



Canadian International
Development Agency

Agence canadienne de
développement international

Canadian International Development Agency

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Minister for International Cooperation

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Table of Contents

List of Charts and Tables	i
Acronyms and Abbreviations	ii
Section I – Messages	1
1.1 Minister's Message	1
1.2 Executive Summary	3
Section II - Agency Overview	6
2.1 Introduction	6
2.2 Canada and international development cooperation	6
2.3 CIDA's mandate and objectives	7
2.4 CIDA's partners	7
2.5 Benefits to Canadians	8
Section III - The Development Context	9
3.1 Development Challenges	9
3.2 Responding to the Challenges: Strengthening Aid Effectiveness	11
3.3 CIDA's Accountability Framework: Measuring progress and managing risk	12
Section IV - Departmental Performance	14
4.1 Introduction	14
4.2 CIDA's Sustainable Development Strategy	16
4.3 Plans and Priorities	17
4.4 Performance Highlights	19
4.5 Strategic Outcomes	22
4.5.1 Economic Well-being	22
4.5.2 Social Development	26
4.5.3 Environmental Sustainability	33
4.5.4 Governance	37
4.6 Strategies for Delivering Lasting Development Outcomes: Enabling Results	40
4.6.1 Appropriate Programming Orientation	41
4.6.2 Appropriate Sectoral and Thematic Focus	44
4.6.3 Appropriate Geographic Focus	47
4.6.4 Engaged Canadians	49
4.7 Management Tools	51
4.7.1 Human Resources	51
4.7.2 Knowledge Management and Information Management/Technology	51
4.7.3 Strategic Planning	52
Section V - Review: Performance Measurement, Evaluation and Internal Audit	53
5.1 Results Based Management and Performance Measurement	53
5.2 Evaluation	54
5.3 Internal Audit	56
5.4 Challenges	57
Annex I - Financial Performance	59
Financial Summary Tables	59

Annex II - CIDA Organization Chart and Business Lines	69
Annex III - Principles of Aid Effectiveness	71
Annex IV - Millennium Development Goals	72
Annex V - Consolidated Reporting	73
Annex VI - Other Information	75
Web Sites and Contacts for Further Information	75
Legislation Administered	75

List of Charts and Tables

Chart 1: CIDA's Strategic Outcomes and Key Agency Results	15
Chart 2: 2002-2003 Disbursements by Key Agency Result	18
Chart 3: 2002-2003 Disbursements by Branch	18
Chart 4: 2002-2003 Disbursements by Social Development Priorities	45
Chart 5: CIDA Organization Chart and Business Lines Structure	69
Table 1: Summary of CIDA's Plans and Priorities by Strategic Outcome	17
Table 2: SDP Spending to date	45
Table 3: Summary of Voted Appropriations	59
Table 4: Comparison of Total Planned to Actual Spending in 2001-02	60
Table 5: Historical Comparison of Total Planned to Actual Spending	61
Table 6: Resource Requirements by Organization and Business Line in 2001-02	62
Table 7: Non-Respendable Revenues	63
Table 8: Statutory Payments	63
Table 9a: Transfer Payments by Class of Grants and Contributions	64-66
Table 9b: Transfer Payments by Activity	67
Table 10: Loans, Investments and Advances	67
Table 11: Contingent Liabilities	68

Acronyms and Abbreviations

AAP	Africa Action Plan
ACANs	Advance Contract Award Notices
AIS	Agency information system
AMEB	Africa and Middle East Branch
ATA	Afghan Transitional Authority
CEAA	Canadian Environmental Assessment Act
CEE	Central and Eastern Europe
CGIAR	Consultative Group on International Agricultural Research
CIDA	Canadian International Development Agency
CIII	Canadian International Immunization Initiative
CIT	Countries in Transition
CPB	Canadian Partnership Branch
CPHA	Canadian Public Health Association
DAC	Development Assistance Committee (of OECD)
DFAIT	Department of Foreign Affairs and International Trade
DFID	Department for International Development
DPR	Departmental Performance Report
DRC	Democratic Republic of the Congo
EA	Environmental Assessment
FAO	Food and Agriculture Organization
GE	Gender Equality
GEF	Global Environmental Facility
HIPC	Highly Indebted Poor Country
HRDC	Human Resources Development Canada
HRDGG	Human Rights, Democracy, Good Governance
IADB	Inter-American Development Bank
IAE	International Assistance Envelope
IAVI	International AIDS Vaccine Initiative
IFIs	International Financial Institutions
IISD	International Institute for Sustainable Development
JICA	Japanese International Cooperation Agency
KARs	Key Agency Results
MDG	Millennium Development Goals
MPB	Multilateral Programs Branch
NDF/B	National Development Framework and Budget
NEPAD	New Partnership for Africa's Development
OA	Official Assistance
OAS	Organization of American States
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PAHO	Pan-American Health Organization
PEA	Preliminary Environmental Assessment
PRSPs	Poverty Reduction Strategy Papers
PSD	Private-Sector Development
RBM	Results-Based Management
RMAF	Results-based Management Accountability Framework
RPP	Report on Plans and Priorities
SAT	Sistema de Aprendizaje Tutorial
SDP	Social Development Priorities
SDS	Sustainable Development Strategy
UNAC	United Nations Association of Canada

UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
WFP	World Food Program
WHO	World Health Organization
WSSD	World Summit on Sustainable Development
WTO	World Trade Organization
YIP	Youth Internship Program

Section I - Messages

Susan Whelan

Minister for International Cooperation



1.1 Minister's Message

Over the last few years, CIDA has undergone a major transformation to meet the challenges - and the opportunities - of the 21st Century. The challenges are well-known: poverty and human suffering persist; HIV/AIDS and conflict threaten what gains have been made; and continuing marginalization from the economic and scientific benefits of globalization limit the future prospects of millions of people.

The opportunities, although less well-known, are creating what may well be a turning point in human development. In 2002-2003, there has been a strong focus in Canada and internationally on development issues. Canada's hosting of the G8 Summit in Kananaskis, Alberta in June, 2002 and the leadership shown by the Prime Minister in keeping Africa high on the international agenda have mobilized both financial resources and political will to support the development efforts of the world's poorest and most marginalized countries.

This new energy was inspired in part by the International Conference on Financing for Development in Monterrey, Mexico in May 2002. Here, a new partnership of equals, based on mutual obligations and common interests, was forged between developing and industrialized countries. It was also grounded in the historic international consensus on the goals, conditions and resources needed to achieve sustainable development.

Canada has supported this international consensus with increased dollars for development to ensure that these goals are met with effective action. At the Monterrey Summit, the Prime Minister pledged to increase international assistance by 8 percent a year. The 2003 budget followed through on this commitment, with a view to meeting the government's pledge to double the assistance budget by 2010. This permanent increase will enable Canada to help save more lives, improve living standards for more families, and lift more countries out of poverty.

However, budget increases alone are not enough. Over the last few years, CIDA has been working to increase the impact of its development programming, and in September of 2002, I launched CIDA's new *Policy Statement on Strengthening Aid Effectiveness*. This new policy will help us to get the best possible results and deliver value for taxpayers' money. It will also help us to work more closely and more efficiently with our partners, both in Canada and abroad.

At CIDA we are focusing Canadian dollars on a limited number of countries and sectors where we can maximize our impact. For example, Canada has helped save millions of children over the past decade with vaccination and micronutrient campaigns, and we will contribute a further \$143 million towards these efforts in this year alone. We are also increasing our investments in critical areas, such as agriculture and rural development, to meet the needs of 75% of the world's absolute poor, including a significant increase in funding to the World Food Programme. In April 2003, after months of domestic and international consultations, I launched CIDA's policy on agriculture and rural development. In July, I released our new policy on private sector development, the engine of growth in any economy.

In addition to focusing our dollars, we are also working more efficiently with our partners. We are harmonizing our administrative practices and collaborating on our policies and activities in developing countries in support of locally defined plans and priorities. We are also working much more closely with the Department of Foreign Affairs and International Trade and the Department of National Defence in areas like humanitarian assistance, conflict prevention, peacebuilding and reconstruction in countries like Afghanistan and Iraq.

CIDA is also doing more to reach out to the Canadian public, especially our youth. I strongly feel that if we engage young people today, by exposing them to the importance of international development and Canada's role in the world, they will see themselves as responsible global citizens and become informed and engaged adults. This Departmental Performance Report highlights CIDA's efforts in 2002-2003 to become a more effective, modern organization with a stronger and more lasting impact on social and economic development around the world. The following pages demonstrate that we are well on our way to achieving this objective and that we are making important contributions to the Millennium Development Goals in critical areas like health and education. Canadians have good reason to be proud of their aid program, and of the Canadian women, men, girls and boys who are making a difference in the world.

Susan E. Whelan
Minister for International Cooperation

1.2 Executive Summary

For the Canadian International Development Agency (CIDA), 2002-2003 was a year of internal transformation in a period of profound external change. In many ways, it was a watershed year, as a number of critical internal reforms related to making aid more effective began to take shape. At the same time, external pressures, including persistent and often deepening poverty, HIV/AIDS, environmental deterioration, slow progress on gender equality, ongoing conflict and human rights violations, and the overarching security agenda, continued to challenge the global community.

