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Australia's Agricultural Aid Program: How Do We Benefit?

John Martin, Roy Hewson and Peter McCawley,
Australian International Development Assistance Bureau

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Introduction

It is unlikely that the author of the phrase "It is in giving that we receive" had in mind that we should first calculate the benefits we might receive before giving assistance to a needy person. However, the need to address the benefits to the giver is become an important issue in the delivery of Australian grant aid because of the increasing pressure from the community in these difficult economic circumstances to justify the one billion dollar aid budget. It is therefore appropriate to consider the benefits of aid in terms of self-interest, whether direct or enlightened, as well as in terms of the benefits accruing to the recipient.

This paper is primarily an introductory analysis of the nature of the benefits Australia receives from giving agricultural aid to developing countries. Two of the main difficulties encountered in preparing the paper were to determine what is meant by agricultural aid, and what is its magnitude, given the wide variety of forms under which Australian aid is delivered. A major emphasis is therefore to draw together quantitative information on the kaleidoscope of Australian agricultural aid.

The opportunity to reflect on this issue was provided by a request to the Australian International Development Assistance Bureau (AIDAB) from Don Williams for a Chapter on agricultural aid to be included in a new edition of his book "Agriculture in the Australian Economy"¹. This paper builds on some aspects of the work undertaken in the preparation of this Chapter.

1. R. Hewson, J. Martin, and P. McCawley, "Agricultural Aid in the Australian Economy", Chapter 20 of Agriculture in the Australian Economy, D.B. Williams, (Ed.), 3rd edition, Oxford University Press, Melbourne, forthcoming.

Assessing the benefits to recipient countries from the Australian agricultural aid program is largely outside the scope of this paper. It is, however, axiomatic that the greater the benefits realised by the recipient, the greater the reciprocal benefit to Australia, particularly in the broad context. Even so, an overall assessment of the impact of Australian agricultural development assistance is difficult to undertake, given that Australia is only one source of assistance, there are numerous forms of delivery, and the actual level is too small to have a clearly identifiable impact on the recipients' economic development and poverty levels, except perhaps in Papua New Guinea and the South Pacific. Qualitative sector reviews and quantitative analysis of individual projects indicate that many activities have had beneficial, and occasionally outstanding, impact.

Given the critical importance of agricultural development in most developing countries to provide food, ensure sustainable production systems and to generate economic growth, it can be expected that the nature and effectiveness of our agricultural development assistance will continue to evolve and come under close scrutiny.

Why do we give aid?

It is now generally accepted by the aid donors of OECD countries that there are three main reasons for giving aid. These can be classified as humanitarian/economic development, political/security and trade/commercial. The fundamental reason the Australian community recognises for giving aid is to benefit the recipient, either for humanitarian or economic development purposes. Political and security reasons are also important to Australia, whilst the trade and commercial rationale has become more important, particularly as our own economic difficulties have increased.

Theoretical Benefits to the Australian Economy from Agricultural Aid

The theoretical benefits to the Australian economy from agricultural aid can be stated very simply. Economic growth, encouraged by aid flows (both agricultural and non-agricultural aid), raises incomes in developing countries and increases the market opportunities for Australian commodities, especially meat, wool, wheat, processed foods and other products which have high income elasticities of demand in those countries.

There is, however, an opposing perspective, namely that the increased agricultural output from developing countries (which arises from better research, extension and other services made available by agricultural development assistance) is in direct competition with Australian commodity exports and may, at least in the short term, directly reduce markets for Australian primary products.

There is little evidence to support either view from the perspective of the Australian economy. At the global level, there is some evidence that growth in the income of developing countries results in increased, rather than decreased, agricultural imports by developing countries. Anderson² examined income data for some 53 developing countries against their agricultural imports and concluded that increased farm incomes invariably had secondary economic effects which created strong demand for total imports of goods and services, including agricultural ones. Similar results were obtained by American economists³ in their research covering the period 1970 to 1982.

2. K. Anderson, "Does Agricultural Growth in Poor Countries harm Agricultural Exporting Rich Countries?", Department of Economics Working Papers, University of Adelaide, February 1989.

