607
- Proportion of population living on less than USD 2 per day (latest estimates)	75.2
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.4
<b>Aid allocations</b>	
- Aid (USD million)	643
- <i>of which humanitarian aid</i>	205
- Aid / GDP (PPP)	7.0%
- Aid / capita	43
- Estimated real annual change in CPA 2013-2016	-3.1%
- Number of benchmark models that identify the country as under-aided	3
- Estimated maximum funding gap (USD million)	1,220
- Number of donors	33
- <i>of which DAC countries</i>	17
- Fragmentation ratio	29%
- Announced number of bilateral aid exits	1

<b>Togo (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	7.1
- GNI per capita (Atlas method)	470
- GDP per capita (PPP)	998
- Proportion of population living on less than USD 2 per day (latest estimates)	69.3
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.0
<b>Aid allocations</b>	
- Aid (USD million)	278
- <i>of which humanitarian aid</i>	19
- Aid / GDP (PPP)	3.9%
- Aid / capita	39
- Estimated real annual change in CPA 2013-2016	3.9%
- Number of benchmark models that identify the country as under-aided	3
- Estimated maximum funding gap (USD million)	455
- Number of donors	27
- <i>of which DAC countries</i>	10
- Fragmentation ratio	27%
- Announced number of bilateral aid exits	1

**Countries identified as under-aided according to two benchmarks (both needs- and performance based):**

<b>Nepal (Asia)</b>	
<b>Basic statistics</b>	
- Population (million)	28.5
- GNI per capita (Atlas method)	610
- GDP per capita (PPP)	1402
- Proportion of population living on less than USD 2 per day (latest estimates)	57.3
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.3
<b>Aid allocations</b>	
- Aid (USD million)	1,001
- <i>of which humanitarian aid</i>	101
- Aid / GDP (PPP)	2.5%
- Aid / capita	35
- Estimated real annual change in CPA 2013-2016	-1.2%
- Number of benchmark models that identify the country as under-aided	2
- Estimated maximum funding gap (USD million)	758
- Number of donors	35
- <i>of which DAC countries</i>	18
- Fragmentation ratio	30%
- Announced number of bilateral aid exits	1

**Countries identified as under-aided according to two benchmarks (only needs-based):**

<b>Central African Rep. (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	4.7
- GNI per capita (Atlas method)	480
- GDP per capita (PPP)	820
- Proportion of population living on less than USD 2 per day (latest estimates)	80.1
- World Bank's IRAI rating (i.e. overall CPIA rating)	2.8
<b>Aid allocations</b>	
- Aid (USD million)	263
- <i>of which humanitarian aid</i>	73
- Aid / GDP (PPP)	6.8%
- Aid / capita	55
- Estimated real annual change in CPA 2013-2016	8.9%
- Number of benchmark models that identify the country as under-aided	2
- Estimated maximum funding gap (USD million)	231
- Number of donors	30
- <i>of which DAC countries</i>	15
- Fragmentation ratio	33%
- Announced number of bilateral aid exits	0

<b>Chad (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	10.5
- GNI per capita (Atlas method)	690
- GDP per capita (PPP)	1431
- Proportion of population living on less than USD 2 per day (latest estimates)	83.3
- World Bank's IRAI rating (i.e. overall CPIA rating)	2.4
<b>Aid allocations</b>	
- Aid (USD million)	507
- <i>of which humanitarian aid</i>	252
- Aid / GDP (PPP)	3.4%
- Aid / capita	48
- Estimated real annual change in CPA 2013-2016	-3.8%
- Number of benchmark models that identify the country as under-aided	2
- Estimated maximum funding gap (USD million)	429
- Number of donors	36
- <i>of which DAC countries</i>	17
- Fragmentation ratio	21%
- Announced number of bilateral aid exits	1

