



AUSTRALIAN INTERNATIONAL DEVELOPMENT ASSISTANCE BUREAU

GOVERNMENT RESPONSE

TO

THE REPORT ON

**ENVIRONMENTAL IMPACT OF
DEVELOPMENT ASSISTANCE**

BY THE

**SENATE STANDING COMMITTEE ON
ENVIRONMENT RECREATION AND THE ARTS**

MAY 1990

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CHAPTER ONE

BACKGROUND

1.1 On 19 February 1987, the Senate resolved that the following matter be referred to the Standing Committee on Science, Technology and the Environment:

- (a) To examine the capacity of the Australian International Development Assistance Bureau to:
 - (i) assess the environmental impact of proposed projects; and
 - (ii) ensure the environmentally sound management of such projects.
- (b) The adequacy and effectiveness of Australia's participation in the decision-making process of international banks and multilateral aid agencies of which it is a member in relation to the environmental aspects of development projects.

1.2 Following a reorganisation of the Senate Committee on 22 September 1987, the inquiry was referred to the Standing Committee on Environment, Recreation and the Arts.

1.3 During the course of the inquiry, 50 submissions and several supplementary submissions were received from individuals and organisations and 5 public hearings were held.

1.4 The Senate Committee published its report "Environmental Impact of Development Assistance" on 22 December 1989.

CHAPTER TWO

GOVERNMENT POLICY FRAMEWORK

2.1 In July 1989, the Prime Minister, Mr Hawke, issued a policy statement on the environment titled "Our Country Our Future". This included a statement on Australia's role in assisting sustainable development through its overseas aid program. The Minister of Trade Negotiations and Acting Minister for Foreign Affairs and Trade, Mr Duffy, announced details of the Aid and Environment Policy in a statement released on 20 July 1989.

2.2 The Government's policy accepts that the key objectives for Australia's participation in international environmental activities include an effective aid program that takes proper account of environmental concerns, an effective role for Australia in nearby regions, a focussing of financial and technical assistance and Australian scientific research aimed at global environmental problems.

2.3 In pursuing these objectives, the Government has stated that Australia should support sustainable development as a basis for promoting economic activity in an environmentally sensitive manner. This necessitates close integration of environment and development policies including taking full account of environmental costs and benefits. The special needs of developing countries in seeking to achieve their development potential, particularly for those in the South Pacific, are acknowledged.

2.4 Australia recognises that developing countries face serious problems in attempting to meet environmental concerns and at the same time to provide an accelerated path to development for their citizens.

2.5 Australia acknowledges that the developing countries themselves have the key responsibility for ensuring their development is sustainable and contributes to an improved global environment. Australian Government assistance supports these efforts and through them contributes to the long term welfare of its own citizens.

2.6 Through the aid program, Australia will continue to provide practical assistance to countries to enhance their capacity to sustain their development over the long term, through agricultural research, education, demonstration and training, and other forms of technology transfer.

2.7 Similarly, Australia will continue to assist with global efforts to address environmental concerns through multilateral agencies.

2.8 Australian aid policies and programs will be environmentally responsible. The central policy objective is to promote sustainable development as a basis for promoting economic activity in an environmentally sensitive manner.

2.9 Within this policy framework, the Australian International Development Assistance Bureau (AIDAB), as the body administering the overseas aid program, is required to:

- (a) integrate effectively environmental protection and resource management in its program;
- (b) implement procedures for assessing and monitoring the environmental impact of development activities which Australia assists;
- (c) cooperate with developing countries to strengthen their capacity to anticipate, identify, assess and resolve issues of environmental protection and natural resource management;
- (d) promote and support environmentally sound development activities funded by multilateral development institutions; and
- (e) cooperate with other donors to achieve these objectives.

2.10 This strategy for aid and the environment will also guide the work of the Australian Centre for International Agricultural Research (ACIAR). Moreover, consulting firms, organisations, contractors, non-government agencies and other bodies involved in implementing the aid program are expected to ensure that their actions promote sustainable development and are environmentally sound.