The U.S. National Planning Association has also analysed the interdependencies between United States agriculture and Third World economic development.⁴ Following its discussion of these papers, a 1986 conference of representatives of US farm groups, development agencies and academics, agreed that:⁵

- . the major growth markets for agricultural products in the world now are in the developing countries. Major market expansion will not come in the industrialized market and centrally planned countries;
- . U.S. farmers will realize the potential market growth in the developing world only if economic growth-creating wealth and increasing incomes occurs there;
- . with increases in incomes, demand for food typically grows faster than food production in developing countries, creating a market for food imports, with potential benefits for American farmers.

The group discouraged "misdirected national drives for uneconomic and unsustainable food self sufficiency that result in protectionist measures and often ineffective use of scarce national resources",⁶ and advocated trade liberalization

3. E. Kellogg, R. Kodl and P. Garcia, "The Effects of Agricultural Growth on Agricultural Imports in Developing Countries", American Journal of Agricultural Economics, December 1986.

4. "US Agriculture and Third World Economic Development- Critical Interdependency", National Planning Association, Food and Agriculture Committee, Washington DC, February 1987.

5. Ibid, p.ix-xi.

policies based on the principle of comparative advantage.

McCalla⁷ has pointed out the link between productivity gains in agriculture in developing countries and the impact on trade is a complex one. It depends on a number of factors, including the nature of the agricultural commodity, the degree to which it is traded, the breadth of adaptability of the productivity gains, the rate of adoption and whether the research is undertaken bilaterally or internationally. Whilst in the long run, technical change and trade may be complementary, the empirical evidence has still to be accumulated.

Actual Benefits to Australia

(i) Direct

There are important direct benefits to Australia from the agricultural aid program. These benefits comprise increased exports of food, equipment and services, as well as increased use of Australian consultancy services. As an estimated 78 per cent of total aid expenditure on goods and services, other than budget support to Papua New Guinea, is sourced in Australia⁸, the direct

6. Ibid, p.x.

7. A.F. McCalla, "Developing Country Productivity and Trade: Complementarity of Competitive", Issue paper prepared for World Food Conference, June 5-8, 1988, Des Moines, Iowa. Revised September 28, 1988.

8. Joint Committee on Foreign Affairs, Defence and Trade, A Review of the Australian International Development Assistance Bureau and Australia's Overseas Aid Program, Australian Government Publishing Service, February 1989.

benefits to the Australian economy, including multiplier effects, are substantial.

(ii) Indirect

The indirect effects are hard to measure but include an increased demand for agricultural products and services, commercial spin-offs, secondary benefits arising from training, and more particularly, the benefits arising from collaborative research and development efforts.

The skills and insights gained by Australians undertaking aid activities overseas, and the access gained to international knowledge and germplasm, are further benefits that are difficult to quantify. Australians working in the field in neighbouring Asian and Pacific countries have no doubt helped Australia to become more aware of its place in the Asia-South Pacific region.

Nature of Australian agricultural aid

For the purposes of this article, agricultural aid is classified as either "direct" or "indirect". Direct agricultural aid consists of food aid plus funds provided directly for agricultural development. The latter covers project aid (including training), funding provided to the Australian Centre for International Agricultural Research (ACIAR) and to multilateral agricultural organisations (namely the Food and Agricultural Organisation (FAO), the International Fund for Agricultural Development (IFAD), and the international agricultural research centres (IARC's)). Direct aid also includes grants made under the Development Import Finance Facility (DIFF) scheme enabling soft loans to developing countries for Australian firms to secure agriculturally-related commercial contracts.

Indirect agricultural aid is categorised here as that proportion of the funds made available to Papua New Guinea and to the soft

loan facilities of the World Bank and the Asian Development Bank (ADB) that could be considered to have been used for agricultural development activities.

Agricultural aid (including forestry, fisheries and livestock) has constituted a significant share of Australian overseas aid over the last five years (Table 1). The value of direct agricultural aid, has averaged around \$244 million/year, or about 24%, of total aid expenditure, whilst the value of indirect agricultural aid has averaged around \$80 million per year during the 1980's. This amount is based on 20 percent of Australia's budget support to PNG and of the contributions to the soft loan facilities of the World Bank and Asian Development Bank. Such indirect aid comprises around a quarter of total Australian agricultural aid.