<b>Comoros (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	0.7
- GNI per capita (Atlas method)	830
- GDP per capita (PPP)	1196
- Proportion of population living on less than USD 2 per day (latest estimates)	65.0
- World Bank's IRAI rating (i.e. overall CPIA rating)	2.7
<b>Aid allocations</b>	
- Aid (USD million)	45
- <i>of which humanitarian aid</i>	2
- Aid / GDP (PPP)	5.5%
- Aid / capita	65
- Estimated real annual change in CPA 2013-2016	2.0%
- Number of benchmark models that identify the country as under-aided	2
- Estimated maximum funding gap (USD million)	145
- Number of donors	17
- <i>of which DAC countries</i>	4
- Fragmentation ratio	13%
- Announced number of bilateral aid exits	0

<b>Congo, Dem. Rep. (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	72.6
- GNI per capita (Atlas method)	200
- GDP per capita (PPP)	396
- Proportion of population living on less than USD 2 per day (latest estimates)	95.2
- World Bank's IRAI rating (i.e. overall CPIA rating)	2.7
<b>Aid allocations</b>	
- Aid (USD million)	2,221
- <i>of which humanitarian aid</i>	486
- Aid / GDP (PPP)	7.7%
- Aid / capita	31
- Estimated real annual change in CPA 2013-2016	0.3%
- Number of benchmark models that identify the country as under-aided	2
- Estimated maximum funding gap (USD million)	1,976
- Number of donors	40
- <i>of which DAC countries</i>	21
- Fragmentation ratio	50%
- Announced number of bilateral aid exits	2

<b>Eritrea (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	5.5
- GNI per capita (Atlas method)	390
- GDP per capita (PPP)	534
- Proportion of population living on less than USD 2 per day (latest estimates)	n.a.
- World Bank's IRAI rating (i.e. overall CPIA rating)	2.2
<b>Aid allocations</b>	
- Aid (USD million)	133
- <i>of which humanitarian aid</i>	23
- Aid / GDP (PPP)	4.5%
- Aid / capita	24
- Estimated real annual change in CPA 2013-2016	11.0%
- Number of benchmark models that identify the country as under-aided	2
- Estimated maximum funding gap (USD million)	508
- Number of donors	23
- <i>of which DAC countries</i>	9
- Fragmentation ratio	10%
- Announced number of bilateral aid exits	2

<b>Guinea-Bissau (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	1.7
- GNI per capita (Atlas method)	570
- GDP per capita (PPP)	1211
- Proportion of population living on less than USD 2 per day (latest estimates)	78.0
- World Bank's IRAI rating (i.e. overall CPIA rating)	2.8
<b>Aid allocations</b>	
- Aid (USD million)	104
- <i>of which humanitarian aid</i>	3
- Aid / GDP (PPP)	5.1%
- Aid / capita	62
- Estimated real annual change in CPA 2013-2016	18.9%
- Number of benchmark models that identify the country as under-aided	2
- Estimated maximum funding gap (USD million)	70
- Number of donors	26
- <i>of which DAC countries</i>	11
- Fragmentation ratio	21%
- Announced number of bilateral aid exits	1

<b>Zimbabwe (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	12.6
- GNI per capita (Atlas method)	590
- GDP per capita (PPP)	515
- Proportion of population living on less than USD 2 per day (latest estimates)	0.0
- World Bank's IRAI rating (i.e. overall CPIA rating)	2.2
<b>Aid allocations</b>	
- Aid (USD million)	680
- <i>of which humanitarian aid</i>	168
- Aid / GDP (PPP)	10.5%
- Aid / capita	54
- Estimated real annual change in CPA 2013-2016	-1.3%
- Number of benchmark models that identify the country as under-aided	2
- Estimated maximum funding gap (USD million)	498
- Number of donors	34
- <i>of which DAC countries</i>	21
- Fragmentation ratio	33%
- Announced number of bilateral aid exits	1