CHAPTER THREE

OVERVIEW OF THE GOVERNMENT'S RESPONSE

3.1 The Government congratulates the Committee on the comprehensiveness of its investigations and the quality of its report. It agrees with the broad principles which underpin the conclusions of the Committee. Many worthwhile recommendations have been made. They are accepted and their implementation will lead to an aid program better able to promote and to realise the objective of sustainable development.

3.2 The majority of the Committee's recommendations are accepted in full or with minor modification. Other recommendations are accepted in principle but implementation will require some modification for reasons ranging from practical impediments to problems relating to institutional procedures in international organisations. Many of the recommendations are already incorporated into AIDAB's existing procedures or will be met by changes that have been set in train. For example, AIDAB is making use of in-house expertise as well as outside consultants and experts to give substance to its policy of ensuring effective environmental screening and appraisal mechanisms. AIDAB is also developing training programs for the Bureau's staff to sharpen awareness of environmental issues and to increase the effectiveness of quality control procedures. Environmental aspects in development assistance will receive a more effective and comprehensive treatment by improving the consultative mechanisms between AIDAB and those elements in the private and public sectors which have a substantial contribution to make.

3.3 Development assistance is an important element in Australia's diplomacy, particularly in our region. The Government is committed to delivering good aid. We seek to make sure not only that the needs of recipient countries match our capabilities and objectives, but also that we discharge our responsibility to promote a safe global environment with care and common sense.

3.4 The Government is ensuring that the principles of sustainable development infuse the programming approach to aid delivery. Part of the effort will be devoted to carrying out environment specific projects or programs, but the central approach will be to build a portfolio of development assistance activities and projects that are environmentally sound and contribute to sustainable development. To achieve this, the Government has confirmed the requirement to draw together expertise and advice from all sources to assist AIDAB in managing the environmental aspects of the aid program. Under existing arrangements within government, AIDAB consults particularly with the

Department of Arts, Sports, the Environment, Tourism and Territories. From outside government, it is able to draw on the expertise of development and environment non-government groups and industry.

3.5 With regard to multilateral banks, the Australian Government will continue to pursue its policy of supporting actively projects and programs that promote sustainable development in an environmentally sound manner. When environmentally undesirable projects are submitted for approval, Australian representatives will be directed to state Australian opposition to them and, where necessary, to vote against them. The Treasury, in concert with AIDAB and DASETT, will provide clear direction on these issues to the Executive Directors of the World Bank and the Asian Development Bank. Consultative arrangements, to this end, have already been put in place.

CHAPTER FOUR

RESPONSES TO RECOMMENDATIONS

4.1 These have been classified in four categories

- (a) Accepted
- (b) Accepted with minor modifications
- (c) Accepted subject to availability of resources and/or development of appropriate institutional arrangements
- (d) Partially Accepted.

Note: numbers in brackets refer to paragraph numbers in the Senate Committee report.

(a) ACCEPTED

4.2 *The Committee recommends that AIDAB include in its program for implementing environmental policy an assessment of the relevance and significance of the culture of the intended recipients and its relationship, if any, to the proposed development. (2.3)*

Recommendation accepted. AIDAB already requires an assessment of the relevance and significance of the recipient country's culture as described in the AIDAB procedures manual CPOG, (Country Programs Operation Guide). However, this will be linked more clearly with environmental considerations through a revision of the CPOG guidelines. Using consultancy services this will cost around \$10,000.

4.3 *The Committee recommends that AIDAB should use the appropriate forums as regularly as necessary to express to Papua New Guinea Australia's concern that the untied budget support not contribute to environmentally damaging projects; the degradation of rainforests in PNG is a particular concern. The Committee considers that such expressions should remain confidential, but notes that they could be made up to ministerial level, if appropriate. (4.21)*

Recommendation accepted. The government supports the expression by Australia of its concern that any untied aid should not contribute to environmentally damaging projects. Through the application of screening

mechanisms and CPOG project preparation and appraisal procedures, all bilateral projects are assessed for their environmental impact. In respect of the degradation of rainforests in PNG, the Australian Government is examining ways in which it might assist with that country's Tropical Forestry Action Plan, with a focus on conservation measures.