Allowing for all forms of agricultural aid, and using the broad definition adopted here, around one third of the total aid program was spent on agricultural aid during the 1980s.

TABLE 1 AUSTRALIAN AGRICULTURAL AID

	NOTES	83/84	84/85	85/86	86/87	87/88
(\$ million)						
<u>Direct</u>						
Food Aid						
Emergency and relief		20.0	23.6	23.8	20.2	21.2
Developmental						
Multilateral (WFP)	1	34.0	59.6	64.8	36.9	41.5
Bilateral		56.0	48.3	44.8	36.5	36.4
Multilateral Organisations						
Food and Agriculture Organisation		3.6	2.9	2.0	1.4	2.0
International Fund for Agricultural Development		2.1	2.5	2.8	1.7	2.5
International Agricultural Research Centres		5.0	6.6	7.5	4.7	5.5
ACIAR		7.2	9.2	11.0	11.1	12.40
Project Aid						
Agriculture	2	69.0	102.1	106.8	104.7	91.8
Forestry		4.1	4.3	4.1	6.3	4.4
Fisheries		0.2	0.6	8.7	2.1	3.0
Livestock		8.7	7.1	7.3	9.1	5.7
DIFF		0.0	0.0	0.0	6.4	0.4
Total Direct		209.9	266.8	283.5	241.1	226.8
<u>Indirect</u>						
PNG	3	60.4	62.8	63.9	65.1	59.9
World Bank	4	14.0	12.0	12.5	13.1	14.1
ADB	5	2.6	3.7	4.6	4.3	2.3
Total Indirect		77.0	78.5	81.0	82.5	76.3
Total		286.9	345.3	364.5	323.6	303.1
Total Aid Budget		833.2	1011.4	1031.0	975.6	1019.6

Source: AIDAB data

NOTES:

- 1 Multilateral food aid is provided through the World Food Program (WFP)
- 2 Australian bilateral and some regional aid projects (see Table 3, Items 1-6).
- 3 About 20% of Australian aid support to PNG (including budget support) is used to support agricultural activities
- 4 About 20% of Australian contributions to the World Bank's soft loan facility, the international Development Association (IDA), is for agricultural activities
- 5 About 20% of AIDAB's contributions to the Asian Development Bank's soft loan facility, the Asian Development Fund (ADF), is for agricultural purposes

(i) Food aid

Food aid is the dominant form of agricultural assistance provided by Australia, making up over a quarter of Australia's agricultural aid, or 10% of the overall Australian aid program, in recent years. Such expenditure on Australian agricultural commodities is of direct benefit to the Australian agricultural sector.

It is useful to categorise food aid in terms of that which is used for humanitarian purposes (i.e. emergency short-term relief) and that which is intended to have a longer term development impact. The purpose and impact of food aid is different for the two categories.

