

ISG

"In Defence of IFAD"

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IFAD

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Submission No: 7

BY:.....

IFAD SUPPORT GROUP

"Emohruo"
51 Mowbray Tce,
East Brisbane, 4169,
Queensland,
Australia.

3 March, 2004

Secretary,
Joint Standing Committee on Treaties
Parliament House,
Canberra

Attention: Gillian Gould

Dear Mz Gould,

**Annotated Version of National Interest Analyses
for
Joint Standing Committee on Treaties
Prepared on behalf of
IFAD Support Group**

In response to the National Interest Analyses (NIA) re: *"Withdrawal from the Agreement Establishing IFAD"* tabled in Federal Parliament by government yesterday, I enclose an annotated version of the document prepared by the IFAD Support Group which endeavours to answer some of the more contentious statements and correct the myriad of inaccuracies and subjective statements contained in this Government' document . I have the pleasure of presenting this Counter Submission on behalf of all Australian stakeholders, observers and other interest groups involved in the international arena of rural and agricultural development. These supporters have indicated their dismay at the government's decision to withdraw from an institution, which is at the vanguard of poverty alleviation through investments in agriculture in Lesser Developed Countries.

Our group has been instrumental in establishing a web page as a base for fostering debate in the public arena, an area Government has made every endeavour to avoid. The undersigned is a member of the Steering Committee of the IFAD Support Group (ISG) as well as Editor of the web page, and we would like to advise the Committee that the response we have had in support of our cause has been overwhelming. Given the short time - less than 24 hours - that was available to read and digest the NIA and liaise with supporters and stakeholders we have not been able to do justice to addressing some of the more outrageous claims.

As this is the first definitive document made public by Government, and many of our supporters have yet to view it and provide feedback, we implore that the Committee, in its wisdom, gives consideration to convening further hearings so that public debate and due process can proceed. For example the claim by AusAID that consultations were held with stakeholders, put simply, is an outrageous

AUSTRALIA "Emohruo", 51 Mowbray Tce, East Brisbane 4169, Queensland
Tel: +61-7-3391.3707(Off); +61-415-436.267(Mob); +61-7-414-865.886(Car)
Fax: +61-7-3391.0039; Email: kmcpl@bigpond.net.au

miscarriage of the truth. It is our belief that the decision to leave IFAD is of such international significance and importance that railroading the document through Parliament without proper debate and without demanding and justification, as well as the questioning of many of assertions would likewise question the democratic process. We are proud of our actions and are give credence to and are proud of .

We ask that AusAID also make available for public scrutiny tier so called "**Comprehensive Analyses**" which the base for the decision to leave IFAD. In view of the above we implore that further public hearings are where all interest groups can give evidence. Additionally we are of the opinion that the Committee conduct independent review of IFAD to establish whether maintaining membership of IFADs is in the national interest. that the Committee will give due consideration to our requests and advise the Chairman that a representative support group would make themselves available for an appearance before the Committee if requested

Yours faithfully

D'Arcy E Gibbs

Member of the Steering Committee

Hard copy

**WITHDRAWAL FROM THE AGREEMENT ESTABLISHING THE
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
(ROME, 13 JUNE 1976)
[1977] ATS 28**

An Annotated Version

of

Documents tabled on 2 March 2004:

National Interest Analysis

Text of the Proposed Treaty Action

Annexures for multilateral treaties:

Consultations

Current status list

Annotations are ***bold and italic*** in the hard copy version

NATIONAL INTEREST ANALYSIS: CATEGORY B TREATY

SUMMARY PAGE

Withdrawal from the Agreement Establishing the International Fund for Agricultural Development (Rome, 13 June 1976) [1977] ATS 28

Date of Tabling of Proposed Treaty Action

1. 2 March 2004.

Nature and Timing of Proposed Treaty Action

2. The proposed binding treaty action is Australia's withdrawal from the Agreement Establishing the International Fund for Agricultural Development (Rome, 13 June 1976) [1977] ATS 28 ['The Agreement'].
3. The withdrawal is proposed to take place as soon as practicable after JSCOT's consideration. Withdrawal will take effect on the date specified in the instrument of denunciation, but in no event less than six months after deposit of the instrument (Article 9(1)(b); see paragraph 34 below).

Overview and National Interest Summary

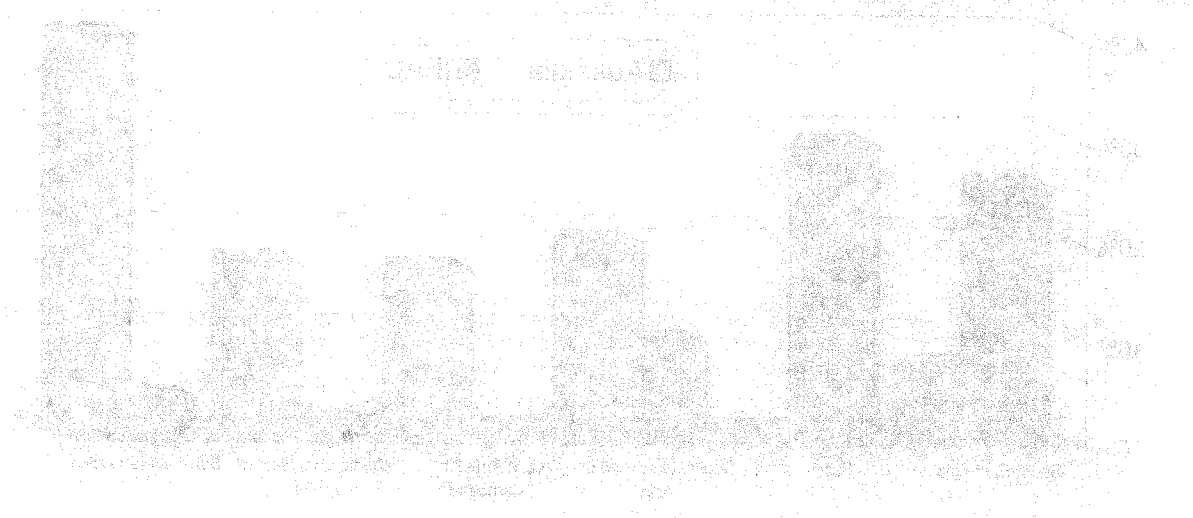
4. The International Fund for Agricultural Development (IFAD) is a small Rome-based international financial institution established in 1977 as an outcome of the 1974 World Food Conference. IFAD was originally intended as a way of channelling Organisation of the Petroleum Exporting Countries (OPEC) funds into development assistance, but OPEC interest in IFAD has diminished sharply from 43% of total contributions at IFAD's establishment to only 5% at its most recent replenishment. A specialised agency of the United Nations, IFAD's mandate is to combat rural hunger and poverty in developing countries. Australia is a founding member of IFAD with a shareholding of less than 1%, and has committed a total of A\$50.3 million since 1977. Australia's cumulative contribution to IFAD until the end of 2003-04 represents approximately 0.13% of Australia's total Official Development Assistance (ODA) during this period.
5. IFAD's programs are not consistent with Australia's national interest in delivering a focused, coherent aid program directed to Australia's priority development partners in South-East Asia and the Pacific.

