INTERNATIONAL DEVELOPMENT ASSOCIATION (SPECIAL CONTRIBUTION) BILL 1983

Date Introduced: 7 September 1983
House: House of Representatives
Presented by: Hon. W.G. Hayden, M.P., Minister for Foreign Affairs

Short Digest of Bill

Purpose

To authorise a special contribution by Australia to the sixth replenishment of the International Development Association.

Background

The World Bank Group comprises three institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA) and the International Finance Corporation (IFC). Discussions among economists and financial experts after World War II led to the formation of two complementary organisations namely the International Monetary Fund (IMF) and the World Bank. By the end of 1973 the Bank had 123 members. The Bank's international lending is subject to certain conditions namely that loans must be used to meet the foreign exchange requirements of a specific project, may not be "tied" to purchasing policies and are regulated on economic, not political, considerations[1].

The International Development Association (IDA) began in September 1960. It is legally distinct from the Bank. The IDA membership is divided into Part I countries, the more economically advanced, and Part II countries, the developing countries. IDA was established to channel concessional resources to the latter.

Previous bills for additional contributions were introduced in 1963 and 1968. On both occasions Australia's percentage share was reduced, the reason given being the demands on Australia's resources or other aid programs. The role of private capital in development was also emphasised, and that a country hospitable to private investment would have access to more extensive and stable resources and
technology than a country relying solely on foreign
government aid[2].

The heavy regional concentration of direct
Australian aid programs has been cited as a reason for
increasing contributions to the more comprehensive IDA.
India and sub-Saharan Africa in particular were mentioned as
areas of need. In the context of an upturn in the developed
economies, aid for less developed countries is required for
foreign exchange to service external debts, for structural
adjustments, and for export promotion to ensure that they
participate the revival in economic activity[3].

Main Provisions

Clause 4 approves the making by Australia of a
special contribution to the IDA of up to $67,844,000.

Clause 5 provides that promissory rates, payable on
demand and non-interest-bearing, may be issued in favour of
the ICA. It is not anticipated that a large part of the
funds will be required in the current financial year.

Appropriation of the moneys is made by clause 6.

For further information, if required, contact:

Economics and Commerce Group
LEGISLATIVE RESEARCH SERVICE

15 September 1983

References


3. Statement to OECD Ministerial Council, Hon. W.G. Hayden,
10 May 1983.

4. S.J. Burki and N. Hicks, "International Development
Association in retrospect", Finance and Development,