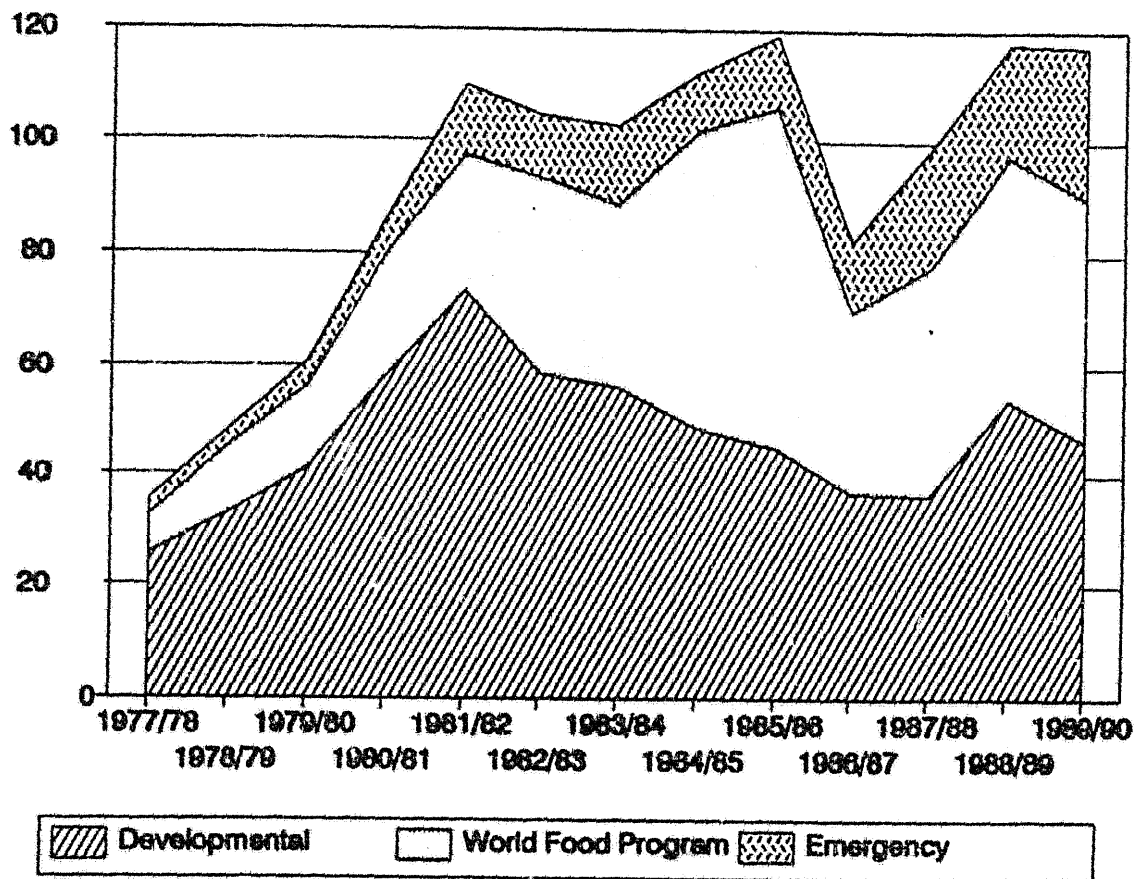
In Australia, total expenditure on food aid has been around \$100 million in recent years (Figure 1), of which around 80 per cent has been for developmental work. About half the developmental food aid is channeled through the United Nations' World Food Program (WFP), for such activities as food for work, whilst the remaining half is made available to specific country programs directly implemented by Australia. The remaining 20 per cent was used to respond to emergencies. A substantial share (over 40 per cent) of the food aid goes to Africa and the Middle East reflecting the poverty, hunger and rural upheaval there.

Food purchases under Australia's food aid program in 1988/89 included some 200,000 tonnes of wheat. Australia also operates a scheme where Australian wheat is sometimes substituted overseas for maize where appropriate. Apart from wheat, the food aid program uses Australian rice, milk powder, high protein biscuits and edible oils. The non-grain component is largely used in feeding programs designed for vulnerable groups such as nursing mothers, young children and the aged. In total, the annual volume of food aid is around 400,000 tonnes of wheat equivalent.

Figure 1

AUSTRALIAN FOOD AID

1977/78-1989/90



This amount is, of course, only a small proportion of Australia's annual agricultural exports. For example, the 200,000 tonnes of wheat is less than 2 per cent of Australia's annual wheat exports (which have ranged from 10 to 16 million tonnes since the mid 1980's).⁹

In terms of the significance of cereal food aid in the international grain trade, the total cereal food aid of 13 million tonnes (wheat equivalent) was approximately 7 per cent of the international trade in grains (wheat, coarse grains and rice) in 1987/88¹⁰.

Like most other forms of aid, international food aid programs have at times been a subject of considerable controversy. Proponents believe that food aid, properly managed, is an effective way of assisting poor people in developing countries as well as promoting longer-term development. Others argue that in practice, much food aid is wasted and that the disincentive effects on food production in recipient countries are so substantial that food aid often does more harm than good. See Srinivasan¹¹ for a summary of the main issues.

9. Australian Bureau of Agricultural and Resource Economics, Commodity Statistical Bulletin, December 1989, p.67.

10. Estimated from ABARE data in the Commodity Statistical Bulletin, 1989.

11. T.N. Srinivasan, 'Food Aid, A Cause of Development Failure or an Instrument for Success?' The World Bank Economic Review, Washington, Vol.3, No.1, 1989.

