

IFAD

Submission No:8.....

Australian Institute of Agricultural Science and Technology
Bringing the Elements Together

Ms Gillian Gould
Secretary, Joint Standing Committee on Treaties (JSCT)
Parliament House,
Canberra

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BY:

RE: National Interest Assessment (NIA) - IFAD
Submission by the
Australian Institute of Agricultural Science and Technology (AIASST)
and the
Australian Association of Agricultural Consultants (AAAC)

Dear Ms Gould,

The AIASST and AAAC find incredible the proposal that Australia is to withdraw as a member of IFAD (the International Fund for Agricultural Development).

IFAD is the only international development bank specifically chartered to target the alleviation of rural poverty through agricultural development.

The decision to withdraw Australia's membership from IFAD is incredible because, as IFAD's and AusAID's development aid objectives are so closely aligned, it sends a clear message that Australia is downplaying the critical role of agricultural development in the humanitarian alleviation of rural poverty. It is even more incredible when 60% of the world's 1.2 billion rural poor live in countries to our immediate north and when there is a deepening concern amongst international development agencies about the capacity to meet upcoming demand for agricultural development. Serious questions need to be asked.

For example, is AusAID implementing the aid program it is presenting to Parliament? Is our aid program still credible? The fact that the decision was announced before any consultations were held with other IFAD member countries or interested members of the Australian public does NOT engender confidence. Nor do the responses our members have gleaned from direct approaches to the Minister of Foreign Affairs (MFA) and from attempts to get more meaningful answers through questions asked of the MFA by other Members of Parliament. Our concerns are further exacerbated by AusAID suggestions that our representations are futile because the JSCT review is simply a formality. This is particularly concerning when a direct approach to the MFA virtually dismissed the concerns raised and suggested that 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."

Several statements provided by the MFA in response to questions put by other MPs raised further concerns. First, all of the points raised in the following paragraph can be refuted by first hand experience and material we have discovered which raise doubts as to the credibility of the "systematic assessments" referred to:

"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."

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The "limited relevance" is disturbing. IFAD's priority development objectives are practically identical to AusAID's. IFAD's objectives are to target the alleviation of rural poverty through agricultural development. 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".

The lack of emphasis on South-Asia is overstated by AusAID to the point of having no substance. The lack of emphasis on the Pacific has been answered and redressed. Consequently, IFAD management has fully responded to (AusAID's) concerns.

We find AusAID's claim that IFAD lacks "strategic focus and effectiveness" completely groundless. Many Australian agriculturalists, several of whom are AIAST/AAAC members, have worked in agricultural development from the mid-1960s and in international agricultural development for the last 30 to 40 years. They have front-line "coal-face" experience of working with, in and/or for IFAD, AusAID, the World Bank, the Asian Development Bank and a host of bilateral agencies (Canada, Japan, UK, Germany, Denmark, Belgium, Swiss, Swedish etc). Their experience is that IFAD is as strategically focussed and effective as any other agency, including AusAID.

Our concerns go further when, in that same 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 (AsDB), which valued contracts awarded to Australian consultants in 2002 at \$118 million."

Our information raises queries about the "\$4-5 million per annum". The total of AusAID contributions received by IFAD since the latter's inception around 1978 averages US\$1.8 million per annum. The last AusAID contribution was for US\$1.7 million and AusAID expects to make a \$3 million contribution in 2003-4. If the \$4-5 million is correct we would have to question AusAID's administrative efficiency given that only A\$ 2-3 million gets to IFAD.

We also question the "far greater opportunities". The 2002 value of contracts awarded to Australian consultants of \$118 million by the Asian Development Bank (AsDB) derives from an AusAID contribution in excess of A\$100 million. We believe IFAD delivers contract awards of A\$4-5 million from an AusAid contribution of A\$ 3.0 million or less. Hence, the value of contracts awarded to Australian goods and services suppliers derived from IFAD contracts is comparable with those awarded to Australian contractors by the AsDB. The balance moves in IFAD's favour if both the IFAD and AsDB contracts are scaled down by the contracts won by Australian-based, partly or fully owned foreign corporations, and further adjusted to remove the impact of contracts where inputs have not been Australian sourced. To do this rigorously becomes a major study but a letter from the MFA states that AusAID have "already thoroughly examined the relevant issues." If so, please release the details.

We are also concerned by AusAID's suggestion that contributions of A\$16 million to the Global Crop Diversity Fund (GCDF) in May 2003, and A\$47 million to the Australian Centre for International Agricultural Research (ACIAR) to improve food security in developing countries, represent a valid response to our claim that AusAID's actions are effectively down-playing the role of agricultural development in rural poverty alleviation. While both of these contributions

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are justified in their own right they 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-roots approaches developed and improved by IFAD to alleviate rural poverty through agricultural development and to 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; the participatory design of project and program interventions to meet the needs of the poor, within the prevailing capabilities of the targeted groups; and in ways that can be sustained by the participants with or without continued assistance, .

IFAD was amongst the first to recognise and mainstream the role of women in alleviating poverty through agricultural development. IFAD proved that small-scale credit could be successfully and sustainably provided to groups who were previously considered un-creditworthy and has accumulated a wealth of experience in how to do this. These same grass-root techniques have been successfully applied to resolve conflict in rural areas and devise ways of delivering agricultural development aid in post-conflict situations. By combining suites of these approaches IFAD has improved governance FROM THE BOTTOM-UP and has created informed groups of empowered poor constituents who have the confidence to underpin higher (regional/national) level interventions designed to introduce sustainable, responsible governance. **HOW CAN AUSTRALIA AFFORD TO CUT ITSELF OFF FROM THIS HARD WON EXPERIENCE?**

Australia has a wealth of agricultural development, agricultural research, educational, training and extension experience, livestock gene pools, gene banks, appropriate machinery and other inputs.. We have the professional, technical and practical people who can deliver this. IFAD approaches are providing the vehicle through which all of this can be put together into grass-roots, practical, sustainable solutions that deliver results to the poorest of the rural poor. We repeat that, 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 needed **to continue the war against rural poverty, AusAID's decision to withdraw Australia's membership from IFAD has to be subjected to further scrutiny. We believe that scrutiny will result in the decision being reversed and appeal to the JSCT to make sure an adequate review of the decision is carried out.**

Please advise if you need the original hardcopy of this submission.

Yours sincerely,

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