Key reasons for Australia's withdrawal

When examined in terms of the status quo (as of 3 March 2004) these three points lack objectivity and accuracy and omit to acknowledge significant changes in IFAD's rubric since mid-2002, made largely at AusAIDs behest. These points are discussed in detail under specific heads (below).

- a) Limited geographic relevance – the Australian aid program's priority regions of South-East Asia and the Pacific accounted for only around 7% of IFAD loans over the five years to 2002; and IFAD's planned project activities list for 2003-04 includes only three projects in South-East Asia and none in the Pacific (of a total of 40 new projects worldwide).

- b) Lack of comparative advantage and focus – in its early years IFAD had a niche role in assisting the rural poor. Now many bilateral donors, non-government organisations and larger international financial institutions devote significant resources to assisting the rural poor. For a small institution, IFAD also spreads its resources very thinly. In 2002 it had 203 current activities in 92 countries.
- c) Shortcomings in management and donor relations – IFAD suffers from structural inefficiencies, highly centralised management and poor communication between IFAD headquarters in Rome and the field. IFAD has been unresponsive to Australia's concerns.



Reasons for Australia to Take the Proposed Treaty Action

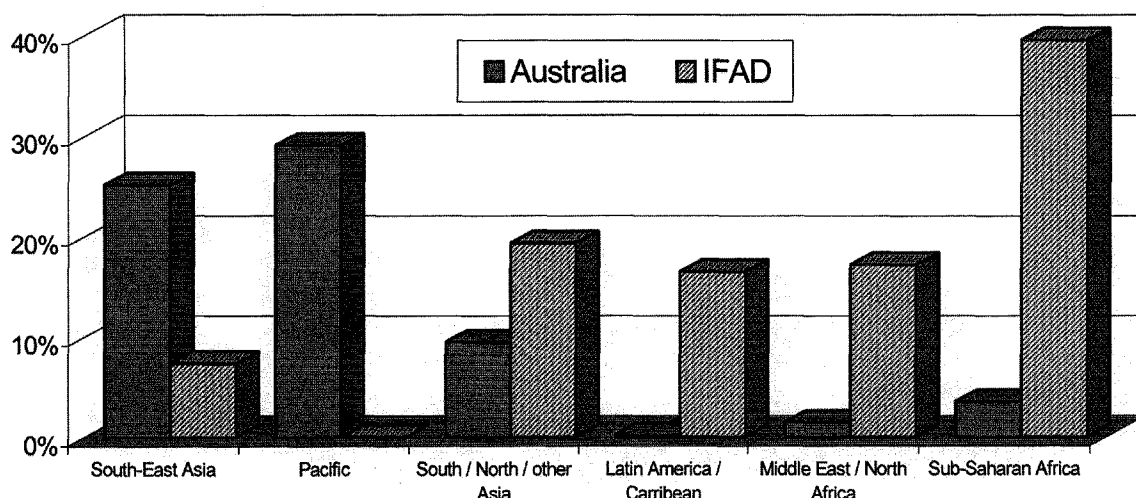
6. Australia's aid program – administered by the Australian Agency for International Development (AusAID) – must be selective in deciding which organisations it funds to ensure maximum development impact. In addition to bilateral programs with partner countries, the aid program seeks to build constructive partnerships with relevant and effective multilateral organisations that deliver tangible results. The Minister for Foreign Affairs' Eleventh Statement to Parliament on Australia's Development Cooperation Program, recently affirmed the aid program's strategic approach in supporting effective and efficient multilateral development organisations (*Australian Aid: Investing in Growth, Stability and Prosperity*, September 2002). The Ministerial Statement also confirmed the primacy of the aid program's focus on the Asia Pacific region, where Australia's leadership role is recognised by the international aid community.

7. Systematic assessments by AusAID of IFAD's performance have highlighted serious concerns with IFAD's lack of focus on South-East Asia and the Pacific and shortcomings in its management and donor relationships.

Limited geographic relevance

8. IFAD's role in the Asia Pacific region has been marginal. Over a five-year period from 1998 to 2002, only 7% (*the 25 yr mean contribution to the conventional understanding of SE Asia is 8%, Asia as a whole has received 32% of the total*) of total IFAD lending went to South-East Asia (*and is currently set at 11.2%*), compared with 25% of Australia's total ODA for the equivalent period (1997-98 to 2001-02) (*of which only 14% went to rural development in the widest sense*). No IFAD loans to the Pacific were approved during this period (*presumably because none were requested*), whereas Australia's aid to the Pacific (including Papua New Guinea) amounted to 29% of total ODA (*of which a minute 4% was designated for rural development AusAID Annual Report 2002-2003*) (See Figure 1).