As the Agency responsible for administering Canada's Official Development Assistance program, CIDA took further steps to meet the challenges and grasp the opportunities of 2002-2003. The Agency's new policy, *Strengthening Aid Effectiveness*, outlines CIDA's plans to implement the internationally-agreed principles of aid effectiveness through new programming approaches and better focusing of effort. This policy provides a framework for allocating the 8% budget increase announced in the February 2003 budget.

CIDA moved to concentrate its new resources on nine of the world's poorest countries who are committed to improved governance and effective use of funds: Bangladesh, Bolivia, Ethiopia, Ghana, Honduras, Mali, Mozambique, Senegal and Tanzania. Earlier in the year, CIDA expanded and consolidated its work in the most marginalized region, Africa, launching the \$500 million Canada Fund for Africa. This brings a total of \$6 billion in new and existing resources to development efforts across that continent over the next 5 years.

CIDA also strengthened its approach to poverty reduction, addressing the needs of the poorest and most marginalized communities, most of whom live in rural areas. The Agency launched a new policy on agriculture/rural development in 2002-2003 and later in 2003, released a new policy on private sector development.

At the same time, CIDA continued to be active in efforts to ease human suffering caused by emergencies, disasters and conflict. In Afghanistan, CIDA pledged another \$250 million in new aid over the next two years, and in Iraq, CIDA took a leadership role in developing plans to provide \$300 million over the next five years for Canada's post-conflict involvement in that country.

CIDA reports on its development results in four areas: economic well-being; social development; environmental sustainability; and governance. The following is a cross-section of the year's activities:

- **Economic well-being:** (\$680 million) CIDA is already implementing its new policies on rural development and agriculture and private sector development. For example, in Ghana, CIDA is contributing to the design of a multi-donor agriculture assistance program as part of Ghana's strategy to reduce poverty. CIDA is also supporting financial institutions that serve the poor, such as the Palli Daridro Bimochon Foundation in Bangladesh, which provides micro-finance and development services to impoverished rural clients. CIDA also contributed to the enabling environment for investment by launching the \$100 million Canada Investment Fund for Africa to leverage private sector investment in African businesses.
- **Social development:** (\$815 million) Among the year's achievements are a major multi-donor education program in Tanzania which has resulted in an increase of more than 45% in enrollments at the primary level. By 2005, the dropout rate is expected to decrease by half and the pass rate to double. Another highlight of the year was the five-year renewal of funding for the Canadian International Immunization Initiative (CIII) which allows Canadian and international partners to work together to reduce child deaths around the world from preventable diseases such as measles, diphtheria, tuberculosis and polio. In addition, some promising new AIDS vaccines specific to the strains prevalent in Africa are being tested through the CIDA-funded International AIDS Vaccine Initiative. Finally, in Pakistan, the CIDA-funded Women's Development Project has made a major contribution to building up a strong network of gender equality organizations.
- **Environmental sustainability:** (\$156 million) CIDA participated in the World Summit on Sustainable Development (WSSD), supporting participation by developing country delegates and providing input into Canada's follow-up Action Plan. CIDA continued to support programs and activities related to major global problems, including climate change; for example, in India, CIDA supported promotion of more efficient energy technologies, such as solar energy, through the Climate Change Development Fund. CIDA played an active role in the replenishment of the two principal multilateral funds focusing on global environmental issues: the Global Environmental Facility and the Multilateral Fund for the Montreal Protocol on Substances that Deplete the Ozone layer. CIDA has committed close to \$200 million to these two institutions for their respective replenishment periods.

- **Governance:** (\$328 million) In Bolivia, CIDA is part of a multi-donor basket-funding approach supporting the Human Rights Ombudsman’s Office, which has built up an impressive record of rapid resolution of complaints and an enviable reputation for helping to mediate social conflicts. And in the Democratic Republic of the Congo, CIDA support has enabled women’s organizations to participate in peacebuilding dialogue, while in Afghanistan, CIDA’s financial support for government operations has helped the Afghan Transitional Authority to continue to govern, deliver services and lead the reconstruction process.

All of these activities and initiatives have been facilitated by the internal reforms that continued throughout the year, including streamlining of business processes, modernization of management systems, greater access to information and collaboration and improved performance measurement and evaluation. Strengthened public outreach programs, especially for young people, have also encouraged greater public awareness and participation in the aid program, enriching both policy dialogue and program delivery.

