



## **Dissenting Report**—Mr Kim Wilkie MP, Senator Andrew Bartlett, Senator Linda Kirk, Senator Gavin Marshall, Senator Ursula Stephens, Hon Dick Adams MP and Mr Martyn Evans MP

Mr Kim Wilkie MP (Deputy Chair), Senator Andrew Bartlett, Senator Linda Kirk, Senator Gavin Marshall, Senator Ursula Stephens, Hon Dick Adams MP and Mr Martyn Evans MP agree with the findings of Chapters 1 to 4 of this report. With respect to Chapter 5, however, they believe that Australia should not withdraw from the *Agreement Establishing the International Fund for Agricultural Development* (the Agreement) and do not agree with recommendation 5.

The dissenting Committee members believe that while there have been notable concerns about the International Fund for Agricultural Development (IFAD or the Fund), most of the evidence gathered during the Committee's inquiry supports Australia remaining a Member of the Agreement. Further, as there are no significant costs associated with engaging with IFAD, the dissenting members recommend that Australia remain a non-contributing Member until the completion of the current Independent External Evaluation (IEE) in the first half of 2005, and that Australia's position, including the merits of making future financial contributions to IFAD, be reassessed at that time.

The dissenting members briefly discuss the following issues raised during the Committee's deliberations:

- Australia's involvement with IFAD's Governing Bodies
- financial and other implications of withdrawal
- the Australian Agency for International Development's (AusAID's) consultation
- IFAD's active re-engagement with the Pacific.

## Australia's involvement in IFAD's Governing Bodies

Firstly, the dissenting Committee members recognise that Australia is currently a permanent member of IFAD's Executive Board and therefore has the ability to influence the management of the Fund, including such matters as the geographic allocation of IFAD's resources.<sup>1</sup> The dissenting members were particularly concerned that from the time Australia notified IFAD of its decision to withdraw in April 2003, Australia has not attended any of IFAD's Executive Board meetings.<sup>2</sup> Mr Charles Tapp advised the Committee:

Because the government made the decision that it was going to be withdrawing, we were not looking to continue our active engagement on the board.<sup>3</sup>

Subsequently, Australia has not contributed to the development of IFAD's Pacific Strategy, the process and direction of the IEE or the management of Australia's financial contributions to the Fund.

The dissenting Committee members were also concerned that active withdrawal from activities of the Fund was embarked upon approximately one year prior to this Committee's consideration of the proposed treaty action.

## Financial and other implications of withdrawal

In relation to the financial implications of Australia's membership of IFAD, as identified in Chapter 5, AusAID estimates that Australia's current and future engagement with IFAD costs the Department an average of \$100,000 per annum.<sup>4</sup> Consequently, the dissenting Committee members believe that remaining a non-contributing member of the Fund would not place a significant cost on Australia's aid program.

It is in this light that the dissenting members reflect on one of the aforementioned benefits of remaining a non-contributing member, namely, involvement in the management of Australia's current, and future, financial contribution of A\$9.7 million from IFAD 4 and 5 until 2007-2008.<sup>5</sup> Mr Jim Carruthers advised the Committee:

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1 Mr Jim Carruthers, *Transcript of Evidence*, 8 March 2004, p. 33 and IFAD, *Submission*, p. 4.

2 Mr Charles Tapp, *Transcript of Evidence*, 8 March 2004, p. 23 and Mr Alan March, *Transcript of Evidence*, 22 March 2004, p. 15.

3 Mr Charles Tapp, *Transcript of Evidence*, 8 March 2004, p. 26.

4 AusAID, *Submission*, p. 6 and Mr Peter Versegi, *Transcript of Evidence*, 22 March 2004, p. 9.

5 AusAID, *Submission*, p. 2.

Australia has an investment—or shares, if you will—in IFAD of \$47 million to \$50 million, depending on exchange rates used. By withdrawing, they give up their voting shares—these are permanently invested in the institution.<sup>6</sup>

The dissenting Committee members were also concerned that withdrawal from the Fund would have a negative impact on stakeholders and contractors. Following withdrawal, it is estimated that there will be a potential loss of revenue of approximately US\$4.12 million per year<sup>7</sup> to Australians through their inability to tender for goods and services with IFAD, especially to small farming businesses. The dissenting members therefore question the feasibility of withdrawing from the Fund to save AusAID \$100,000 in mainly administrative costs.

Furthermore, the dissenting Committee members recognise the valued role Australia's membership plays, in assisting IFAD in the alleviation of rural poverty, by providing a pool of expertise in dry-land farming and machinery.<sup>8</sup> IFAD's submission explains that:

Improving dry-land agricultural production is at the heart of IFAD's initiatives to alleviate rural poverty. Australia is a recognized world leader in this field of agriculture and since its inception IFAD has relied heavily on the technical expertise of Australian... design and support of its agricultural development initiatives. It would be a serious loss to IFAD's poverty programs throughout the world, if Australia were to sever these important longstanding ties at this stage.<sup>9</sup>

The dissenting Committee members share this concern and recognise the potential disadvantages to rural communities in developing countries.

## AusAID's consultation

The dissenting Committee members are aware that stakeholders and Australian staff members of IFAD were informed of the decision to withdraw from the Agreement after Australia notified IFAD of its intended action. The dissenting members were therefore concerned that AusAID had not demonstrated a commitment to the consultation process with Australians directly affected by the proposed treaty action.

6 Mr Jim Carruthers, *Transcript of Evidence*, 8 March 2004, p. 34.

7 Approximately A\$5.96 million at exchange rate on 10/5/04. IFAD, *Submission 11.4*, p. 1.

8 Mr Alan Prien, *Transcript of Evidence*, 9 March 2004, p. 2 and Mr Andrew MacPherson, *Transcript of Evidence*, 8 March 2004, p. 38.

9 IFAD, *Submission*, p. 2.

## IFAD's active re-engagement with the Pacific.

In evidence to the Committee it was stated that IFAD's new management 'is committed to reinvigorating its programs in the Pacific Region and the development of a Re-Engagement Strategy is now a corporate priority'.<sup>10</sup> The dissenting Committee members believe that IFAD's activities to develop the Pacific Strategy to date are indicative of the Fund's commitment and will monitor its progress and outcomes with interest.

The dissenting members are aware of the important role that Australia plays in the region. The National Interest Analysis acknowledges 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'.<sup>11</sup> In this regard, it is recognised that IFAD seeks to strengthen its engagement with Australia and gain Australia's input into the development of the Fund's strategy for the Pacific.

## Conclusion

For the reasons outlined above the dissenting Committee members believe, on the basis of the inquiry's evidence, that it is in Australia's national interest to remain a non-contributing member of IFAD at this time, pending the completion of the IEE, and embark again on active membership of IFAD's Executive Board.

### Recommendation

**The dissenting Committee members recommend that Australia remain a non-contributing Party to the *Agreement Establishing the International Fund for Agricultural Development* pending the independent external evaluation of the Fund and an assessment of the success of the IFAD program to develop significant additional programs in the Pacific region in co-operation with the Australian aid program.**

<sup>10</sup> IFAD, *Submission*, p. 4.

<sup>11</sup> NIA, para. 6.

**Mr Kim Wilkie MP**  
**Deputy Chair**

**Senator Ursula Stephens**

**Senator Andrew Bartlett**

**Hon Dick Adams MP**

**Senator Linda Kirk**

**Mr Martyn Evans MP**

**Senator Gavin Marshall**