

Effective aid – Donor Challenge

Improving aid effectiveness, increasing absorptive capacity

Characteristics of donor funding:

- Immediate and urgent
- Large critical mass
- Sustained and predictable
- Rooted in the overall development process



HM TREASURY

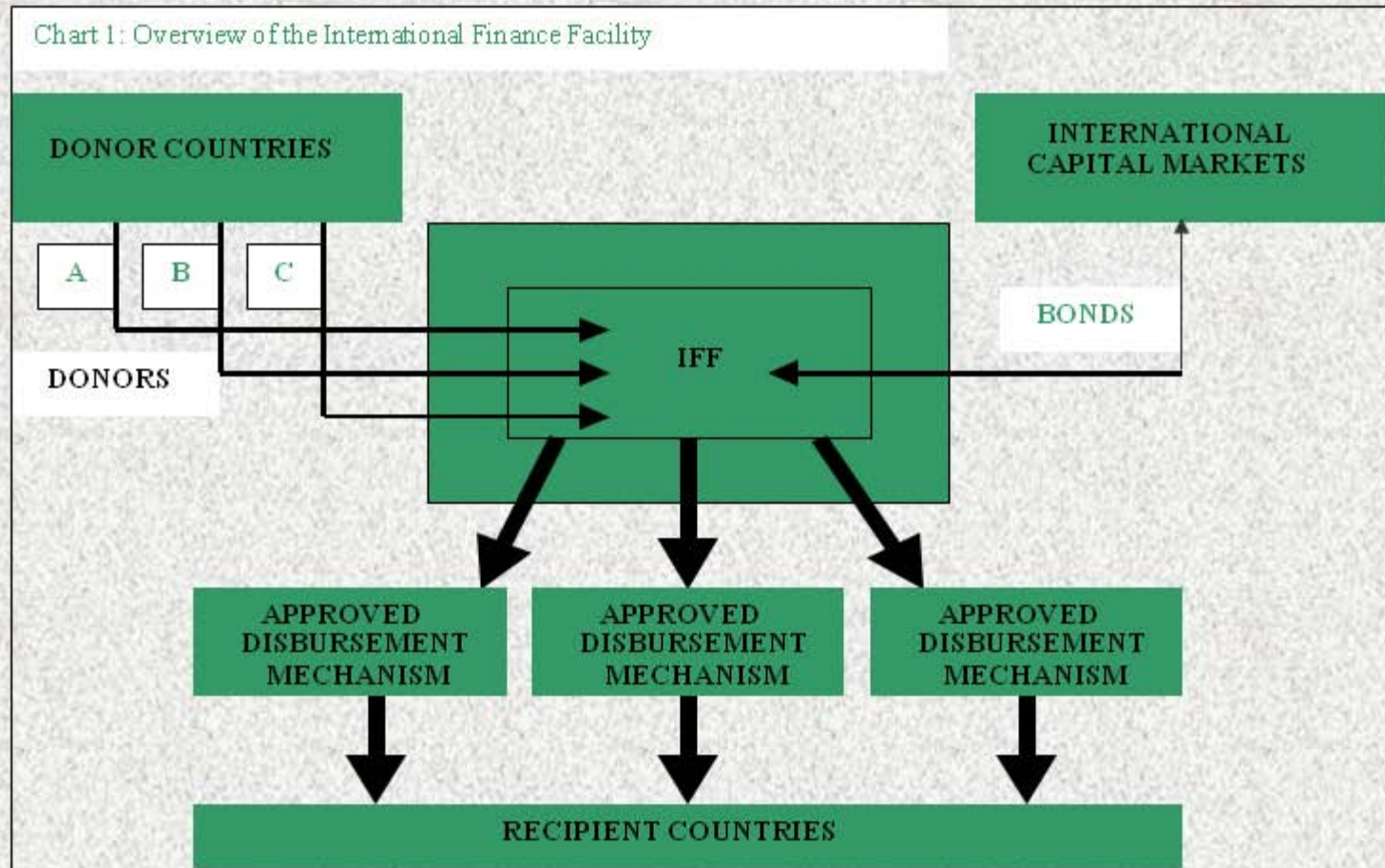
DFID Department for
International
Development

New Global Compact

- Rules-based global growth and stability
- Creating domestic conditions for business investment
- Improved trade regime
- Additional resources and aid effectiveness



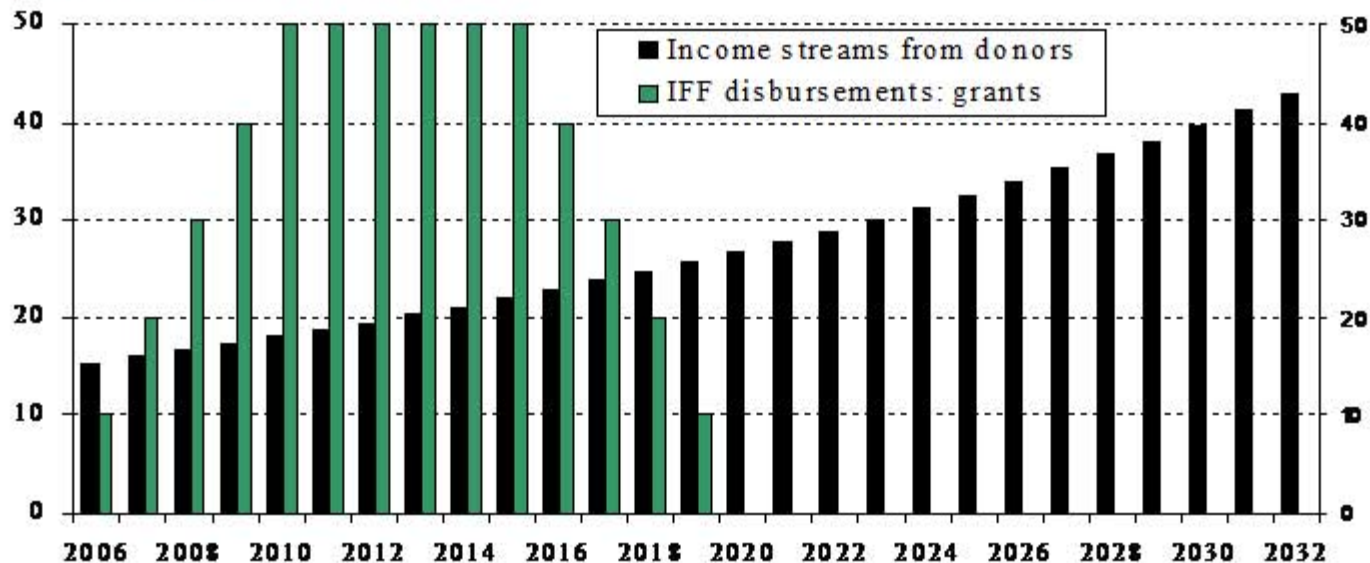
The IFF – An Overview



Payment and Disbursement

With phased streams of annual payments IFF income builds up more slowly over time

Illustrative example of IFF income and disbursement patterns - phased streams



Advantages of the IFF

- Moral and economic case for frontloading aid
- 0.7% of GNI commitment remains
- A critical mass of effective aid across all sectors
- Immediate, predictable and stable aid flows by locking in donor commitments
- Donor coordination



Taking the IFF forward

- 16 February Trade & Aid Conference, London
- 8 April Ministerial Conference, Paris
- 24-25 April, IMF & World Bank Spring Meetings
- May/June, Faith Community & NGO Conference, Vatican
- 27-28 September, IMF & World Bank Annual Meetings
- January 2005 – UK Presidency of G8
- July 2005 – UK Presidency of EU