4.4 *The Committee has noted the disbursement of Australian Official Development Assistance through multilateral organisations in the South Pacific and South East Asia. The Committee recommends that, where represented on those agencies, Australian officials:*

- . monitor projects from an environmental perspective;*
- . advise the multilateral organisations, where appropriate, of Australia's environmental concerns;*
- . report regularly to AIDAB on the environmental monitoring and advising role being pursued. (4.22)*

Recommendation accepted. Activities, which are not environmentally sound, will be opposed.

4.5 *The Committee recommends that AIDAB environmental experts serve on both the*

- . AIDAB-NGO Committee in Development Co-operation; and*
- . NGO Development Projects Appraisal Panel.*

This should provide AIDAB with a better capability to monitor for environmental soundness disbursements that are made through NGOs. (5.30)

Recommendation accepted. AIDAB will ensure that disbursements made through NGOs will be assessed for environmental soundness through having at least one of its environmental experts participate at meetings of the

- . AIDAB-NGO Committee in Development Cooperation; and*
- . NGO Development Project Appraisal Panel.*

Activities, which are not environmentally sound, will be opposed.

4.6 *The Committee recommends that, for any proposed project, AIDAB seek from the recipient country:*

- . advice whether there is domestic environmental legislation relevant to the project; and*
- . confirmation that the proposed project is unlikely to breach such legislation. (5.31)*

Further, the Committee recommends that, where such legislation exists, this advice be written into AIDAB's country papers for future reference. (5.32)

Where such legislation does not exist, the Committee recommends that AIDAB offer Australian assistance in drafting environmental legislation for countries that would welcome external advice. (5.33)

Recommendation accepted. AIDAB already investigates the domestic environmental legislation relevant to any project and confirms that the project is not in breach of such legislation. It also assists developing countries which seek advice with the development of environmental legislation.

AIDAB Country Papers now contain information on country specific environmental issues in the form of an annex. Summary information on relevant legislation will be incorporated in this annex.

4.7 *The Committee considers that Australia, to uphold its standards concerning aid and the environment, must preserve the scope to review development aid projects for environmental effects. The Committee accordingly recommends that AIDAB adhere closely to its policy of requiring environmental impact assessments for aid projects as necessary. (6.44)*

Recommendation accepted. AIDAB will continue to adhere to the Government's policy of requiring environmental impact assessments for aid projects where the scale and nature of the project have been identified by the environmental screening mechanisms as warranting this approach.

- 4.8 *It is essential that AIDAB address environmental aspects clearly from the first stage of the planning cycle, that of project identification. (7.24)*

Recommendation accepted. AIDAB's environment screening guidelines are designed to be used at the identification stage by officers at overseas posts and by program managers. These guidelines determine what follow-up action is required for the project proposal to be processed further. With the training programs proposed, the use of the guidelines will become more effective.

- 4.9 *The Committee recommends that all AIDAB staff receive appropriate training in environmental assessment, and perhaps even more importantly, in developing environmental awareness, especially in relation to developing countries. (8.14)*

Recommendation accepted. A comprehensive training and specialist advisory program is being designed and developed in consultation with DASETT. It will be implemented using AIDAB and external staff during the next 12 months. Training will include environmental awareness, environmental assessment and application of the screening guidelines. It will be tailored to the different roles and staff needs within AIDAB. Up to three consultants and/or experts will be engaged to assist in this process at a cost of approximately \$150,000 over 12 months. External training course fees and associated costs of up to \$40,000 are anticipated in a full year.

- 4.10 *AIDAB should provide an information booklet that specifies the formal undertakings acknowledged by the Australian Government to ensure the environmental soundness of development aid. (3.17,9.7)*

Recommendation accepted. The booklet 'Aid and the Environment' (July 1989) contains the Government's policy statement on aid and the environment as well as a summary of current action through the aid program. This publication will be expanded and updated regularly to continue to meet the information requirement stated by the Committee. Publication costs of up to \$10,000 in a full year are anticipated.

- 4.11** *The Committee concurs with the policy on the environment and development aid articulated in the AIDAB publication Aid and the Environment. If this policy is adhered to by AIDAB and applied in AIDAB management procedures, the regrettable record of AIDAB in this area could be reversed. (9.9)*

Recommendation accepted. AIDAB will adhere closely to the Minister's policy articulated in 'Aid and the Environment'.

