



## Submission No 3

### **Review of IFAD Amendment Bill 2012**

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# **Personal Submission to the Inquiry by the Joint Parliamentary Committee into Australia's Relations with Africa**

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## **Introduction**

This submission provides evidence in support of the case for renewing Australia's membership of the International Fund for Agricultural Development.

I will begin by updating the enquiry on recent discussions I have had with IFAD staff, followed by the more general case in support of renewing membership.

In November 2012, I visited IFAD on behalf of the University of New England (UNE) to explore future collaborative opportunities. During this visit, I met with senior and middle management, including the following staff members:

- *Dr Carlos Seré, Chief Development Strategist, Strategy and Knowledge Management Department;*
- *Dr Perin Saint Ange, Director, East and Southern Africa Division (a UNE alumnus);*
- *Elwyn Grainger-Jones, Director, Environment and Climate Division;*
- *Ron Hartman, Country Programme Manager, Asia and the Pacific Division, Programme Management Department;*
- *Dr Shantanu Mathur, Technical Adviser, Economic and Financial Analysis, Technical Advisory Division;*
- *Tom Anyonge, Senior Technical Adviser, Rural Institutions;*
- *Sheila Mwanundu, Senior Technical Adviser, Environment and Natural Resource Management, Technical Advisory Division.*

The discussions were very productive, and we were able to identify a number of future areas of collaboration. One key collaboration area was in the increasing interest from IFAD in developing rigorous empirical evidence-based systems for demonstrating positive impacts of their investments on the livelihoods of poor farmers. IFAD's interest in this area is the result of increasing donor-demand at each replenishment round for evidence of investment impact.

I believe Australian Universities, and other Australian research institutions, are well placed to meet this expressed need, should seed funding be made available.

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<sup>1</sup> The author has worked in agriculture and natural resource and environmental management in over a dozen African countries including Somalia, Kenya, South Africa and Eritrea, as well as in Asia and the Pacific, over the last 20 years.

Australian agricultural and natural resource management research institutions are among the best in the world, and we operate throughout a similar range of agroecological zones to be found in Africa. Our technologies and practices have relevance to the African context; as well as for most of the other countries in the Asia-Pacific where IFAD works.

Another potential area of collaboration is in field of training and capacity building. We already have a small example of this collaboration potential. In May this year while working in Kenya, I took the opportunity to visit the IFAD Mount Kenya East Pilot Project in Embu District. As a result, I nominated the Project Manager, of the IFAD Project, to attend an AusAID-funded (under the Australia-Africa Partnerships Facility) catchment management training UNE was conducting in South Africa. The Project Manager made an excellent contribution to the discussions during this training, was a highly valued participant, and hopefully gained knowledge from the training that will enhance her ongoing performance in the IFAD project.

There is significant potential for collaborative capacity building initiatives with IFAD African project staff, utilising existing Australian Government investments such as the Australia-Africa Partnerships Facility, and the Australian Awards for Africa scheme.

The general case for renewing Australia's membership of IFAD is presented below.

## **1. Case for Renewing Australia's membership of the International Fund for Agricultural Development (IFAD)<sup>2</sup>**

### **Background to Issue**

IFAD is a specialised Rome-based agency of the United Nations, whose mandate is to combat rural hunger and poverty in developing countries.<sup>3</sup> Australia is a founding member of IFAD, and has committed a total of A\$50.3 million since 1977. In that time, IFAD has approved loans and grants to developing countries amounting to approximately US\$10 billion to finance projects with a total cost of approximately US\$ 25 billion. IFAD funds are provided as highly concessional loans and grants to the 115 developing countries that are members.

In 2003, Australia notified IFAD of its intention to withdraw from membership and ceased attending IFAD's Executive Board Meetings. The Joint Standing

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<sup>2</sup> Mr Andrew Macpherson and Mr Philip Young contributed to the development of an earlier version of this submission.

<sup>3</sup> 75% of the world's poorest people, 800 million in total, live in rural areas and depend on agriculture for their livelihoods. (source: [www.ifad.org](http://www.ifad.org))

Committee on Treaties' review of Australia's IFAD membership in 2004<sup>4</sup> split the Committee, with all the then opposition members (6 Labor Party and 1 Democrat) producing a dissenting report recommending against the withdrawal.<sup>5</sup> Australia nevertheless withdrew its membership on 1 July 2007. There are currently 164 Member States to the Agreement. Australia is the only Member State ever to have withdrawn from the Agreement.