TABLE 2: PRINCIPAL DONORS OF CEREAL AID

Donor	1965-66	1974-75	1984-85	1985-86	1986-87	1987-88
	(million tonnes wheat equivalent)					
US	17.32	4.72	7.54	6.68	7.86	7.95
EEC	--	1.41	2.47	1.56	1.74	2.48
Canada	--	0.61	0.94	1.22	1.24	1.06
Australia	--	0.33	0.48	0.44	0.37	0.38
All other	0.41	1.33	1.09	0.90	0.99	1.29
Total	17.73	8.40	12.52	10.80	12.20	13.16

Source: Srinivasan, op. cit., p.40, and FAO (pers. comm.).

Project Aid

In the last ten years, annual expenditure on project aid, including ACIAR projects, and forestry, fisheries and livestock projects has averaged around \$82 million per year (Table 1), second in importance to food aid. Because projects are implemented over a long time period, the total value of projects being implemented at any one time is much higher, with ongoing projects amounting to about \$480 million as of October 1989. Most Australian agricultural project aid is directed to South East Asia, the Pacific Islands, and, in recent years, to China.

TABLE 3 :
COUNTRY PROGRAM PROJECTS IN AGRICULTURE, FORESTRY,
FISHERIES AND LIVESTOCK

	83/4	84/5	85/6	86/7	87/8	5 Year average &
1. Land and soil surveys	0.2	2.2	2.1	2.5	3.7	2
2. Agricultural production	24.3	29.6	27.8	27.3	24.2	22
3. Agricultural services	17.8	20.6	28.3	27.5	26.3	20
4. Food handling and storage	7.3	5.7	5.0	4.0	5.2	5
5. Agricultural training	6.4	31.5	32.5	33.0	31.3	22
6. Integrated rural development	13.0	12.4	11.1	10.4	1.2	8
7. ACIAR	7.2	9.2	11.0	11.1	12.4	9
8. Forestry	4.1	4.3	4.0	6.3	4.4	4
9. Fisheries	0.2	0.6	8.7	2.1	3.0	2
10. Livestock	8.7	7.1	7.3	9.1	5.7	6
TOTAL	89.2	123.2	137.8	133.3	117.4	100

Source : AIDAB, Agricultural Review, Dec 1989.

Recently AIDAB reviewed the 1,161 agricultural projects (including forestry, fisheries and livestock) undertaken over the past decade¹². Ten distinct categories were identified (Table 3), including ACIAR projects and those undertaken by Non-Government Organisations (NGO's). The forestry, fisheries and livestock projects respectively represent some 4%, 2% and 7% of the agricultural portfolio. Over the past five years, the main forms of project aid have been those to improve agricultural training (22 per cent), agricultural production (21 per cent) and the delivery of agricultural services (20 per cent).

Generally there has been an increasing focus on longer term institutional strengthening in recipient countries, so as to establish capable services able to catalyse and support sustained agricultural growth. There has also been an increasing poverty orientation and focus on the needs of small farmers.

Support for collaborative agricultural research between Australian and developing country institutions through ACIAR has increased. ACIAR received some \$55 million of aid funds from its establishment in 1981/82 until 1987/88, and \$17.4 million in 1988/89. Funding of the IARC's on the other hand, has remained relatively static in nominal terms (Table 1).

There has been a change in trend in project aid since the 1970s away from large-scale infrastructure projects, and more recently, away from integrated area development (IAD) projects. A Review by AIDAB of its IAD projects¹³ found that they were not very

12. AIDAB, Appraisal, Evaluation and Sectoral Studies Branch, "Agricultural Review", December 1989.

13. AIDAB, Appraisal, Evaluation and Sectoral Studies Branch, "Review of Integrated Area Development Projects", August 1989.

successful, partly due to the complexity of design and the manner of implementation. Success was more evident in projects where community participation was greatest (primarily through effective use of NGOs), where technology used was already available in the country, and where there was strong commitment of recipient countries to sustained rural development. A strong agricultural research foundation to underpin such projects was recommended.

There has been no systematic study of the overall benefits to Australia from project aid. Apart from the direct benefits arising from the expenditure on Australian goods and services, there are clearly significant potential benefits from the research being undertaken, the training conducted and the exposure of Australian experts to problems with application to Australia. These are set out below. Commercial and trade opportunities arising from project aid do not appear significant to date at a national level, although consulting firms indicate that their work in implementing AIDAB projects has resulted in work opportunities with international banks and other donors.