### Countries identified as under-aided according to two benchmarks (only performance-based):

<b>Burkina Faso (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	15.0
- GNI per capita (Atlas method)	620
- GDP per capita (PPP)	1382
- Proportion of population living on less than USD 2 per day (latest estimates)	72.6
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.8
<b>Aid allocations</b>	
- Aid (USD million)	982
- <i>of which humanitarian aid</i>	69
- Aid / GDP (PPP)	4.7%
- Aid / capita	65
- Estimated real annual change in CPA 2013-2016	0.2%
- Number of benchmark models that identify the country as under-aided	2
- Estimated maximum funding gap (USD million)	691
- Number of donors	35
- <i>of which DAC countries</i>	17
- Fragmentation ratio	30%
- Announced number of bilateral aid exits	2

<b>Ethiopia (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	86.8
- GNI per capita (Atlas method)	380
- GDP per capita (PPP)	1052
- Proportion of population living on less than USD 2 per day (latest estimates)	66.0
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.5
<b>Aid allocations</b>	
- Aid (USD million)	3,483
- <i>of which humanitarian aid</i>	885
- Aid / GDP (PPP)	3.8%
- Aid / capita	40
- Estimated real annual change in CPA 2013-2016	0.4%
- Number of benchmark models that identify the country as under-aided	2
- Estimated maximum funding gap (USD million)	2,857
- Number of donors	39
- <i>of which DAC countries</i>	22
- Fragmentation ratio	46%
- Announced number of bilateral aid exits	0

<b>Senegal (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	13.4
- GNI per capita (Atlas method)	1030
- GDP per capita (PPP)	1886
- Proportion of population living on less than USD 2 per day (latest estimates)	60.4
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.8
<b>Aid allocations</b>	
- Aid (USD million)	1,007
- <i>of which humanitarian aid</i>	43
- Aid / GDP (PPP)	4.0%
- Aid / capita	75
- Estimated real annual change in CPA 2013-2016	2.6%
- Number of benchmark models that identify the country as under-aided	2
- Estimated maximum funding gap (USD million)	373
- Number of donors	35
- <i>of which DAC countries</i>	18
- Fragmentation ratio	41%
- Announced number of bilateral aid exits	1

<b>Tanzania (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	42.2
- GNI per capita (Atlas method)	540
- GDP per capita (PPP)	1508
- Proportion of population living on less than USD 2 per day (latest estimates)	87.9
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.7
<b>Aid allocations</b>	
- Aid (USD million)	2,406
- <i>of which humanitarian aid</i>	77
- Aid / GDP (PPP)	3.8%
- Aid / capita	57
- Estimated real annual change in CPA 2013-2016	-1.8%
- Number of benchmark models that identify the country as under-aided	2
- Estimated maximum funding gap (USD million)	1,682
- Number of donors	37
- <i>of which DAC countries</i>	20
- Fragmentation ratio	41%
- Announced number of bilateral aid exits	2

<b>Uganda (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	35.2
- GNI per capita (Atlas method)	470
- GDP per capita (PPP)	1320
- Proportion of population living on less than USD 2 per day (latest estimates)	64.7
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.8
<b>Aid allocations</b>	
- Aid (USD million)	1,533
- <i>of which humanitarian aid</i>	101
- Aid / GDP (PPP)	3.3%
- Aid / capita	44
- Estimated real annual change in CPA 2013-2016	-1.3%
- Number of benchmark models that identify the country as under-aided	2
- Estimated maximum funding gap (USD million)	1,332
- Number of donors	39
- <i>of which DAC countries</i>	20
- Fragmentation ratio	39%
- Announced number of bilateral aid exits	1

## Countries identified as under-aided according to one benchmarks:

<b>Benin (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	9.9
- GNI per capita (Atlas method)	720
- GDP per capita (PPP)	1508
- Proportion of population living on less than USD 2 per day (latest estimates)	75.3
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.5
<b>Aid allocations</b>	
- Aid (USD million)	664
- <i>of which humanitarian aid</i>	19
- Aid / GDP (PPP)	4.4%
- Aid / capita	67
- Estimated real annual change in CPA 2013-2016	3.5%
- Number of benchmark models that identify the country as under-aided	1
- Estimated maximum funding gap (USD million)	295
- Number of donors	30
- <i>of which DAC countries</i>	14
- Fragmentation ratio	31%
- Announced number of bilateral aid exits	1