Figure 1 Australian/IFAD funding by region (1997-98 to 2001-02)



This graph was discussed with an AusAID's official at the post hoc "consultative meeting" Canberra October 2003. It was made clear at this time that this data presentation misrepresents the true situation:

Australian funding covers all aid activities, of which rural development purportedly amounts to 14%. This includes public works in rural areas, such as road building, dam construction

etc.) All of IFAD's funds support rural poverty alleviation. This was described at the meeting as a comparison of apples and oranges. Subsequently, further distortion was revealed when AusAID's definition of Asian regions was subsequently examined: SE Asia includes China, but South Asia (where most of the world's poor and needy can be found) is officially lumped with 'the rest of the world'. PNG receives ca 30% of AusAID's funds (of which only 4% goes to agricultural development) (source AusAID annual report 2002-2003). AusAID focuses on only four countries in its SE Asia bracket.

A separate analysis of the status quo (2004 UN and IFAD data) shows that:

IFAD has worked in 21 countries of the Asia-Pacific Region. Since 1978, it has allocated USD 2.6 billion, representing 31.2% of total lending, to finance projects and programmes in the sub-regions of South Asia (55%), Southeast Asia and the Pacific (25%), and East Asia (20%). Excluding India and China, all other countries in Asia received 20% of IFAD's total lending and grants.

Through AusAID and ACIAR, IFAD has co-financed nine projects in Cambodia, China, Papua New Guinea, Solomon Islands, Thailand and Tonga. Australian NGOs, such as Care Australia and Save the Children Australia have worked successfully with IFAD on rural poverty eradication in Laos.

In particular, the Southeast Asia and the Pacific sub-region has received USD 640 M in loans, representing 8% of total IFAD lending. In the period 2002-2004, lending to the region has increased to 11.2% of IFAD's total lending, or 36% of lending in the region (approximately US\$139 million). It is expected that the sub-region will receive an even higher proportion of IFAD resources in the near future, following the adoption of the Performance Based Allocation System.

9. Opportunities for operational interaction between AusAID and IFAD have been extremely limited as a result of IFAD's limited focus on the Asia Pacific. World Bank and Asian Development Bank (ADB) engagement in the region offers much greater scope for cooperation and cofinancing of activities.

IFAD reacts to well prepared loan submissions – if none are presented it cannot react.

IFAD, following submissions from Australia in 2003 IFAD has initiated a special 'Pacific Program'. In 2003, IFAD's Governing Body agreed to reinvigorate IFAD programs in the Pacific and 18 representatives from 11 Pacific states (including 4 Ministers) attended a Consultation on IFAD's Re-Engagement in the Pacific, held at IFAD headquarters on 4 December 2003. The Pacific Re-Engagement strategy has been added to IFAD's corporate priorities, despite the Australian decision to withdraw. To overcome the issue of different lending terms among the Pacific countries, IFAD has announced a USD 3.5 M in grant for activities in the Pacific, and a new regional strategy is being developed.

Lack of comparative advantage and focus

10. IFAD's mandate is not unique. It is only one of a *small* number of multilateral organisations worldwide that funds rural development activities. Organisations providing substantial assistance for agriculture and food security include multilateral development banks such as the World Bank, ADB and the African Development Bank; and United Nations agencies such as the Food and Agricultural Organization (FAO), World Food Program and United Nations Development Programme. World Bank loans for rural development, for example, amounted to US\$31.8 billion from 1989-90 to 2001-02 (of which US\$13.1 billion was

concessional lending through the International Development Association), a much higher amount than total IFAD lending of US\$4.8 billion for the equivalent period (1990 to 2002). The FAO – the United Nations’ lead agency for agriculture, forestry, fisheries and rural development – expended US\$944.9 million on technical assistance in 2000-2001, compared with IFAD’s US\$299.6 million loan disbursements in 2001.

It is a sad and demonstrable fact of life that so little of these top-down megafunds actually filters down to benefit the rural poor. IFAD focuses directly at the grass root level. Big is not necessarily better in the context of delivering development support. What happens at the grassroots is the measure of impact. IFAD has a record in this area that is applauded by national governments, NGOs and the recipients, which includes the CGIAR and other significant organizations.

11. IFAD’s method of aid delivery is also not unique. IFAD claims to have a distinctive community-level focus in many of its activities, but many non-government organisations (NGOs), multilateral development banks, (*which ones?*) other UN bodies (*which ones?*) and bilateral aid activities (probably means ‘agencies’) (*which ones?*) also work closely with rural communities on grassroots poverty alleviation. In particular, NGOs specialise in empowering the poor, using local expertise, establishing long-term partnerships and managing cost-effective and sustainable programs. NGOs already play a valuable role in the delivery of the Australian aid program.

Para 11 omits to acknowledge that many of the NGOs have been empowered by IFAD support and that there are so many more grass root organizations to be activated. It is hoped that Australia will come to learn about the value of working with NGOs. Australia lags behind in the value recognition of and support to NGOs (4-6% of rural aid) in comparison to other OECD countries (ca10%).

12. Despite its agricultural focus, IFAD has not effectively consolidated lessons learned from the field and consequently has not established itself as a valuable source of practical knowledge on rural development. Unlike other multilateral organisations such as the World Bank, IFAD has produced few publications or analyses of relevance to the Australian aid program.

A purely subjective and inaccurate comment with no factual basis: the reader is invited to check the IFAD website for access to substantial reports.

