

Joint Standing Committee on Treaties
Public Hearing, 22 March 2004

**Australia's withdrawal from the International Fund for Agricultural
Development (IFAD)**

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Responses to Questions on Notice

BY:.....

The Australian Agency for International Development (AusAID) has provided the following answers to questions on notice at the Joint Standing Committee on Treaties public hearing of 22 March 2004.

(Transcript page 5)/(Transcript page 6)

The Chair asked Mr March, AusAID:

"If Australia is not a member, is there any question at all about the ability of GRM International to apply for IFAD projects?"

"Is it (GRM International) incorporated in Europe or North America?"

"Can you take this question on notice so we get a definitive answer on the status of GRM International if Australia is no longer a party to IFAD?"

AusAID – The answers to the Chair's questions are as follows:

1. While Attorney General's Department has advised that there is no legal requirement that eligibility to compete for IFAD contracts is based on membership of the fund, IFAD has advised that it is their policy and practice to limit eligibility for procurement of goods and services to member states.
2. On the basis of this policy and practice, GRM International Pty Ltd, as a company incorporated in Australia, would not be deemed eligible for IFAD contracts once Australia's withdrawal takes effect.
3. GRM International Group Ltd has shareholdings in project management companies in Sweden, the Netherlands and the UK. These countries are member states of IFAD. The project management company based in the Netherlands has been awarded IFAD-funded contracts.

(Transcript page 7)

Mr Hunt asked Mr March, AusAID:

1. "Who are not members at all – companies from non-member countries that have received contracts."

AusAID – The response is as follows:

1. On 31 March 2004, IFAD referred AusAID “to a specific case in the past where Executive Board approval was sought by IFAD management for a “waiver”, on an exceptional basis, for a Recipient to procure goods from a non-member state. In the case of a project in Namibia, the Recipient sought to procure vehicles from South Africa (at that time not a member of IFAD but on the verge of becoming one) on the basis of inability to procure such vehicles elsewhere in a cost-effective manner.”

(Transcript page 9)

Mr Wilkie asked Mr March, AusAID:

1. “Australia will still be making contributions but not current or future ones. Is New Zealand in the same position? Do we have any idea whether they are still putting drawdown money into IFAD?”

AusAID – The answer to the question is as follows:

1. New Zealand had a three-year drawdown schedule for IFAD 5. New Zealand paid out the last tranche in February 2004.

(Transcript page 15)

Mr King asked Mr March, AusAID:

1. “Where are the Australian companies (with IFAD contracts) working?”

(Transcript page 16)

Senator Santoro asked Mr March, AusAID:

2. “What companies have got contracts via the IFAD processes and where they are operating?”

AusAID – The answers to the questions are as follows:

1. IFAD has advised us that it does not hold a database of companies that have won IFAD contracts.
2. From the information available in submissions by consultants, all refer to projects in Africa, in particular Botswana, Somalia, Sudan and Sub-Saharan Africa, and some advise they have had contracts in the Middle East and the former Soviet Union. One consultant mentioned that he “made a contribution” to the design of a project in Indonesia.

(Transcript pages 15 and 16)

Mr Wilkie asked Mr March, AusAID, for:

1. Advice on the position if the three Acts relating to Australia's membership and contributions to IFAD were not repealed. Specifically Mr Wilkie asked whether there would be any continuing obligations if the Acts were not repealed.

AusAID – The answer to the question is as follows:

1. After Australia has withdrawn its membership of the Fund, the Acts would have no further application. The Acts give domestic legal effect to what is required in accordance with the IFAD Agreement. Once a member withdraws from the Agreement, and is not subject to further obligations under the Agreement, correspondingly, there will be no further commitments at the domestic level.

(Transcript page 18)

Senator Santoro asked Mr March, AusAID to:

1. “Provide the rationale of the Canadian initiative in the South Pacific.”

AusAID – The answer is as follows:

1. Referring to Canada's major policy statement of September 2002 on strengthening aid effectiveness “Canada Making a Difference in the World”, Canada has reoriented the geographic spread of its aid to be more focussed on key countries and regions throughout Africa, Asia and the Americas. This has included selecting a limited number of the world's poorest countries for enhanced assistance while gradually withdrawing from others. Thus Canada has moved rapidly to increase its focus on Africa bringing the total resources for that region to (Canadian) \$6 billion in 2002.
2. According to the Canadian International Development Agency's (CIDA) website, a 14 year project in the South Pacific “Canada – South Pacific Ocean Development” will be completed this year. The only remaining current initiative in the Pacific will be the Canada Fund for Local Initiatives, which is valued at just over (Canadian) \$2 million and is reviewed annually. The Canada Fund is intended as a responsive fund that provides small-scale, short-term support for development projects at a community level.

(Transcript page 18)

Mr Wilkie asked Mr March, AusAID:

1. “Whether, having withdrawn, they (Canada) are still making ongoing contributions due to existing contracts, or pulling out (of the Secretariat for Pacific Communities (SPC)) without any financial ties.”

AusAID – The answer is as follows:

1. Canada ceased funding to the Secretariat for Pacific Communities (SPC) in 1995. There are no contracts and no ongoing contributions to the SPC.