Management procedures, screening guidelines for projects at the identification stage and project preparation and appraisal procedures are already in place. Planned training programs will give greater effect to the application of these control mechanisms.

- 4.12** *The Committee welcomes the publication by AIDAB of the environmental screening guidelines contained in the booklet Environmental Assessment of Official Development Assistance. The Committee considers that the sensitive and practical application of these guidelines will ensure that environmental factors are considered at appropriate stages of the consideration of development aid proposals. (9.11)*

Recommendation accepted. The Committee's comments on the guidelines are noted. Planned environmental training programs within AIDAB will give greater effect to the application of these and other quality control mechanisms. AIDAB will also continue to draw upon outside environmental expertise and advice, particularly DASETT.

- 4.13** *Any tender and contract documents that are drafted following initial project consideration should advise the environmental issues and controls to be incorporated. (9.12)*

Recommendation accepted. The Country Programs Operation Guide (CPOG) describes procedures for the preparation, appraisal and design of projects including environmental assessment. These determine the content of tender and contract documentation. Hence, where appropriate, all tender and contract documentation includes identification of environmental issues and implementation of control measures necessary to ensure environmentally sound projects.

- 4.14 *In the same manner as AIDAB provided an audit of the environmental impact of aid projects current in 1987, AIDAB should provide annually an audit of that kind to the Minister for Foreign Affairs and Trade. The audit would be more comprehensive than that conducted in 1987. It would specify the number and value of projects that resulted in significant environmental damage. It should also comment on methods to improve the management of Australian development aid projects from that perspective. (9.14).*

Recommendation accepted. AIDAB is preparing to modify its computerised data base which records project features and progress so that additional environmental markers are incorporated. These will form the basis of the audit. Monitoring of current projects by post and desk officers will supplement this process. It is anticipated the audit will take six staff-months.

- 4.15 *The Committee considers it essential for Australian representatives to convey fully and forcefully to multilateral organisations the Australian policies and assessments concerning environmental aspects of development projects. (9.15)*

Recommendation accepted.

- 4.16 *The Committee recommends that AIDAB monitors more closely the activities of the International Fund for Agricultural Development (IFAD) particularly in relation to the environmental aspects of its projects. The Committee also recommends that AIDAB liaise regularly with the Executive Directors representing Australia's constituency and report annually to the Minister for Foreign Affairs and Trade on the operations of IFAD and Australia's involvement. (10.17)*

Recommendation accepted. AIDAB has negotiated a mechanism by which the Executive Director representing Australia's constituency will consult formally and regularly with Australia and will make a separate statement on Australia's behalf if required. Australia will oppose projects which are environmentally unsound.

4.17 *Having regard to Australia's current environmental policies and widespread community concern at potential environmental damage from Multilateral Development Bank (MDB) projects, it is essential that comprehensive project assessments and advice of high quality be provided to the Executive Directors. The Committee believes that this can best be achieved by combining the relative expertise of Treasury, AIDAB and DASETT. The Committee therefore recommends that Treasury, AIDAB and DASETT establish regular and systematic consultation whereby:*

- . designated officers meet on each occasion that an Executive Director's office provides documentation (either policy or project-related) for comment; and*
- . advice is prepared for the Executive Director as a result of these meetings which reflects Australia's policies and concerns in relation to the environmental aspects of development; and*
- . Australian representatives should not support environmentally undesirable projects. (12.9)*

Recommendation accepted. Where the Executive Director's office seeks advice from Australia on environmental issues, relevant departments will be consulted by the Treasury and an appropriate brief prepared. Australian representatives at MDBs will state Australian government policy on the environment. When environmentally undesirable projects are submitted for approval, Australian representatives will be directed to state Australian opposition to them and, where necessary, to vote against them.

4.18 *The Committee recommends that Australia request the Executive Directors representing its constituency to ensure that the recent steps taken by the Asian Development Bank (ADB) to improve liaison and consultation with NGOs are effective and that opportunities for external organisations to have input are maximised. (12.20)*

Recommendation accepted.