13. IFAD’s comparative advantage has been further diminished by expanding its operations beyond its original objective of providing financing ‘primarily for projects and programmes specifically designed to introduce, expand or improve food production systems and to strengthen related policies and institutions’ (Article 2 of the Agreement) into areas in which it has no expertise, such as peacemaking initiatives. Other larger organisations are developing this expertise or are being set up specifically to deal with issues such as conflict and security.

The misrepresentation of the facts in this paragraph elicited an outraged response from IFAD.

IFAD has not been involved in peacemaking at any time and in any given country.

- ***We have been heavily involved in reconstructing and regenerating rural livelihoods and rural economies emerging from conflict.***
- ***We have provided bridging humanitarian assistance.***
- ***IFAD has not provided humanitarian assistance to refugee camps and to refugees.***

- *IFAD has not been involved in peacemaking as stated.*
- *In international post-conflict circles IFAD's assistance is defined and recognised as post-conflict reconstruction.*

14. IFAD's limited resources are spread thinly across a range of small projects reflecting the Fund's lack of strategic focus. In 2002, IFAD's overall portfolio comprised 203 projects in 92 countries.

This comment cannot be taken seriously as there is no evidence of 'resources being spread thinly'. It may however reflect differing perceptions of the meaning of poverty alleviation. IFAD supports a large number of small operations across the world. This is its mandate.

Context: USD 5000 pa for 3 years will go a long way towards providing an adult literacy program for dalits attending an NGO school in Warangal District of Andhra Pradesh. This small investment would open up new sources of cash generation among landless labourers, defuse a naxalite (bandit) problem, and stems urban drift.

Shortcomings in management and donor relations

The context of para 15-17 was discussed in person-to-person meetings between AusAID and IFAD officials in 2002 and 2003.

In common with most international (and bilateral donor) organizations, IFAD has had its share of management problems. However, all of Australia's concerns are understood to have been addressed by the current administration. Changes were effected on a reasonably timely basis in the circumstances, given the small size of IFAD's Secretariat, the complexity and range of issues being addressed, and Australia's ranking in terms of its level of support. In 2002, Australia ranked 14th among 23 OECD nations and 21st among the more than 50 contributors to the Fund, with a commitment totalling only AUD 1.7 M per annum (AusAID's total budget is AUD1.7 billion).

AusAID made formal representations to IFAD about its governance and operational procedures in May 2002. IFAD agrees with regret that there was no formal response, but explains that it immediately entered a dialogue with relevant AusAID officials between May 2002 and April 2003 when Australia's decision to renege was announced. Lapses in communication point to the need for improved consultation, not less, given the implications for poor people in the Asia Pacific region and Australia's standing as a leading provider of technical assistance in the agricultural sector.

IFAD has worked hard to remedy the shortcomings identified by AusAID and implement changes. Alan Prien (IFAD Secretary) cites:

- *the move to performance based lending;*
- *15 field pilot projects with an IFAD presence;*
- *an independent office of evaluation reporting to the Executive Board;*
- *revising the policy leading to the investment of undisbursed resources in equities; and*
- *commissioning an independent, transparent, institution-wide external review.*

IFAD has also responded vigorously to AusAID's concerns with regard to the Pacific.

15. The provisions of the Agreement have created structural inefficiencies that obstruct effective management of the organisation. The Agreement requires IFAD to implement its activities through other cooperating institutions (Article 7(2)(g)), of which the largest are the UN Office for Project Services (UNOPS) (56% of projects in 2002) and the World Bank (12%).

Although IFAD is now piloting direct implementation of 15 projects, this represents a small minority of its overall portfolio.

16. IFAD's management structure has been characterised by poor communication and coordination between central management and the field, and has adversely affected the small number of projects that AusAID has co-financed with IFAD. Despite longstanding donor criticisms of IFAD's delegated management structure and its lack of policy engagement with borrower countries at a national level, IFAD's progress in adopting alternative approaches has been unacceptably slow.

Similar comments have been made about the management and short sightedness of aid programs of most agencies – with as little substantiation.

17. IFAD's history of poor communications with donor countries is widely acknowledged by donors and Australian stakeholders. Australia raised its concerns with IFAD throughout the process of the Fund's sixth replenishment (IFAD6), including by letter to IFAD's President on 6 May 2002 indicating we would be reassessing our involvement in IFAD6 from first principles, and in a meeting in person between the Director General of AusAID and IFAD's President on 10 May 2002. Despite the numerous approaches, Australia did not receive a response to its concerns.

Impacts of withdrawal

18. Australia's withdrawal from IFAD will not result in a reduction in total funding for the Australian aid program. The estimated A\$14 million (?) over three years to be saved through withdrawal from IFAD will go towards higher priority aid activities in the Asia Pacific region.

The AusAID 2002-2003 Annual report shows that the contribution to IFAD 1998-2002 was <AUD8M. Perhaps administration charges are high.

As a wealthy nation and guardian of the well-being of Pacific neighbours and other developing nations in the Pacific rim, it is expedient for AusAID to seek partnership with UN and other institutions to further development issues in this region. Withdrawal for the IFAD partnership signals to the world that Australia 'does not really care': from 'mateship' to 'I'm alright Jack' with a stroke of pen.

At a time when other nations, especially USA and Europe, are increasing their contributions to IFAD (50% increase by USA) Australia is seen to be retreating from the support of programs that will alleviate rural poverty.

