

1985

THE PARLIAMENT OF THE COMMONWEALTH

OF AUSTRALIA

HOUSE OF REPRESENTATIVES

INTERNATIONAL DEVELOPMENT ASSOCIATION

(SPECIAL CONTRIBUTION) BILL 1985

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Foreign Affairs)

## OUTLINE

Financial Impact: The Bill seeks approval for the appropriation of \$A60 million from the Consolidated Revenue Fund.

The International Development Association (Special Contribution) Bill 1985 is designed to authorise an additional and voluntary contribution of \$A60 million to the International Development Association (IDA). This contribution is in addition to Australia's share totalling \$A200 million to the Association's seventh replenishment, covering the period 1985-87, which has been authorised previously by the International Development Association (Further Payment) Act 1984.

Established in 1960, the IDA is the concessional lending arm of the World Bank. It provides, interest-free, long term loans to the poorest developing countries to promote their development.

The resources of the Association come mainly from subscriptions by the industrialised countries, pledged in periodic general replenishments.

The total of only US\$9 billion achieved in the seventh replenishment of the Association's resources was viewed by Australia and most other donors as gravely inadequate. This amount meant that there would be a considerable reduction in the funds available to the World's poorest countries at a time when the situation of many, particularly those of Sub-Saharan Africa, is extremely serious.

Australia's further and voluntary contribution of \$A60 million to IDA during its current replenishment period would not only assist Sub-Saharan countries but developing countries in other regions as well.

## NOTES ON CLAUSES

- Clause 1 : Citation clause.
- Clause 2 : Commencement clause.
- Clause 3 : Interpretation clause.
- Clause 4 : This clause specifies an amount not exceeding \$60 million that Australia will contribute to the Association by way of a special contribution.
- Clause 5(1) : This sub-clause specifies the manner in which Australia will make its contribution, namely the Treasurer may make promissory notes and issue them to the Association.
- Clause 5(2) : This sub-clause specifies the terms under which a promissory note may be lodged.
- Clause 5(3) : This sub-clause states that Section 6 of the International Development Association Act 1960 which provided, inter alia, that the Governor-General may authorise the issue of securities, does not apply to a payment under this Act. This sub-clause puts the matter of authority for issuing promissory notes beyond doubt.
- Clause 6 : This clause appropriates the required funds from the Consolidated Revenue Fund.