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Secretary, Joint Standing Committee on Treaties  
Parliament House,  
Canberra

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**Joint Standing Committee on Treaties (JSCT)**  
**Submission by Jeff Ball – Member of Ifadsupportgroup (ISG)**  
**in support of the ISG’s counter-National Interest Assessment – IFAD**

BY: *Gillian Gould*

Dear Mz Gould,

I was shocked and dismayed then found it incredible to hear Australia was withdrawing its membership from IFAD. **Shocked:** because IFAD is the only international development bank specifically chartered to target the alleviation of rural poverty through agricultural development. **Dismayed:** because IFAD’s and AusAID’s mission statements are so closely aligned. **Incredulous:** because the decision was announced before any consultations were held with other IFAD member countries or interested members of the Australian public and, since then, have AusAID repeatedly say the decision has been made with the review by the JSCT being a simple formality !!!

Direct approaches to the Minister for Foreign Affairs (MFA) virtually dismissed our queries and suggested we wait for AusAID’s National Interest Assessment (NIA) to be tabled in Parliament for review by the JSCT to “raise any further concerns you may have. (See this correspondence on <http://www.ifadsupportgroup.com>. It comprises: an e-mail stating our reasons for seeking an audience; a “thank-you-cum-aide memoire” letter of the meeting; and the MFA’s response.)

**Repeated approaches to AusAID (and ISG’s own research efforts) to further explain how AusAID’s reached their decision have intensified our concern that the AusAID decision is wrong and has the potential to seriously embarrass Australia, the MFA and reduce the effectiveness and efficiency of Australia’s international development efforts.** Moreover, despite AusAID saying NO to our perception that AusAID is “sending the wrong message” and is effectively “down-playing the role of agricultural development in rural poverty alleviation” their actions in advising the Minister to withdraw Australia’s membership from IFAD say YES.

Other approaches to high ranking Ministers to seek answers from the MFA have produced even more alarming statements and we quote from one signed letterhead hardcopy: “The Minister (MFA) has advised that the decision to withdraw from IFAD was based on systematic assessments that highlighted the limited relevance of IFAD to the Australian aid program due to its lack of emphasis on South-East Asia and the Pacific; the organization’s lack of strategic focus and effectiveness; and lack of response from IFAD management to our concerns.” Two alternative counter NIAs (to AusAID’s NIA) are being presented to the JSCT to provide information that categorically and validly rebuts all of these claims.

In that letter the MFA also claims there will be “a small annual loss in opportunities for business, (but) the \$4-5 million per annum in aid program savings will open up new business opportunities in other areas of the aid program. In addition, far greater opportunities already exist with other multi-lateral organizations such as the Asian Development Bank, which valued contracts awarded to Australian consultants in 2002 at \$118 million.”

Our information refutes this. Since IFAD’s inception in the late 1970s the total of AusAID’s contributions received by IFAD have averaged US\$1.8 million per annum. Over this period exchange rates have varied from A\$1:US\$1 and more in the early 1980s to only A\$1:US\$0.57. They currently sit at about A\$1:US\$0.77. With these exchange rates a US\$1.8 million per annum average actual contribution cannot be validly converted to a \$4-5

million per annum contribution. Moreover, the last AusAID contribution was for US\$1.7 million and AusAID's website report a \$3 million contribution for 2003-4. We can access the actual contributions IFAD has received. We do not know precisely how much AusAID expended beyond this to make the contributions received by IFAD but would question AusAID's administrative efficiency if it is as high as the \$4-5 million per annum cited.

With regard to "far greater opportunities" this is simply not substantiated by the AsDB's value of contracts to Australian consultants in 2002 of A\$118 million. The figure we have is stated in US\$ and is cited at US\$67.5 million. To get A\$118 from US\$67.5 requires an exchange rate of A\$1:US\$0.57 !! Moreover, the AusAID website cites donations to IFIs – expected in 2003/04—to be A\$100.9million to AsDB and to IFAD A\$3.0 million. (For interest sake the World Bank donation is cited at A\$ 129.3 million). On this basis the value of contracts awarded to Australian goods and services suppliers derived from IFAD contracts compares more than favourably than the values awarded to Australian contractors by the AsDB. The comparison can be expected to move further in IFAD's favour if the AsDB contracts are closely examined to scale down those won by Australian based corporations with foreign equity. There would also be adjustments needed to remove the impact of, for example, contracts where inputs have not been Australian sourced. It becomes a major study. A letter from the MAF states that AusAID have "already thoroughly examined the relevant issues." If so, then release the findings particularly as AusAID's believes our initial assessments are wrong.