Agricultural research and development

(a) Australia-based agricultural research

The benefits of overseas aid to Australian agricultural scientists are considerable. First, such research has enabled the strengthening of Australian universities and has enriched their staffing and curricula. Research facilities (including laboratories, libraries and information technology) have been installed which benefit research and teaching on Australian agricultural problems as well as those overseas. The program has considerably expanded the horizons of Australian scientists, who are now a well recognised international resource in demand overseas. It has increased the demand for Australian agricultural scientists, enabling more competitive remuneration and greater promotion prospects.

Second, the collaborative role of the scientists has brought them into contact with developing country problems, such as their work on similar soils and crops which may be important for Australia. Mungbeans, for instance, are a new and expanding crop in northern Australia, while in Thailand they are of considerable antiquity.¹⁴ In assisting Thai scientists, Australians have gained much from their experience in physiology, pathology and genetics, and have accessed a wide variety of germplasm. Soybeans, also subject of Thai-Australian research collaboration, may also become an important crop in Northern Australia.

Next, the Australian consultancy industry has assessed that the direct employment of Australian scientists on overseas aid programs has grown tremendously in the last 10-15 years. Projects have been undertaken in 60 overseas countries, and Australian scientists overseas earn an estimated A\$185 million per annum¹⁵.

The overall level and impact of these indirect benefits is potentially large, though difficult to quantify. Support to ACIAR to enable Australian research institutions to collaborate with developing country researchers, benefits Australia by contact with the international research community and with information which assists in solving Australian problems. Australian expertise is enabling the development of a front line of defence against Newcastle Disease (ND) by a regional cooperative research and development effort (funded by AIDAB and -----

14. Jones Hon B.O.J., 'Building on success: Agricultural Research, Technology and Policy for Development', ACIAR Technical Report No 7, 1987.

15. J. Herjandono, Consult Australia', Agricultural Science, Vol.2, No.4, 1989.

ACIAR) aimed at immunising Asian poultry with heat resistant strains of the ND virus. A somewhat similar situation exists regarding the collaborative research on Foot and Mouth Disease and fruit flies in South East Asia. Control of the Salvinia weed by biological means is an outstanding example of the benefits which can accrue both to a developing country and to Australia from the application of Australian expertise.

Principles of integrated pest management have been used by Australia to develop a regional training and extension program to control pests in rice¹⁶. The program, being implemented by the Food and Agriculture Organisation (FAO) with AIDAB and Dutch funding, has over time resulted in the reduction or complete elimination of costly pesticide subsidies, lowered environmental damage, and increased productivity in growing rice. With only a small proportion of rice farmers as yet utilising the technology, there are still major challenges for Australia ahead.

(b) International Agricultural research

In 1988/89 Australia allocated \$6.1 million to research at the International Agricultural Research Centres (IARC's), in line with previous years (Table 1). Of this, \$4.74 million went to the centres of the Consultative Group on International Agricultural Research (CGIAR) and \$1.34 million to the Non Associated Centres. There are 13 of the former and 10 of the latter. The largest contributions were \$900,000 to the International Rice Research Institute (IRRI) in the Philippines, \$890,000 to the Centro Internacional de Mejoramiento de Maiz y Trigo (CIMMYT) in Mexico which covers maize, wheat, barley and triticale, and \$810,000 to the International Crops Research Institute for the

16. J.F. Martin, "Enhancing the Benefits of Integrated Pest Management in Rice", Development Paper Number 7, Appraisals, Evaluation and Sectoral Studies Branch, AIDAB, November 1988.

Semi-Arid Tropics (ICRISAT) in India, which covers sorghum, millet, chickpea, pigeonpea and peanut cropping systems. The CGIAR activities include research on wheat and rice, maize, sorghum, other crops and livestock, pest control, policy analysis, support for national agricultural research systems and establishment of gene banks.

Australian wheat producers have benefited from the short stemmed drought tolerant genotypes developed at CIMMYT. Brennan¹⁷ has demonstrated that a significant part of the increase in Australian wheat yields has been derived from this genetic material.