19. The Australian aid program's commitment to rural development remains strong. Australian aid for rural development has been steadily increasing in real terms over the last five years, representing an estimated A\$255 million in 2003-04 (or 14% of total aid flows). In the 2003-04 aid budget, Australia announced a A\$16 million multi-year contribution to the new multilateral Global Crop Diversity Trust, which will address food security concerns by supporting the conservation of agricultural biodiversity in gene banks. ***This is of course irrelevant to the discussion of IFAD.*** AusAID is currently implementing major new bilateral rural development activities in Nepal, East Timor and Vietnam, and is appointing a Principal Rural Development Adviser to strengthen the aid program's analytical capacity in this sector. ***Perhaps Australia's views on IFAD should be deferred until AusAID has appointed a qualified person to review the matter.*** The aid program's commitment to achieving more

productive and sustainable agricultural systems in developing countries is also maintained through the A\$47 million annual program for the Australian Centre for International Agricultural Research (ACIAR). ***ACIAR is not under the control of AusAID – any support is statutory. Support is reduced to the level where ACIAR was not consulted about this decision.***

20. Australia will continue to build strong partnerships with effective and focused multilateral organisations. In 2002-03 for example, Australia negotiated a three-year strategic partnership agreement with the United Nations Development Programme (UNDP), and similar agreements are currently under negotiation with the World Health Organisation (WHO), the United Nations Children's Fund (UNICEF) and the Joint United Nations Programme on HIV/AIDS (UNAIDS).

A non-sequitor

21. During 2002 (***it is now 2004 – time and the UN have moved on***) IFAD employed three Australian staff members (of a total of 115 staff) and contracted seven Australian consultants. IFAD has confirmed that all existing contracts will be honoured for Australians currently employed by IFAD, both as employees and consultants, before and after Australia's withdrawal from IFAD. Once Australia's withdrawal becomes effective, Australian firms will no longer be eligible for new IFAD contracts and future applicants will be excluded from gaining employment under Australian citizenship.

22. Reflecting the Fund's lack of transparency and poor communication with donors, (***a subjective and pejorative statement that should be withdrawn***) IFAD has not reported to the Australian Government on Australian business income from IFAD contracts. The best estimate currently available has been compiled by Australian stakeholders in IFAD, who estimate Australian business income from IFAD for 2001-02 at US\$2.5 million (A\$4.4 million at end of financial year 2001-02 exchange rate). GRM International Pty Ltd, a large Australian consulting firm, estimates its income from IFAD projects in 2002-03 at A\$2.07 million. Australian businesses have much more substantial opportunities through Australia's membership of other multilateral organisations. For example, the ADB valued the contracts it awarded to Australian consultants in calendar year 2002 at A\$118.4 million (***BUT NOT IN THE AREA OF RURAL POVERTY ALLEVIATION***).

This is not a strong argument. Existing IFAD commercial linkages provide jobs for Australians, with a considerable knock on effect, especially in rural areas (e.g. agricultural engineering). IFAD's move into the Pacific will also provide openings for Australian consultants.

Alternatives to withdrawal

23. The Australian Government considered the option of remaining as a non-contributing member of IFAD. However, given Australia's small shareholding in IFAD, the strong emphasis from European donors for IFAD to focus its activities in Africa, (***32% of IFAD funds are directed to Asia***) and the unresponsiveness of IFAD management to Australia's requests for dialogue (***as perceived by AusAID alone***), the Australian Government concluded that it had very little chance of influencing IFAD to address Australia's concerns (***which it has done***). Consequently, it was decided that remaining a non-contributing member would not be an efficient use of staffing resources. ***Demonstrably poor judgement.***

Obligations

24. While Australia will not incur any new obligations as a result of withdrawing from the Agreement, it will be required to fulfil existing financial obligations (Article 9(3)). These obligations consist of funding commitments made by Australia at previous replenishments (IFAD4 and 5), which amount to A\$9.7 million to be paid in annual instalments between 2004 and 2007.

If Australia remains a member it would be in a position to ensure its funds are spent wisely.

25. In case of a dispute between IFAD and Australia, having ceased to be a Member of the Fund, such dispute shall be submitted to arbitration (Articles 9(3) and 11(2)).

Implementation

26. As a result of the withdrawal, the following legislation will need to be repealed:

- a) *International Fund for Agricultural Development Act 1977*
- b) *International Fund for Agricultural Development Act 1982*
- c) *International Fund for Agricultural Development Act 1987*

27. The 1977 Act approves Australia's membership of IFAD (Section 4) and appropriation of initial contributions (Section 5), while the subsequent Acts approve specific replenishment contributions.

28. Withdrawal will also require amendment of the *Specialized Agencies (Privileges and Immunities) Regulations 1986* (deletion of Regulation 9(2)(e), Regulation 9(8)(h) and Schedule 1, item 15) to remove references to IFAD.

Costs

29. If Australia had contributed to IFAD's most recent replenishment (IFAD6) in line with its existing shareholding, it would have been liable to contribute an estimated A\$14 million (equivalent to US\$7.9 million when the replenishment target was set on 13 December 2002) over three years from 2004-05. Withdrawing from IFAD will mean a saving of this sum as well as the cost of possible future replenishments. Withdrawing will also save administrative costs for AusAID of managing Australia's relationship with IFAD. Ongoing engagement with IFAD would have required substantial high level interventions not only by AusAID senior management in Canberra to the level of Director General, but also considerable time and effort by Australia's Ambassador in Rome and Australia's Paris-based OECD Representative, who represents Australia at IFAD Executive Board meetings. ***This amounts to only four meetings per year and is part of the job.*** Continuing to monitor the effectiveness of the organisation would also require additional staff resources in Canberra. ***Wrong – no additional staff are needed to monitor events that have been in place since 1976.***

30. Australia will not be able to claim back earlier contributions to IFAD.

Consultation

31. The Australian Government held a series of consultations covering the reasons for withdrawal with a range of stakeholders including representatives from government, non-government organisations, academics, consultants and Rome-based Australian IFAD staff. A summary of consultations is provided in Attachment 1.

