

Chairs' Summary

Today over 55 countries, 35 ministers, the President of the World Bank, Acting Managing Director of the IMF, United Nations Under-Secretary General for Economic Affairs and heads of multilateral organisations and non-governmental organisations gathered to discuss how to mobilise additional resources, using innovative financing approaches, to help poor countries meet the Millennium Development Goals. Participants agreed that aid can contribute to sustainable global growth to bring about a more stable and secure world.

Case for aid and aid effectiveness

Our discussion concluded that:

- 1) Aid can, and has been, used effectively to support sustained pro-poor growth and poverty reduction. Effective aid can be a catalyst for private sector investment by establishing the right conditions for growth, for example through infrastructure investment.
- 2) Developing countries can absorb substantial additional resources now.
- 3) Country ownership of credible poverty reduction strategies, together with investment in institutional capacity, are key to the absorption and effectiveness of aid.
- 4) Progress towards the principles of aid effectiveness agreed at Rome in March 2003 is too slow. Donors need to move faster to:
 - Increase the predictability of aid
 - Support the priorities in poverty reduction strategies
 - Harmonise proceduresMozambique's recently agreed "miraculous memorandum", a framework for aid harmonisation encompassing 14 bilateral and multilateral donors, shows what can be done.

We therefore look forward to further discussion of these issues at:

- 1) The Poverty conference in Shanghai in May 2003
- 2) The World Bank and IMF Annual Meetings in September 2004
- 3) The Paris Forum on Aid Effectiveness in March 2005

Innovative Financing Approaches

Our discussions concluded that new mechanisms must:

- 1) Deliver a critical mass of effective aid needed for simultaneous and sustainable investment across sectors.
- 2) Provide predictable multi-year donor commitments.
- 3) Support country-owned poverty reduction strategies.

We explored in detail a range of options, in particular the proposal for an International Finance Facility, and new systemic approaches to financing, such as international taxes.

The Chairs agreed that:

- 1) Additional and more effective resources are urgently needed to achieve the MDGs by 2015.
- 2) In the short to medium term the IFF is a feasible financing solution that could provide the necessary, critical mass of predictable, long-term aid flows.
- 3) Further exploration of new systemic approaches is needed.

The Chairs looked forward to the outcome of:

- 1) On-going work by WHO, UNICEF, The Vaccine Fund and the Bill and Melinda Gates Foundation to use IFF principles to increase resources available for immunisation, as one important step, among others, to demonstrate the benefits of frontloading aid.
- 2) The French and Brazilian Governments' working groups on new financing approaches.
- 3) A meeting of world leaders in New York on 20th September to consider innovative financing mechanisms, proposed by President Lula.
- 4) The International Task Force on Global Public Goods

Discussions will continue through:

- 1) Official level working groups contributing to the World Bank and IMF's report to the 2004 Annual Meetings.
- 2) A UK hosted Ministerial Forum during the UK's G8 Presidency.