Section II - Agency Overview

2.1 Introduction

For the Canadian International Development Agency (CIDA), 2002-2003 was a year of transformation in a period of profound external change. The international community redefined development relationships as a partnership of mutual obligations and pledged significant new resources to help the world meet key goals in health, education, poverty reduction and environmental sustainability. The unprecedented consensus among all countries, developing and industrialized, inspired closer cooperation, not just in setting goals and developing policies, but also on the ground, in carrying out development programs that deliver results.

We began our journey of transition several years ago. Last year marked a watershed in that process, and we are now seeing the results of our efforts. There is still much to do to meet our objective of becoming a more modern, effective, knowledge-based agency, but we are on our way. This Performance Report outlines some of the highlights over the last year of work, and identifies some of the challenges still facing us.

2.2 Canada and international development cooperation

For more than three decades, Canada has supported the social and economic development programs of countries and organizations around the world. The Canadian International Development Agency (CIDA) administers most of Canada's official development assistance program in developing countries - and, since 1995, in countries in transition as well. Over the years, CIDA has earned a reputation promoting such initiatives as including non-governmental partners in the official development assistance program, championing human rights, gender equality and environmental sustainability, and advocating for greater aid effectiveness. We have also developed a special trust with our developing country partners.

CIDA's business plan, the *Sustainable Development Strategy 2001-2003: An Agenda for Change*, aligns CIDA's work with its mandate and lays out a framework for accountability and resource allocation. In 2002-2003, Canada's aid budget was \$2.3 billion. The February 2003 budget increased that by an additional \$1.4 billion over the next three fiscal years (2003-2006), the first increment in an eventual doubling of the budget by 2010. This increase has added new energy to the aid program and will make a significant contribution to CIDA's ability to meet its commitments and contribute to the achievement of the Millennium Development Goals, or MDGs¹ (for details, see Annex IV).

¹ A series of targets endorsed by the UN involving eradicating poverty and hunger, achieving universal primary education, promoting gender equality and empowering women, reducing child mortality, improving maternal health, combating HIV/AIDS, malaria and other diseases, ensuring environmental sustainability and developing a global partnership for development. (for details, see Annex IV)

2.3 CIDA's mandate and objectives

The three goals of Canadian foreign policy, as outlined in the 1995 Foreign Policy Statement, *Canada in the World*², are the promotion of prosperity, the protection of Canadian and global security, and the projection of Canadian values. Within this foreign policy context, CIDA's mandate is to:

- support sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world; and
- support democratic development and economic liberalization in the countries in transition in Eastern Europe and the former Soviet Union.

Poverty reduction is at the heart of CIDA's program, because it impacts directly on the quality of life of people. All of our development assistance in our partner countries - in economic well-being, social development, environmental sustainability and good governance - focus on this long-term objective.

2.4 CIDA's partners

CIDA works with a range of Canadian and international partners to deliver its aid program. In Canada, its partners include voluntary sector organizations (such as non-governmental organizations, volunteer cooperation agencies, cooperatives, unions, professional associations and educational institutions); private sector firms, and other federal government departments. Among its federal government partners are the Department of Foreign Affairs and International Trade (DFAIT), the Department of National Defense, Human Resources Development Canada, Industry Canada and Justice Canada. CIDA is responsible for coordinating the efforts of all partners in Canada's Official Development Assistance (ODA) Program and is directly responsible for administering 83.3% of the International Assistance Envelope (IAE).

In partner countries, CIDA works with similar national, regional and local governmental, non-governmental and private sector organizations. Internationally, CIDA cooperates with UN organizations like UNICEF, global programs and partnerships like the Consultative Group on International Agricultural Research (CGIAR), financial organizations like the World Bank and the regional development banks, and international networks and non-governmental organizations like the World Wildlife Fund. CIDA's organization chart and lines of business are presented in Annex II.

² <http://www.dfait-maeci.gc.ca/english/foreign/cnd-world/menu.htm>

2.5 Benefits to Canadians

Canadians have supported their aid program since its beginnings in 1968, and their support remains solid today. Canada's aid program has a central role to play in supporting the three pillars of Canada's foreign policy - prosperity, security and promotion of Canadian values. In today's interdependent world, all countries, including Canada, benefit from broad-based and equitable economic growth in developing countries and countries in transition. This kind of growth plays a critical role in poverty reduction, creating jobs and income, generating tax revenues to invest in social programs, and creating markets for trade in goods and services. It also contributes to security and stability, two important conditions for poverty reduction. CIDA's investments in global issues like environmental sustainability, peacebuilding and conflict resolution, health, including HIV/AIDS, human rights and good governance also contribute to security and stability. These are issues of importance to Canadians, and they are based on core values, such as equity, humanitarianism and social justice.