These were not 'consultations'. A consultation would have taken place before the Minister's announcement.

The Australian Government only held consultations after the Minister's statement at the request of public, private and NGO organizations. It also refused access to the detailed report that should have accompanied a significant policy shift such as this.

AUSAID is an open, accessible organisation that promotes Australia's aid program and approach to international development issues to key stakeholders, including the Australian community. AusAID Annual Report 2003-2003.

Unfortunately Australia did not consult with its neighbours about this decision. Indonesia for one has expressed strong misgivings about this decision. Other OECD nations (e.g. Canada) have expressed concern about Australia's unilateral move. The USA has increased its contribution to IFAD substantially in the most recent round.

Regulation Impact Statement

32. The Office of Regulation Review (ORR) within the Productivity Commission has been consulted and confirms that a Regulation Impact Statement is not required given the limited impact of withdrawal on Australian businesses.

Future Treaty Action

33. Once Australia has withdrawn from the Agreement, future amendments to the Agreement will not create rights or obligations on the part of Australia under the Agreement.

Withdrawal or Denunciation

34. Under Article 9(1) of the Agreement, to withdraw from IFAD an instrument of denunciation must be lodged with the Depository (the Secretary-General of the United Nations). Withdrawal will take effect on the date specified in the instrument of denunciation, but in no event less than six months after deposit of the instrument (Article 9(1)(b)). As noted above, after withdrawal Australia will remain bound to fulfil outstanding financial commitments to IFAD (see paragraph 24 above).

35. The Agreement does not specifically set out a process by which states that have withdrawn may re-join IFAD. However, it does provide for states to accede to the Agreement after its entry into force (Article 13(1)(b) and (c)).

36. As a multilateral agreement, the Agreement will remain in force as between other member countries of IFAD.

Contact details

International Partnerships Group, Policy and Multilateral Branch
Papua New Guinea, Pacific and Global Programs (PGP) Division
Australian Agency for International Development (AusAID)

**WITHDRAWAL FROM THE AGREEMENT ESTABLISHING THE
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
(Rome, 13 June 1976)
[1977] ATS 28**

CONSULTATIONS

1. The Australian Government undertook a series of consultations with stakeholders on the issue of Australia's withdrawal:

These are not 'consultations'. A consultation would have taken place before the Minister's announcement.

a) Domestic stakeholder consultations

2. Two meetings were held with Australian consultants, academics and representatives of non-government organisations:

- Non-government organisation /Australian Government Roundtable on Multilateral Development Banks – Sydney, 29 August 2003
- Stakeholder Workshop – Australian National University, Canberra, 22 October 2003

3. Both meetings covered a similar range of issues. The majority of active participants considered that Australia should not withdraw from IFAD. Most of the leading opponents of withdrawal currently hold, or have held in the past, a financial interest in IFAD as consultants. Few non-government aid agencies have expressed any opposition to the decision.

Inspection of the lists of participants (7 below) indicate that this is a misrepresentation of the nature of the participants the majority of participants had no commercial of link with IFAD.

4. The main points raised (with Australian Government responses to the arguments) were as follows:

This may have been AusAID's perception of the meeting but...the comments above indicate other participants have a different perspective. It was clear at the meetings (and from the weak case prepared above), that the Australian Government representatives misunderstood the high value and respect accorded to IFAD, both in Australia and internationally.

Stakeholder points	Australian Government responses
a) IFAD has a unique mandate to address rural poverty and has had a positive development impact on the ground	IFAD's niche role in rural development has been eroded by expanding activities of bilateral donors and the larger international financial institutions and by IFAD's failure to consolidate its expertise (see NIA, paragraphs 10 to 14). IFAD has not demonstrated to donors its impact on the ground due to lack of effective reporting and evaluation.
b) IFAD has a significant focus on South-East Asia	IFAD's interest in South-East Asia is marginal. Australian aid to South-East Asia as a proportion of the total aid program is over three times IFAD's lending to the region (see NIA, paragraphs 8 to 9).

c) The new President of IFAD has made progress in improving its effectiveness and management	The pace of reform has been uneven, and the President has not addressed Australia's concerns about IFAD, even when raised in person by senior AusAID staff before and after announcing Australia's intention to withdraw (see NIA, paragraphs 15 to 17).
d) Commercial returns to Australia through IFAD membership are substantial in comparison to Australia's contributions to IFAD replenishments	Commercial returns are much greater from other multilateral organisations such as the World Bank and the Asian Development Bank (see NIA, paragraph 22), but not in the rural development sector. Funding an organisation based on commercial benefit is inconsistent with the objective of the Australian aid program - this was a small part of the discussion and a minor issue.
e) Australia's withdrawal would signal a reduced commitment to aid for the rural development sector and reduced engagement with United Nations bodies	Australia remains strongly committed to rural development and engagement with effective United Nations bodies and other multilateral organisations (see NIA, paragraphs 18 to 20).
f) It would be preferable for Australia to remain a non-contributing member of IFAD rather than withdrawing altogether	With a small share in IFAD, Australia had little capacity to bring about change within the organisation. Limited staff resources are better focused on engaging with effective multilateral organisations (see NIA, paragraph 23). Australia has in the last year made significant modifications to IFAD operation.
g) Australia should have done more to bring its concerns to the attention of IFAD management	Australia repeatedly? raised its concerns with IFAD management but with no response (see NIA, paragraph 17). The stakeholders acknowledged IFAD's poor record in responding to donors.
h) Stakeholders should have been consulted earlier in the withdrawal process. This point relegated to last by AusAID was perhaps the most important and represents the largest distortion of the facts.	In the absence of a response from IFAD management, the Australian Government did not consider it was appropriate to consult with other IFAD stakeholders at an earlier stage. This is a total renegeing of democratic values. The IFAD lack of response of IFAD management extended to a year of successful and constructive discussion.

