What’s beyond 2005?
Implications for the aid system and unfinished reform agenda

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Checklist

- Aid volume in Gleneagles
- Aid quality in Paris
- MDGs in New York
- Debt in Washington
- Trade in Hong Kong
- Reality in 2006
Scaling up aid

- Credibility of pledges in doubt
- Real aid versus accounting tricks
- Innovative finance options
- Absorption capacity of donors
- ...let alone recipients
Risks for the aid system

- Multilateral share falls
- More vertical funds and initiatives
- Mixed motives, conditions
- Even less coherent allocations
- Less predictability, ownership
Opportunities

- Stronger bargaining position for recipients
- Commitment to use national systems
- Greater transparency, standards
- Steps towards greater voice and choice
- Alternative objectives (security e.g.) explicit
Instruments and policies

- Budget support – an end-game?
- Budget support and donor politics
- Reconciling stable aid with conditions
- Facing up to long-term aid dependence
- Fragile states – aid is blunt instrument
Channels

- When is bilateral aid indispensable?
- World Bank: effectiveness and legitimacy
- UN: legitimacy and effectiveness
- Europe: 25+1=?
- New multilateral pools
- Outsourcing aid delivery
Six Tricks for 2006

- Lower expectations
- Ensure minimally coherent allocations
- Put some aid out of easy political reach
- Fish or cut bait on “frontloading”
- Figure out UN development role
- Start governance reform in World Bank