



Proposal for Australia to Re-join IFAD

Australia is considering whether to re-join the United Nations' International Fund for Agricultural Development (IFAD). IFAD is a specialised agency of the United Nations that was established in 1977. It works with governments to develop and finance programs and projects that enable rural poor people to overcome poverty themselves through low interest loans and grants. Australia was a founding member of IFAD, but decided in 2004 to withdraw its membership due to a misalignment with the then-government's geographical and sectoral priorities as well as internal governance issues within IFAD. Australia's withdrawal came into effect in 2007.

In 2011 AusAID conducted a comprehensive review of IFAD to inform a decision on whether Australia should re-join the institution. The review found that since Australia's decision to withdraw, IFAD has implemented significant reforms and is now considered by donors and developing countries to be an increasingly effective, results-focussed, value-for-money partner. The review recognised that IFAD has a clear mandate to reduce rural poverty and hunger through working with smallholder farmers, who are disproportionately represented amongst the poor, vulnerable and food insecure. IFAD projects currently work with over 36 million poor men and women, supporting them to become food secure through increasing productivity, access to markets including microfinance, and business development. This approach is also well aligned with the specific priority on food security as a vehicle for sustainable economic growth and poverty reduction articulated in the Australian Government's aid policy statement.

Membership of IFAD would complement and considerably strengthen Australia's existing support for food security, rural development and poverty reduction by:

 directly contributing to Millennium Development Goal (MDG) 1 (to halve the proportion of hungry and extremely poor), MDG 3 (to improve gender



equity) and MDG 7 (environmental protection and climate change mitigation and adaptation);

- providing for direct engagement with smallholder producers who are disproportionally represented among the poor and vulnerable;
- addressing large poverty issues in rural areas of lower and middle income countries where IFAD is focused and where Australia has an interest, but limited current engagement;
- offering in-depth country and technical knowledge in regions and sectors where Australia wishes to expand but lacks expertise; and
- offering expertise and experience in rural development in fragile and conflict affected areas where Australia has strategic interest but often cannot directly engage.

If Australia were to re-join IFAD this would also allow Australian firms and individuals to be engaged and/or employed on IFAD projects, as only citizens of member states can work on IFAD projects. IFAD senior management value Australia's unique technical expertise in tropical and dryland farming, fisheries, biosecurity and quarantine and Australia is considered to have attractive policy and regulatory approaches in these areas. Importantly, membership will allow Australia to draw on IFAD's considerable experience to strengthen Australia's own approach to food security and rural development in our aid program, particularly relating to our interventions that are directly targeted at the poorest of the poor.

Australia currently provides funding for food security and rural development through a number of multilateral organisations as well as through multi-donor trust funds and bilateral programs. Investment in IFAD would not detract from existing support for food security programs, and financial contributions to IFAD will be decided through the Australian Government's annual budget process. The review of IFAD conducted in-depth analysis of alternative additional food security funding mechanisms, and found that re-joining IFAD would be the best option for additional Australian support in this sector. Of these alternatives, only IFAD has a unique mandate and focus on improving food security, raising incomes and strengthening resilience of smallholder producers in priority countries for Australia.

More information on Australia's approach to food security can be found at http://www.ausaid.gov.au/keyaid/food_security.cfm