5. In the Australian Government's view, the consultations did not bring to light any new issues that would warrant a reconsideration of the original decision to withdraw.

AusAID imparted the information that the decision had been made well before – certainly prior to any consideration of the broader issues as revealed by participants in these meetings.

6. The following organisations and individuals attended the stakeholder consultations (attendees' interests are non-financial unless specified):

NGO/Australian Government Roundtable on Multilateral Development Banks – Sydney, 29 August 2003
Australian Council for Overseas Aid (ACFOA)
AID/WATCH
Australian Mekong Resource Centre
Department of Political and Social Change, Research School of Pacific and Asian Studies, Australian National University
Two consultants (current financial interest as IFAD consultants)
International Rivers Network

Oxfam Community Aid Abroad
World Vision Australia
AusAID
The Treasury

Stakeholder Workshop – Australian National University, Canberra, 22 October 2003
Department of Political and Social Change, Research School of Pacific and Asian Studies, Australian National University
Two consultants (current financial interest as IFAD consultants)
GRM International (current financial interest as project implementer)
Austarm Machinery (current financial interest as provider of machinery)
Crawford Fund
Australian Centre for International Agricultural Research (ACIAR)
Australian Council for Overseas Aid (ACFOA)
United Nations Association of Australia
Foundation for Development Cooperation
NTA- East Indonesia Aid
Australian Institute of Agricultural Science and Technology
AusAID

b) Consultation with Australian IFAD staff (27 November 2003)

7. Australian Embassy officers (Ambassador and Adviser (Development)) met three IFAD staff employed under their Australian citizenship in Rome on 27 November 2003 to outline the Australian Government's overall justifications for withdrawal.

This was actually initiated by the Australian staff members not the Embassy staff.

8.

Consultations within the Australian Government

Prior to seeking Ministerial approval for withdrawal, AusAID consulted at a departmental level with: the Department of Agriculture, Fisheries and Forestry; the Treasury; the Department of Foreign Affairs and Trade (including Paris and Rome posts); the Department of Prime Minister and Cabinet; and AusAID posts and desk officers managing activities co-financed with IFAD.

But not ACIAR, AusAID's much valued partner in the world of development agriculture.

No documentation was provided to indicate the tenor of these communications.

9. AusAID wrote to all States and Territories on 28 November 2003 informing them of the Australian Government's intention to withdraw. Queensland's Department of Premier and Cabinet indicated on 9 January 2004 that it had no interest in IFAD. No other States or Territories have notified an interest in IFAD.

It would be interesting to discover the tone adopted and the information provided in these documents.

**AGREEMENT ESTABLISHING THE INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT (Rome, 13 June 1976)
[1977] ATS 28**

CURRENT STATUS LIST

*Source: United Nations, Multilateral Treaties Deposited with the Secretary-General
<http://untreaty.un.org/ENGLISH/bible/englishinternetbible/partI/chapterX/treaty18.asp>
(accessed 7 January 2004)*

Participant	Signature	Ratification, Accession (a), Acceptance (A), Approval (AA)
Afghanistan		13 Dec 1978 a
Albania		3 Nov 1992 a
Algeria	20 Jul 1977	26 May 1978 AA
Angola		24 Apr 1985 a
Antigua and Barbuda		21 Jan 1986 a
Argentina	14 Apr 1977	11 Sep 1978
Armenia		23 Mar 1993 a
Australia	30 Mar 1977	21 Oct 1977
Austria	1 Apr 1977	12 Dec 1977
Azerbaijan		11 Apr 1994 a
Bangladesh	17 Mar 1977	9 May 1977
Barbados		13 Dec 1978 a
Belgium	16 Mar 1977	9 Dec 1977
Belize		15 Dec 1982 a
Benin		28 Dec 1977 a
Bhutan		13 Dec 1978 a
Bolivia	27 Jul 1977	30 Dec 1977
Bosnia and Herzegovina		18 Mar 1994 a
Botswana		21 Jul 1977 a
Brazil	13 Apr 1977	2 Nov 1978
Burkina Faso		14 Dec 1977 a
Burundi		13 Dec 1978 a
Cambodia		25 Aug 1992 a
Cameroon		20 Jun 1977 a
Canada	10 Feb 1977	28 Nov 1977
Cape Verde		12 Oct 1977 a
Central African Republic		11 Dec 1978 a
Chad	13 Oct 1977	3 Nov 1977
Chile	19 Jan 1977	2 Jun 1978
China		15 Jan 1980 a
Colombia		16 Jul 1979 a
Comoros		13 Dec 1977 a
Congo	30 Jun 1977	27 Jul 1978
Cook Islands		25 Mar 1993 a
Costa Rica	20 Dec 1977	16 Nov 1978