4.19 *The Department of the Arts, Sports, the Environment, Tourism and Territories recommends that it, together with AIDAB and Treasury, should 'jointly review and assess Australian participation in international aid agencies (including multilateral development banks), with a view to determining how its contributions can be most effectively used to promote environmentally responsible development'. The Committee endorses this recommendation. (12.37)*

Recommendation accepted. AIDAB's annual audit report on the environmental impact of aid projects is an appropriate medium to meet the requirements of the recommendation. The report will be expanded to cover environmental aspects of projects financed by international organisations (including the MDBs) to which Australia belongs. AIDAB will consult with DASETT and Treasury in the preparation of this report.

- 4.20 *The Committee recommends that the Department of the Arts, Sport, the Environment, Tourism and Territories and AIDAB finalise as an urgent priority the Memorandum of Understanding (MOU) between them concerning the Impact of Proposals Act. The MOU will confirm the intentions of AIDAB as an action authority to comply with the principles of the Impact of Proposals Act. (6.45).*

Recommendation accepted. This will require the development of appropriate practical arrangements. AIDAB and DASETT are arranging an exchange of letters which would apply the principles of the Impact of Proposals Act to the aid program. Practical arrangements will be designed to take advantage of existing control mechanisms, minimise duplication of assessments, as well as avoid undue delay in the delivery of the aid program.

- 4.21 *The finalising of the MOU with DASETT will formalise AIDAB's obligations under the Impact of Proposals Act and clarify for AIDAB the circumstances under which it must provide DASETT with information on development aid proposals. This will permit a decision to be taken on the need for formal documentation and allow appropriate ministerial decisions on measures to reduce or avoid environmental impact. (9.10)*

Recommendation accepted.

(b) ACCEPTED WITH MINOR MODIFICATIONS

- 4.22 *The committee further recommends that AIDAB should provide regular (say every six months) reports to the Minister for Foreign Affairs and Trade and the Minister for the Arts, Sports, the Environment, Tourism and Territories. These reports, based on the advice received by AIDAB management, would inform the Ministers of environmental aspects of projects pursued by multilateral organisations utilising Australian funds; they would also advise projected action, where necessary. (4.23)*

Recommendation accepted with minor modification. The government supports the recommendation to have Australian officials assess projects from an environmental perspective, oppose environmentally unsound proposals, advise the multilateral organisations in South-east Asia and the South Pacific of Australia's environmental concerns and to have them report regularly on the environmental monitoring and assessment role being pursued. It is proposed that this report be included in the annual environment audit prepared by AIDAB for the Minister.

- 4.23 *The Committee recommends to AIDAB that a formal body to incorporate NGO advice into the planning cycle should be established. AIDAB should ensure that relevant NGOs are regularly provided with the most recent advice concerning AIDAB's policy on reviewing environmental factors. Further, NGOs should be provided with the AIDAB environmental guidelines for assessing potential projects. (7.23)*

Recommendation accepted with minor modification. See also response to recommendation at paragraph 4.24. Information on policy and procedures relating to environmental assessment within AIDAB will be made available on a regular basis to NGO's. The existing extensive consultative and program management arrangements between AIDAB and NGO's will also be used on a regular basis for an exchange of information on environmental issues.

- 4.24 *Further the Committee recommends that the document should include a comprehensive commitment to the Brundtland (the World Commissions on Environment and Development - WCED) Report. The Committee recommends that Australia's commitments to the Brundtland Report should be agreed between AIDAB, the Department of Foreign Affairs and Trade, and the Department of the Arts, Sport, the Environment, Tourism and Territories. This would precede an announcement on Australia's commitment by the Minister for Foreign Affairs and Trade, and the incorporation of the commitment into AIDAB's document. (3.18,9.8)*

Recommendation accepted with minor modification.

A response will be prepared by AIDAB focussing on the central theme of the Brundtland Report, namely, sustainable development as it relates to aid and the environment issues. This will encompass the role of the aid program in promoting environmentally sustainable development both through specific environmentally targetted projects and in ensuring all aid activities are environmentally sound and economically sustainable. The

paper will be discussed with relevant departments and interest groups and the results incorporated in the "Aid and Environment" booklet alongside the Government's 1989 policy statement. Preparation of the response will take twelve staff-months. Consultations including a seminar or conference are anticipated to cost \$40,000.

