

Joint Standing Committee on Treaties, 13 August 2012

Questions on Notice: AusAID

Dr STONE asked (page 16, paragraph 10):

Who was the president in the time when we decided to opt out?

Answer:

- a) Mr Lennart Båge, a Swedish national, was IFAD's fourth President from April 2001-March 2009.
- b) The current President of IFAD is Mr Kanayo Nwanze, a Nigerian national, who was elected for a four-year term in 2009.

Dr STONE asked (page 17, paragraph 2):

Is there a substantial secretariat? What proportion of the donations go into administration of this fund?

Answer:

- a) AusAID's 2011 Review of IFAD found that its administrative costs compared to its professional activities had significantly reduced. To manage corporate overheads, the IFAD Executive Board introduced an institutional efficiency ratio in 2005. The Fund was required to work towards reducing the administered costs ratio to a target of 13.5 per cent by 2012.
- b) IFAD's 2011 Report on Development Effectiveness showed that there has been a reduction in administrative overhead costs, increasing the overall development effectiveness of the institution. IFAD's efficiency ratio (measured as a ratio of the administrative budget to the IFAD program of loans and grants) for 2012 is projected to be 12.5 per cent, significantly better than the target of 13.5 per cent. When external resources directly managed by IFAD are also taken into account, the efficiency ratio is 9.5 per cent, which is in line with figures for other multilateral development banks.
- c) Despite this progress, IFAD is continuing to transform its financial and human resource management systems as part of its process of internal administrative reforms. IFAD's management reports annually through its Report on Development Effectiveness regarding its implementation of these reforms.

Senator SMITH asked (page 19, paragraph 10):

... broadly the nature of the programs that have been funded by IFAD—were they for skills development, scientific research, the development of institutions around civil society?—the geographical split of the programs and the quantum of funds that was used.

Answer:

- a) IFAD works with developing country governments, poor rural people's organisations, non-governmental organisations and the private sector to design innovative programs and projects that fit within national priorities for agriculture and rural development. IFAD finances programs and projects that are tailored to reinforce and amplify the effectiveness of national policies. They work closely with agriculture and finance ministries and related institutions to ensure that their support extends to small farmers and that public spending for agriculture reaches the poorest people.
- b) IFAD provides support to nine (9) major areas:
 - agricultural development
 - financial services
 - rural infrastructure
 - livestock
 - fisheries
 - capacity-and institution-building
 - storage/food-processing/marketing
 - research/extension/training
 - small and medium scale enterprise development
- c) IFAD provides loans to its developing member states on highly concessional, intermediate and ordinary terms for approved projects and programs. Lending terms and conditions vary according to the borrower's capacity to repay.
- d) IFAD also provides grants to institutions and organisations in support of activities to strengthen the technical and institutional capacities linked to agricultural and rural development. Grants are limited to 10% of the combined loan and grant program.
- e) At the end of 2011, there were 240 ongoing programs and projects worldwide worth US\$4.6 billion. This compares to 221 programs and projects worth US\$3.9 billion for 2009.
- f) IFAD operations are predominately in Sub-Saharan Africa with 115 ongoing programs and projects in 42 countries. The Asia-Pacific region is the second largest with 59 ongoing programs and projects in 19 countries, followed by Latin America and the Caribbean with 31 ongoing programs and projects in 19 countries. IFAD is also active in North Africa, Central Asia and Eastern Europe with 35 ongoing

programs and projects in 14 countries and 1 territory. See attached map showing IFAD-funded projects and programs.

g) Examples of IFAD's projects in Africa and Asia include:

- In Nepal, IFAD has worked with the government to open up access to forest resources for very poor communities living in highland areas. It sets up leasehold forestry groups and trains them to manage the land. The groups are now taking out 40-year renewable leases for small plots of public forest land. Leasing not only helps reforest land that had become degraded but also provides the groups with a valuable source of income, greater food security and improved nutrition.
- In Timor-Leste, IFAD is working to improve food security for maize-growing households through the reduction of losses of maize stored on-farm by purchasing and/or manufacturing maize storage drums and distributing them to recipient households. This improvement in household food security is expected initially to increase on farm supplies of maize after harvest and then reduce the length of the hunger season and is expected to reach 23,000 households.
- In Morocco, an IFAD project has enabled local Indigenous tribes manage the land through herder cooperatives, organised according to tribal affiliations and respectful of local knowledge and practices. The project helped rehabilitate the rangelands and introduced environmental protection measures to ensure sustainability over an area of 460,000 hectares. Plant cover was re-established, and fodder production increased five-fold, from 150 to 800 kilograms of fodder per hectare.
- In Uganda, IFAD has initiated partnerships between the public sector and private companies to promote investment in value chains that benefit poor rural people. With IFAD's support, about 1,500 smallholder farmers will provide about one third of the oil palm production for Ugandan refineries, and created about 3,000 new jobs. IFAD has also supported 150,000 farmers to increase sunflower production in the north. Competition on the national market has kept prices for vegetable oil products and soap affordable for poor consumers.

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IFAD-fund projects and programmes