<b>Burundi (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	8.4
- GNI per capita (Atlas method)	220
- GDP per capita (PPP)	543
- Proportion of population living on less than USD 2 per day (latest estimates)	93.5
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.1
<b>Aid allocations</b>	
- Aid (USD million)	553
- <i>of which humanitarian aid</i>	75
- Aid / GDP (PPP)	12.1%
- Aid / capita	66
- Estimated real annual change in CPA 2013-2016	-0.2%
- Number of benchmark models that identify the country as under-aided	1
- Estimated maximum funding gap (USD million)	767
- Number of donors	34
- <i>of which DAC countries</i>	17
- Fragmentation ratio	22%
- Announced number of bilateral aid exits	3

<b>Djibouti (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	0.8
- GNI per capita (Atlas method)	1030
- GDP per capita (PPP)	2635
- Proportion of population living on less than USD 2 per day (latest estimates)	41.2
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.2
<b>Aid allocations</b>	
- Aid (USD million)	143
- <i>of which humanitarian aid</i>	35
- Aid / GDP (PPP)	6.4%
- Aid / capita	169
- Estimated real annual change in CPA 2013-2016	-3.3%
- Number of benchmark models that identify the country as under-aided	1
- Estimated maximum funding gap (USD million)	23
- Number of donors	25
- <i>of which DAC countries</i>	9
- Fragmentation ratio	26%
- Announced number of bilateral aid exits	1

<b>Kenya (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	40.9
- GNI per capita (Atlas method)	810
- GDP per capita (PPP)	1694
- Proportion of population living on less than USD 2 per day (latest estimates)	67.2
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.8
<b>Aid allocations</b>	
- Aid (USD million)	2,635
- <i>of which humanitarian aid</i>	514
- Aid / GDP (PPP)	3.8%
- Aid / capita	64
- Estimated real annual change in CPA 2013-2016	1.0%
- Number of benchmark models that identify the country as under-aided	1
- Estimated maximum funding gap (USD million)	971
- Number of donors	40
- <i>of which DAC countries</i>	21
- Fragmentation ratio	53%
- Announced number of bilateral aid exits	0

<b>Laos (Asia)</b>	
<b>Basic statistics</b>	
- Population (million)	6.6
- GNI per capita (Atlas method)	1110
- GDP per capita (PPP)	2693
- Proportion of population living on less than USD 2 per day (latest estimates)	66.0
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.4
<b>Aid allocations</b>	
- Aid (USD million)	435
- <i>of which humanitarian aid</i>	29
- Aid / GDP (PPP)	2.5%
- Aid / capita	66
- Estimated real annual change in CPA 2013-2016	2.6%
- Number of benchmark models that identify the country as under-aided	1
- Estimated maximum funding gap (USD million)	265
- Number of donors	32
- <i>of which DAC countries</i>	17
- Fragmentation ratio	24%
- Announced number of bilateral aid exits	2

<b>Myanmar (Asia)</b>	
<b>Basic statistics</b>	
- Population (million)	62.4
- GNI per capita (Atlas method)	924.9305
- GDP per capita (PPP)	1325
- Proportion of population living on less than USD 2 per day (latest estimates)	n.a.
- World Bank's IRAI rating (i.e. overall CPIA rating)	n.a.
<b>Aid allocations</b>	
- Aid (USD million)	364
- <i>of which humanitarian aid</i>	107
- Aid / GDP (PPP)	0.4%
- Aid / capita	6
- Estimated real annual change in CPA 2013-2016	-23.2%
- Number of benchmark models that identify the country as under-aided	1
- Estimated maximum funding gap (USD million)	2,177
- Number of donors	30
- <i>of which DAC countries</i>	19
- Fragmentation ratio	15%
- Announced number of bilateral aid exits	2