4.25 *The Committee further recommends that AIDAB (through the Department of Foreign Affairs and Trade) include in its annual report:*

- . a statement of the operation and level of use resulting from the access provided by the policy recommended above (at paragraph 12.18); and*
- . an assessment of the method and effectiveness of liaison between the Asian Development Bank and NGOs. (12.21)*

Recommendation accepted with minor modification. (See comments on recommendation at paragraph 4.19).

4.26 *The Committee recommends that the current responsible Department, the Treasury, include in its annual report to Parliament an outline of:*

- . Australia's current representation on the multilateral development banks;*
- . Australia's official position on major projects and any formal votes taken;*
- . the projects for which AIDAB, Treasury and DASETT have provided assessments;*
- . any multilateral development bank environment-related policy initiatives which have occurred; and*
- . Australia's input to such policy developments.*

Following the adoption of the Committee's recommendation in paragraph 12.30, this reporting function will reside with AIDAB through the annual report of the Department of Foreign Affairs and Trade. (12.43)

Recommendation accepted with minor modification. The representational function remains with Treasury since the relevant recommendation in

paragraph 12.30 (recommendation 33) is not accepted. AIDAB will incorporate in its annual environmental audit report the appropriate information. (See comments on recommendation at paragraph 4.19.)

4.27 *The Committee recommends that AIDAB articulate as policy that it intends to maintain environmental expertise in its organisation. AIDAB should nominate the establishment it considers necessary to perform environmental analysis in-house. It should also advise the methods that it intends to employ to make full use of the directory of environmental experts that it has compiled. (7.22)*

See response to recommendations at paragraph 4.29 below.

4.28 *The Committee recommends that an environment section be established in AIDAB's Appraisals, Evaluation and Sectoral Studies Branch. The section would be staffed by at least six professional officers. (8.19)*

See response to recommendations at paragraph 4.29 below.

4.29 *The Committee's recommendation for a section of at least six professional officers to review environmental factors of aid projects has the following essentials:*

- . all officers should be engaged full-time on environmental review and associated matters;*
- . all officers should be suitably qualified and some officers, at least, should be graduates in the natural sciences or associated disciplines; the others could hold professional qualifications in fields such as environmental science, agricultural science, forestry and engineering;*
- . ranking of staff in this section should be sufficient to ensure that environmental assessment receives appropriate emphasis within AIDAB; accordingly the section's staff should range from at least the top level of the Administrative Service Officer (ASO) structure and should not include inexperienced officers;*
- . the head of the Section should report to a Deputy Director-General with the right of direct access to the Director-General; the ranging of the section staff could be as follows: one ASO 8, two ASO 7, three ASO 6. (8.20)*

Recommendations accepted with minor modification. In overall terms, bureau-wide expertise and qualified personnel exceed the recommended profile and staffing arrangements generally conform to it.

Within the Appraisals, Evaluation and Sectoral Studies Branch (AESS), an Environment group has been established. It is headed up by a Director who is assisted currently by an ASO7, two ASO6s, a graduate assistant and an ASO3. The salaries cost for these staff (excluding on-costs) currently amounts to \$168,636 p.a. The Bureau engages external experts full-time on a needs basis; these are, in part, identified using the directory of Australian environmental experts which AIDAB has compiled. Consistent with an approach that integrates responsibility for the environment into all working areas, the Bureau also has environmental expertise in other areas, e.g. Country Programs, the Appraisals Section and the Pacific Regional Team and International Organisations Branch.

Given AIDAB's established organisational arrangements for program and project aid delivery, the optimum arrangements demand a blend of concentration and decentralisation of personnel. The aim is to ensure that, as well as having a specialist group capable of offering advice bureau-wide, there is also expertise in the areas which plan and deliver development assistance, for example the Country Program Division. These arrangements deal effectively with several aspects of program activity, including the handling of cross-cutting issues.

The Director of Sectoral Studies (Environment) reports to the Director General through the Assistant Director General, AESS and the Deputy Director General Policy, Planning and Management Division (PPM). This reporting mechanism is effective and efficient, but AIDAB will add an additional reporting line direct to the DDG. Access to the DG is available.

