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 Submission No:1.....

Dr Andrew Southcott MP
 Chairman
 Joint Standing Committee on Treaties
 Department of House of Representatives
 Parliament House
 CANBERRA ACT 2600

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BY:

Dear Dr Southcott *Andrew*

I have been contacted recently by several constituents concerning the Government's decision to withdraw Australia from the United Nations International Fund for Agricultural Development (IFAD) based in Rome. I understand the mandate of IFAD is to provide soft loans and technical advice to developing countries in the field of agricultural development. It is a relatively small agency, lending about US \$500 million per year. The majority of its programmes are focused on Asia and Africa, although there is also a significant programme in the Middle East. Australia has been a member of IFAD and a donor to its financing programme since the agency was formed in the late 1970s.

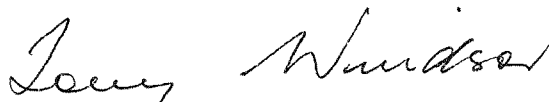
I have been advised Australia's withdrawal from IFAD will be referred to the Joint Standing Committee on Treaties and I would draw the Committee's attention to the following concerns raised by my constituents:

- Recently (April 2003), the Australian Government advised the President of IFAD that it intended not to contribute to the 6th replenishment of IFAD funds, and to withdraw its membership of the organisation. Preceding this, AusAID had sent a letter to IFAD complaining about several issues, most notably the relative lack of IFAD involvement in supporting development in the small Pacific nations. There were also several complaints concerning the internal policies and operational procedures of IFAD, specifically the need for performance based resource allocation and its relative lack of field presence.
- The decision to withdraw membership seems to have been taken entirely within the Department of Foreign Affairs and AusAID. There was no consultation with Australian goods and service providers who have commercial interests with various IFAD sponsored projects. There was also no consultation with the NGOs who are similarly engaged in humanitarian activities in collaboration with IFAD.
- If Australia does indeed withdraw from the organization, it would be the first country to do so. Conversely, during the recently completed 6th replenishment of IFAD funding, several OECD countries substantially increased their contributions. There were also significant new contributions from developing countries such as India and China.

- IFAD management has recently signaled that it is willing to address the operational concerns raised by the Australian government; several of these concerns were also raised by other member countries during replenishment negotiations, and satisfactory remedies were agreed. IFAD management has also said that it is willing to take fresh initiatives to provide support for agricultural development in Pacific states which are of great importance to Australia.
- The decision to withdraw from IFAD would have significant net negative results for export of Australian goods and services. IFAD projects in developing countries provide both direct and indirect benefits to Australia's export performance.
- In the wider perspective, there are good political, commercial and humanitarian reasons for a continuing Australia participation in IFAD. Amongst these are:
 - IFAD should be in a position to provide finance for the reconstruction of the agricultural sector in Iraq; this should complement Australian efforts in this important work.
 - IFAD has signaled that it will continue to sponsor important agricultural development projects in East Timor, Indonesia, the Philippines and other countries to Australia's immediate north.
 - IFAD is an organization which is pro-market led development, stressing the provision of good governance and enhanced trade and investment opportunities. Increasingly, it aims to assist with poverty reduction through sensible market led activities.
- The cost to Australia of continued participation in IFAD is a mere US \$5 million contribution every three years. The commercial returns to Australian business entities almost certainly far exceed this figure. In addition, IFAD provides a valuable means of gaining entry to difficult markets in developing countries, as amply demonstrated by the examples provided above. It is in the interests of Australia and Australian business for the Commonwealth to continue its contributions and participation.

I would be grateful if consideration could be given to the concerns and points raised in relation to this matter and for your advices in due course.

Yours sincerely



Tony Windsor MP
Member for New England