Attachment 2 – Current status list

Côte d'Ivoire		19 Jan 1982 a
Croatia		24 Mar 1997 a
Cuba	23 Sep 1977	15 Nov 1977
Cyprus		20 Dec 1977 a
Democratic People's Republic of Korea		23 Feb 1987 a
Democratic Republic of the Congo	23 May 1977	12 Oct 1977
Denmark	11 Jan 1977	28 Jun 1977
Djibouti		14 Dec 1977 a
Dominica		29 Jan 1980 a
Dominican Republic		29 Dec 1977 a
Ecuador	1 Apr 1977	19 Jul 1977
Egypt	18 Feb 1977	11 Oct 1977
El Salvador	21 Mar 1977	31 Oct 1977
Equatorial Guinea		29 Jul 1981 a
Eritrea		31 Mar 1994 a
Ethiopia	20 Jul 1977	7 Sep 1977
Fiji		28 Mar 1978 a
Finland	24 Feb 1977	30 Nov 1977
France	21 Jan 1977	12 Dec 1977 AA
Gabon		5 Jun 1978 a
Gambia		13 Dec 1977 a
Georgia		1 Feb 1995 a
Germany	29 Mar 1977	14 Oct 1977
Ghana	19 Oct 1977	5 Dec 1977
Greece	1 Jul 1977	30 Nov 1978
Grenada		25 Jul 1980 a
Guatemala		30 Nov 1978 a
Guinea	3 May 1977	12 Jul 1977
Guinea-Bissau		25 Jan 1978 a
Guyana		13 Dec 1977 a
Haiti		19 Dec 1977 a
Honduras	5 Jul 1977	13 Dec 1977
Iceland		8 Aug 2001 a
India	21 Jan 1977	28 Mar 1977
Indonesia	18 Feb 1977	27 Sep 1977
Iran (Islamic Republic of)	27 Apr 1977	12 Dec 1977
Iraq	23 Nov 1977	13 Dec 1977
Ireland	28 Apr 1977	14 Oct 1977
Israel	28 Apr 1977	10 Jan 1978
Italy	26 Jan 1977	10 Dec 1977
Jamaica	24 Mar 1977	13 Apr 1977
Japan	11 Feb 1977	25 Oct 1977 A
Jordan		15 Feb 1979 a
Kazakhstan		25 Sep 1998 a
Kenya	30 Mar 1977	10 Nov 1977
Kuwait	4 Mar 1977	29 Jul 1977

Attachment 2 – Current status list

Kyrgyzstan		10 Sep 1993 a
Lao People's Democratic Republic		13 Dec 1978 a
Lebanon		20 Jun 1978 a
Lesotho		13 Dec 1977 a
Liberia		11 Apr 1978 a
Libyan Arab Jamahiriya		15 Apr 1977 a
Luxembourg	18 Feb 1977	9 Dec 1977
Madagascar		12 Jan 1979 a
Malawi		13 Dec 1977 a
Malaysia		23 Jan 1990 a
Maldives		15 Jan 1980 a
Mali	30 Jun 1977	30 Sep 1977
Malta	24 Feb 1977	23 Sep 1977
Mauritania		26 Jun 1979 a
Mauritius		29 Jan 1979 a
Mexico	2 Aug 1977	31 Oct 1977
Mongolia		9 Feb 1994 a
Morocco	22 Dec 1976	16 Dec 1977
Mozambique		16 Oct 1978 a
Myanmar		23 Jan 1990 a
Namibia		16 Oct 1992 a
Nepal		5 May 1978 a
Netherlands	4 Feb 1977	29 Jul 1977 A
New Zealand	10 Oct 1977	10 Oct 1977
Nicaragua	18 May 1977	28 Oct 1977
Niger		13 Dec 1977 a
Nigeria	6 May 1977	25 Oct 1977
Norway	20 Jan 1977	8 Jul 1977
Oman		19 Apr 1983 a
Pakistan	28 Jan 1977	9 Mar 1977
Panama	8 Mar 1977	13 Apr 1977
Papua New Guinea	4 Jan 1978	11 May 1978
Paraguay		23 Mar 1979 a
Peru	20 Sep 1977	6 Dec 1977
Philippines	5 Jan 1977	4 Apr 1977
Portugal ⁴	30 Sep 1977	30 Nov 1978
Qatar		13 Dec 1977 a
Republic of Korea	2 Mar 1977	26 Jan 1978
Republic of Moldova		17 Jan 1996 a
Romania	22 Mar 1977	25 Nov 1977
Rwanda	10 May 1977	29 Nov 1977
Saint Kitts and Nevis		21 Jan 1986 a
Saint Vincent and the Grenadines		8 Mar 1990 a
Samoa		13 Dec 1977 a
Sao Tome and Principe		22 Apr 1978 a
Saudi Arabia	5 Jul 1977	15 Jul 1977

Attachment 2 – Current status list

Senegal	19 Jul 1977	13 Dec 1977
Seychelles		13 Dec 1978 a
Sierra Leone	15 Feb 1977	14 Oct 1977
Solomon Islands		13 Mar 1981 a
Somalia	26 Jan 1977	8 Sep 1977
South Africa		14 Feb 1997 a
Spain	22 Jun 1977	27 Nov 1978
Sri Lanka	15 Feb 1977	23 Mar 1977
Sudan	21 Mar 1977	12 Dec 1977
Suriname		15 Feb 1983 a
Swaziland	18 Nov 1977	18 Nov 1977
Sweden	12 Jan 1977	17 Jun 1977
Switzerland	24 Jan 1977	21 Oct 1977
Syrian Arab Republic	8 Sep 1977	29 Nov 1978
Tajikistan		26 Jan 1994 a
Thailand	19 Apr 1977	30 Nov 1977
The Former Yugoslav Republic of Macedonia		26 Jan 1994 a
Timor-Leste		4 Mar 2003 a
Togo		26 Apr 1979 a
Tonga		12 Apr 1982 a
Trinidad and Tobago		24 Mar 1988 a
Tunisia	27 Jan 1977	23 Aug 1977
Turkey	17 Nov 1977	14 Dec 1977
Uganda	6 Jul 1977	31 Aug 1977
United Arab Emirates	5 Oct 1977	28 Dec 1977 A
United Kingdom of Great Britain and Northern Ireland	7 Jan 1977	9 Sep 1977
United Republic of Tanzania	18 Jul 1977	25 Nov 1977
United States of America	22 Dec 1976	4 Oct 1977
Uruguay	5 Apr 1977	16 Dec 1977
Venezuela	4 Jan 1977	13 Oct 1977
Viet Nam		13 Dec 1977 a
Yemen		13 Dec 1977 a
Zambia		16 Dec 1977 a
Zimbabwe		22 Jan 1981 a