- 4.30 *The existence of screening guidelines will not assist the proper consideration of environmental factors in AIDAB unless the staff are properly trained to employ them. There needs to be developed in AIDAB an environment section of at least six professional officers who can concentrate their attention on environmental assessment and be involved in guiding and training other AIDAB staff. The Committee considers that this section should have the right to consult directly with AIDAB's Director-General, as necessary. (9.13)*

See response to recommendation 28 above.

(c) ACCEPTED SUBJECT TO THE AVAILABILITY OF RESOURCES AND/OR DEVELOPMENT OF APPROPRIATE INSTITUTIONAL ARRANGEMENTS

- 4.32 *The Committee recommends that a much more significant program of aid for environmental projects should be developed by the Australian Government. (2.11)*

Recommendation accepted within the context of the government's overall resource constraints. High priority will be accorded to environmental activities, as additional funds become available to the aid budget. More broadly, emphasis will continue to be given to ensuring, whatever priorities are determined, that resultant projects are environmentally sound and contribute to sustainable development.

- 4.33 *The Committee recommends that the Australian government give immediate consideration to a further increase in funding for IFAD. (10.18)*

Recommendation accepted subject to resource constraints. On 12 September 1989 the Government announced that Australia will contribute approximately \$10 million to IFAD-3 (the third replenishment). This exceeds Australia's previous involvement. The government also announced a further contribution to IFAD of \$500,000 which is dedicated to the special program for least-developed countries affected by desertification in Sub-Saharan Africa. Any additional funding for IFAD will have to be considered among all priorities for expenditure in the budgetary context.

- 4.34 *It is pointless to refuse access to documents as a matter of course if the same material is readily available from other, perhaps less convenient, sources. The Committee recommends that the Department of Foreign Affairs and Trade (DFAT) and AIDAB should develop and publish a policy on access to multilateral development bank documents which on the one hand reflects the sensitivity required in the handling of such information and on the other hand recognises the legitimate interests of organisations such as Australian Council for Overseas Aid (ACFOA). AIDAB and DFAT should have regard to the more liberal practices adopted by other members of the Multi Development Banks when formulating the policy. (12.18)*

Recommendation accepted subject to institutional practice.

The Government, as a member of the World Bank and the Asian Development Bank, is bound by the practices of the institutions. A published policy on access would have to be approved by the banks and would have to take note of the concerns of all members, including borrowing country members, which have raised issues of sovereignty whenever more open access has been discussed. At the recent meeting of International Development Association (IDA) donors, Deputies refused to endorse the US proposal that documentation by the Bank go to NGOs prior to Board consideration of projects. It was agreed, however, that environment assessments are to be prepared in consultation with affected groups and relevant NGOs and that the completed assessments be provided to these groups, usually at least 180 days prior to Board consideration. These new procedures should overcome the sovereignty problems inherent in a third party allowing public access to information that is the property of a borrowing government. It is probable that similar procedures will be recommended for the Asian Development Fund (ADF) replenishment to be negotiated in 1990.

(d) PARTIALLY ACCEPTED

4.34 *The Committee recommends that the World Bank's programs, as they affect the environment, be monitored carefully by Australian representatives. Effective Australian membership of the World Bank requires greater awareness of the bank's handling of environmental issues. Australian representatives should draw on the environmental advice available from DASETT, and the Committee recommends that Australian representation on the World Bank Board and at the Asian Development Bank should pass from Treasury to Foreign Affairs and Trade. Australian nominees for Executive Directors should be AIDAB officers. (12.30)*

Recommendation partially accepted.

In relation to the Committee's recommendation that AIDAB officers be nominated for Executive Director positions, the Government has decided that a wide range of suitable applicants should be considered in the selection process. Australia's Executive Director and alternate Director positions will be widely notified. Successful candidates will be selected on merit by the Treasurer in consultation with the Minister for Foreign Affairs and Trade.

The recommendation that representation on the World Bank Board should pass from Treasury to Foreign Affairs and Trade is not accepted. Provided that arrangements for Australia's representation at bank meetings fully reflect the range of policy interests in the banks and that there is close consultation between Treasury and Foreign Affairs portfolios, the current arrangements remain the most satisfactory.