<b>Sierra Leone (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	6.0
- GNI per capita (Atlas method)	480
- GDP per capita (PPP)	1174
- Proportion of population living on less than USD 2 per day (latest estimates)	76.1
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.3
<b>Aid allocations</b>	
- Aid (USD million)	412
- <i>of which humanitarian aid</i>	41
- Aid / GDP (PPP)	5.8%
- Aid / capita	69
- Estimated real annual change in CPA 2013-2016	1.1%
- Number of benchmark models that identify the country as under-aided	1
- Estimated maximum funding gap (USD million)	201
- Number of donors	32
- <i>of which DAC countries</i>	14
- Fragmentation ratio	22%
- Announced number of bilateral aid exits	3

<b>Somalia (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	9.3
- GNI per capita (Atlas method)	110
- GDP per capita (PPP)	600
- Proportion of population living on less than USD 2 per day (latest estimates)	n.a.
- World Bank's IRAI rating (i.e. overall CPIA rating)	n.a.
<b>Aid allocations</b>	
- Aid (USD million)	964
- <i>of which humanitarian aid</i>	712
- Aid / GDP (PPP)	17.2%
- Aid / capita	103
- Estimated real annual change in CPA 2013-2016	-0.7%
- Number of benchmark models that identify the country as under-aided	1
- Estimated maximum funding gap (USD million)	754
- Number of donors	33
- <i>of which DAC countries</i>	20
- Fragmentation ratio	24%
- Announced number of bilateral aid exits	1

<b>Tajikistan (Asia)</b>	
<b>Basic statistics</b>	
- Population (million)	7.8
- GNI per capita (Atlas method)	780
- GDP per capita (PPP)	2083
- Proportion of population living on less than USD 2 per day (latest estimates)	27.7
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.4
<b>Aid allocations</b>	
- Aid (USD million)	354
- of which humanitarian aid	12
- Aid / GDP (PPP)	2.2%
- Aid / capita	45
- Estimated real annual change in CPA 2013-2016	0.8%
- Number of benchmark models that identify the country as under-aided	1
- Estimated maximum funding gap (USD million)	182
- Number of donors	30
- of which DAC countries	12
- Fragmentation ratio	38%
- Announced number of bilateral aid exits	1

<b>Yemen (Asia)</b>	
<b>Basic statistics</b>	
- Population (million)	25.1
- GNI per capita (Atlas method)	1110
- GDP per capita (PPP)	2485
- Proportion of population living on less than USD 2 per day (latest estimates)	46.6
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.0
<b>Aid allocations</b>	
- Aid (USD million)	530
- of which humanitarian aid	195
- Aid / GDP (PPP)	0.8%
- Aid / capita	21
- Estimated real annual change in CPA 2013-2016	-1.2%
- Number of benchmark models that identify the country as under-aided	1
- Estimated maximum funding gap (USD million)	754
- Number of donors	34
- of which DAC countries	19
- Fragmentation ratio	32%
- Announced number of bilateral aid exits	0

<b>Zambia (Africa)</b>	
<b>Basic statistics</b>	
- Population (million)	13.6
- GNI per capita (Atlas method)	1180
- GDP per capita (PPP)	1609
- Proportion of population living on less than USD 2 per day (latest estimates)	86.6
- World Bank's IRAI rating (i.e. overall CPIA rating)	3.5
<b>Aid allocations</b>	
- Aid (USD million)	1,023
- of which humanitarian aid	36
- Aid / GDP (PPP)	4.7%
- Aid / capita	75
- Estimated real annual change in CPA 2013-2016	1.2%
- Number of benchmark models that identify the country as under-aided	1
- Estimated maximum funding gap (USD million)	373
- Number of donors	36
- of which DAC countries	17
- Fragmentation ratio	41%
- Announced number of bilateral aid exits	2