### **Case for Renewing IFAD Membership:**

1. IFAD specifically provides support targeted for the long-term benefit of the rural poor in developing countries. Rural poverty is chronic in all African countries, including those which are experiencing rapid overall economic growth. Addressing rural poverty is an effective way of building national stability and reducing internal conflicts. Many conflicts have their roots in chronic rural poverty and deprivation
2. The IFAD mode of operation may be best described as rural development through micro-economic interventions. Interventions are targeted in a way which produces direct benefits at the level of the individual rural inhabitant or rural enterprise. This is in contrast to the other International Financial Institutions such as the World Bank and African Development Bank, which generally operate at the macro-level. IFAD's type of targeted approach is demonstrably effective as a means of reducing rural poverty, and it is complementary to other macro-style interventions being employed by larger organisations.
3. IFAD has a proven capacity to operate in situations where there are hostile or incompetent Governments (Sudan, Cambodia), to the benefit of rural people who would otherwise be deprived of development assistance. In the Sudan case, IFAD interventions are currently ameliorating factors of competition over rural resources (farmland and water) which have produced internal ethnic conflicts (Darfur). There would be more Darfur-type scenarios without the continued intervention of such IFAD projects.
4. There are many instances where an approach which has been pioneered by IFAD has been adopted and up-scaled by other development institutions and developing country Governments.
5. IFAD has a small professional staff, and relies heavily on external consultants to provide professional services during project design, implementation and evaluation. In the past, a relatively high proportion of Australian consultants have participated in these processes, a recognition of Australian expertise in farming and rural disciplines, especially in demanding physical environments. Australia's agricultural systems, science and technology, and overall expertise are particularly relevant to these countries. This is not currently an option as consultants cannot be hired from non-members.

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<sup>4</sup> Joint Standing Committee on Treaties, Report 60, June 2004

<sup>5</sup> IBID: Dissenting Report—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.

6. Agricultural production, food security, household incomes, and political security are closely linked in the strongly agrarian economies in Africa as well as in our region. Climate change impacts have the potential to produce further political destabilisation. The need for rapid community adaptation to the threat of climate change is currently a priority for Australian aid investment, particularly for poor and vulnerable communities. IFAD is also specifically targeting this area both within Africa and in South-East Asia and the Pacific.
7. IFAD is also an implementing agency for the Global Environment Facility (GEF) and its grants program. It is recognised that the South Pacific countries in particular have been unable to attract significant GEF grants. Consequently, upon renewing its membership, Australia may utilise its influence on IFAD to leverage additional GEF investments to target the key GEF thematic areas of climate change mitigation and adaptation, land degradation, and biodiversity conservation in both African and Pacific Island Countries.
8. Renewing membership of IFAD allows Australia significant low-cost leverage and influence upon rural aid-targeting to the poor countries of Africa. Australia's bilateral development investments have significantly contracted away from Africa over the last decade, despite the relevance of our agricultural technology and expertise to these areas, and the abject poverty and extreme vulnerability of rural communities within these countries. Many African countries are particularly vulnerable to drought and climate change impacts and food shortages.
9. There is also a trade perspective which is important. Participation in IFAD projects by Australian consultants and suppliers enables identification of other profitable commercial activities for rural-related businesses which would not otherwise be evident. There are numerous examples whereby Australian businesses have benefited in the long-term from an initial IFAD sponsored activity. It is evident that the small annual contribution made by Australia to IFAD is recouped several times over by Australian individuals and small enterprises participating in attributable business activities.
10. Withdrawal from the Fund has already had a negative impact on Australian stakeholders and contractors with an estimated (in 2004) loss of revenue of approximately A\$5.96 million per year<sup>6</sup> to Australians through their inability to tender for goods and services with IFAD. This has particularly impacted upon small Australian export-oriented service and rural businesses.

The author was a member of a delegation that met with Senator Bob McMullan, Parliamentary Secretary for International Development Assistance, in March 2008 to discuss the issue of renewing Australia's membership of IFAD. Senator McMullan indicated at this meeting, and in subsequent correspondence, that Australia would be reviewing its previous decision to withdraw from IFAD over the next 12 months.

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<sup>6</sup> IBID: US\$4.12 million at exchange rate on 10/5/04. IFAD, *Submission 11.4*, p. 1.

## **Conclusions**

Renewal of Australia's IFAD membership has significant advantages, at minimal cost to Australia, in terms of influencing IFAD's multilateral investments to contribute to achieving Australia's aid objectives. The disadvantages of membership renewal are negligible.