In response to our claim that AusAID's actions are effectively down-playing the role of agricultural development in rural poverty alleviation AusAID points to an A\$16 million contribution to the Global Crop Diversity Fund (GCDF) in May 2003 and the A\$ 47 million contribution to the Australian Centre for International Agricultural Research (ACIAR) to improve food security in developing countries. Both of these contributions are justified in their own right and support but do not apply agricultural development. They certainly do not target the alleviation of rural poverty through agricultural development.

Nor are they chartered or structured to pioneer, champion or initiate the stream of replicable participatory grass-root approaches that IFAD has developed and continues to improve to alleviate rural poverty through agricultural development and provide value for money results. Many of these approaches are now used by other development aid agencies including AusAID, the World Bank and the Asian Development Bank sometimes with and sometimes without IFAD's direct involvement. Some examples include identifying and targeting the poor. Participatorily defining the needs of the poor then designing project and program interventions to meet those needs within the prevailing capabilities of the targeted groups in ways that can be sustainably continued by the participants with or without continued assistance. IFAD was amongst the first to recognise and mainstream the role of women in alleviating poverty. IFAD proved small-scale credit could be successfully and sustainably provided to groups who were previously considered uncreditworthy and has a wealth of experience in how to do this. These same grass-root techniques have been successfully applied to conflict resolution and to devise ways of delivering agricultural development aid in post-conflict situations. Combining suites of these approaches IFAD has improved governance FROM THE BOTTOM-UP and created informed groups of empowered poor constituents who have the confidence to underpin higher (regional/national) level interventions designed to introduce sustainable, responsible governance. To win the war on rural poverty a balance must be struck. Grass-root agricultural development and IFAD

approaches are critical elements in this “balanced equation”. HOW CAN AUSTRALIA AFFORD TO CUT ITSELF OFF FROM ALL THIS HARD WON EXPERIENCE?

Why do we insist that AusAID has drawn the WRONG CONCLUSION? Because many of us have worked in agricultural development from the mid-1960s and entered into international agricultural development with AusAID, the World Bank, the Asian Development Bank and a host of bilateral agencies (Canada, Japan, UK, Germany, Denmark, Belgium, Swiss, Swedish etc ) over the last 20 to 35 years. The Australian Parliament has been informed by AusAID, that “Australia’s priority development objectives” have a “humanitarian focus and enhanced attention to poverty reduction which requires that priority in allocating funding to international organizations be given to organizations which most effectively address these concerns”. Because of this **Australia’s membership of IFAD is a must not an option.**

We also know that Australia has a lot of agricultural development experience, agricultural research, educational, training and extension experience to offer. It has the professionals, technical and practical people to deliver this. Our agricultural training institutions are well suited and do accept relatively large numbers of students from developing countries. We have huge and proven livestock gene pools and seed banks of genetic material that have been put together over the last century. Our agricultural research libraries are full of trial work under a range of differing eco- and management systems. And our rural communities have delivered a stream of “appropriate machinery” and hands on practices in the past that is finding markets in developing countries.

Increasingly IFAD is delivering the approaches that not only allow all of this to be put together in to grass-root practical sustainable solutions but it is doing this for the poorest of the poor world wide: For people who would have otherwise been marginalised and forgotten.

With 60% of the world’s 1.2 billion rural poor living in countries to our immediate north and a deepening concern amongst the international development agencies of the capacity to meet the upcoming demand for agricultural development that will be needed to continue the war against rural poverty AusAID’s decision has to be subjected to further scrutiny before being passed into law and we appeal to the JSCT to make sure this is done.

We thank you in anticipation of a fair and comprehensive assessment of the information that is being put before you.

Yours sincerely,

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