Future involvement of the CGIAR group in forestry, biotechnology and sustainability issues (soil erosion, desertification, soil salinity, chemical pollution and the loss of biological diversity) will be of direct relevance and benefit to Australia. In 1988, Australia contributed US\$4.3 million to the CGIAR program budget of US\$262 million. Australia provides funding to a wide array of international research institutes. The potential return on this contribution is very substantial.

Training

This paper does not cover the wide variety of training activities which could be regarded as agricultural aid and which generate important short term and long term benefits to Australia. These activities include training conducted under projects, student sponsorships, building of primary schools and colleges, upgrading facilities at institutes of higher education and funding the

17. J. P. Brennan, "An Economic Investigation of Wheat Breeding Programs", Agricultural Economics Bulletin No. 35, Department of Agricultural Economics and Business Management, University of New England, Armidale.

education of students in their own countries.

The International Development Program of Australian Universities and Colleges (IDP) brings together the resources of all Australian tertiary institutions to assist in the development of teaching, research and administrative capacities of some 30 institutions in the ASEAN and Pacific regions.

Some examples can be provided. About 150 students from tropical Asia alone study agriculture each year in some 16 Australian Universities or Colleges. In 1989 a further 170 private students in agriculture were in Australia in subsidised places, with an unknown number of other students paying full fees¹⁸.

In addition to the direct earnings accruing to Australian training institutions, the Australian personnel engaged in teaching gain from being involved in addressing problems which may be of significance to Australia, and to enhance the probability of continuing international collaboration.

Commercial spin-offs

Apart from direct benefits arising from the delivery of Australian food and project aid, Australia directly seeks out commercial benefits from the Development Import Finance Facility, or DIFF scheme. Under this scheme AIDAB provides subsidies to developing countries which enable competitive concessional finance to be offered by Australian companies bidding for international contracts. These contracts need to be for the implementation of developmentally-sound projects.

18. K. Bask, 'Australian Universities and Colleges Contribute to International Agriculture', Agricultural Science, Vol.2, No.4, 1989.

The scheme has had little impact in the agricultural sector until 1989, when DIFF subsidies of \$9.5 million were paid out on contracts won which were worth \$23.5 million. These included a number of feed mills sold to China, abbatoir equipment for Africa and seafood cold storage also for China.

Some commercial spin-offs have been reported as a result of project aid, such as fruit packing plants bought by China. However, there is little evidence to date to demonstrate that either grant aid or concessional finance have brought about significant commercial spin-offs to Australia.

Conclusion

It is clear that the variety of mechanisms Australia uses to deliver "agricultural assistance" presents a wide range of potential benefits to Australia as well as to the countries receiving this assistance. With an annual investment of around \$300 million in agricultural aid, or about thirty per cent of the aid budget, the potential benefits to Australia should be quite large. Direct benefits include the purchase of around \$100 million of Australian agricultural commodities for emergency and developmental food aid, whilst a high proportion of the funds used for consultancy services and equipment is sourced in, and/or return to, Australia.

Indirect effects are difficult to quantify, ranging from the benefits accruing from our training program to the benefits to Australian agriculture from our support for international agricultural research and development. Australia's contributions to ACIAR, multilateral organisations and international financial institutions form a large share of our agricultural aid. Potentially the benefits are very high, qualitative evidence is strong, but the empirical evidence is so far lacking.

Aid has assisted Australian firms to win agriculturally-related commercial contracts, in competition with other donor countries. However, the evidence for significant flow-on commercial benefits from grant aid or soft-loan financing is so far scanty.

Similarly, at the theoretical level, it is unlikely that Australia's aid program could have a sufficient impact on developing country incomes to generate additional Australian agricultural exports, or to have reduced our agricultural exports by increasing their production of competing commodities.

It is therefore difficult at this stage to demonstrate the actual benefits to Australia with solid data for even the simplest of these effects. There is a lot of work still to be done. However, the specific examples referred to in this paper suggest that the actual benefits to the Australian people and their economy are more real than imaginary. Our best strategy would still appear to be to along the lines currently being pursued, namely to deliver the highest quality aid product to the developing country. This strategy is likely to bring the greatest overall benefit to Australia, particularly in the areas of developing a more productive and sustainable agriculture, and enhancing our international partnerships.