Section III - The Development Context

3.1 Development Challenges

Has aid made a difference? Since 1970, all the main indicators of human well-being have improved: life expectancy at birth rose eight years; and illiteracy was cut nearly in half. In the 1990s alone, the proportion of people living in extreme poverty dropped from 30% to 23%, 800 million people gained access to safe water supplies and 750 million more now have better sanitation services. In just over a generation, the developing countries of the world have made rapid progress, thanks in part to assistance from donors like Canada.

However, major challenges remain (see box). The disparity between the industrialized and developing world is growing as poverty deepens and more than 1.2 billion people struggle to survive on less than US\$1 a day.

Human development trends and persistent problems:

- There is an increasing gap between rich and poor in a world where the richest 5% have incomes 114 times those of the poorest 5%. Over 54 countries, mainly in Africa, actually became poorer in the 1990s.
- Slow progress on key trade issues, such as the agricultural subsidies that protect Northern markets from developing country agricultural products, limit the ability of the poorest of the poor to better their lives.
- Persistent debt burdens divert scarce resources from development spending.
- Disease and war continue to claim millions of lives: 42 million people have AIDS today; that will more than double by 2010. Armed conflicts continue to rage across the globe; an estimated 3.6 million people, 90% of them civilians, have perished since 1990.
- Women comprise 70% of the world's poor, at least 2/3 of the world's illiterates and 14% of the world's decision-makers; nevertheless, they produce 60-80% of the world's food, form at least 40% of the world's formal labour force everywhere but Africa and Western Asia, and remain responsible for domestic chores and caregiving.
- Soil degradation affects the livelihoods of up to 1 billion people and a third of the developing world's population live in countries facing water scarcity.

Sources: UNDP, Human Development Reports 2002 and 2003; UNAIDS, AIDS Epidemic Update, December 2002.

What are the barriers to further progress? Development is complex; it involves all aspects of a country's national life - economic, social, environmental and political - and all of these aspects are interdependent. Nowhere is this more clearly demonstrated than in the vicious cycle of ***poverty and underdevelopment***. Without a solid base for economic growth, poor countries stay poor.

Poverty also impedes ***social*** development. People living in poverty don't have the resources to fulfill some of their most basic human needs. The result is hunger, illness, low education and, increasingly, social unrest. Nowhere is this more evident than in Sub-Saharan Africa, where HIV/AIDS is affecting the poorest people, taking its toll on

all aspects of life, including food production, incomes, health care and education, child protection and economic growth.

A growing factor limiting progress is *environmental deterioration*. Most developing countries are still overwhelmingly rural. Their economies are highly dependent on natural resources, which are increasingly under threat from desertification, deforestation, air and water pollution, climate change and population pressures. The burden is not only economic; the World Health Organization (WHO) estimates that poor water quality is responsible for more than 80% of all illnesses in developing countries.

CIDA recognizes that stability and peace are prerequisites for poverty reduction and that sustainable development, when successfully pursued, contributes to a more stable and prosperous world. These conditions facilitate environments for proper *governance*, a necessary element for addressing the critical development challenges. Many governments are still working to develop the technical skills they need to progress towards good governance. Some have a long legacy of inappropriate policies to overcome, and others have too few resources to pay their employees, making them vulnerable to corruption. Despite the general trend towards democratic practices in the last decade, 73 countries still do not hold free and fair elections and 106 governments still restrict political and civil freedoms.³

The challenges are most acute in **Africa**, where slow economic growth, the rising toll of HIV/AIDS and brutal conflict are wiping out development gains and causing untold human misery. More than 12 million children have lost one or both parents to AIDS. Life expectancy is decreasing and women, the main food producers, are now more affected than men. In fact, the food crises in the Horn of Africa and in the southeastern region are directly linked to AIDS. Africa also remains the continent with the most profound level of poverty and many countries' abilities to cope with these challenges are limited by corruption and weaknesses in governance.

In **Asia**, where the largest numbers of poor people live, rapid economic growth and increasing urbanization has occurred in several countries, including China, India and Vietnam. Trade is growing and many countries are re-tooling their economies and regulatory systems to better compete on world markets. Security is a major issue in this region. The rebuilding of Afghanistan, and the intersection of terrorism with long-running conflicts on the border between India and Pakistan, and internal strife in Indonesia and the Philippines, are deflecting resources and limiting progress.

In **Latin America and the Caribbean**, the greatest gaps between rich and poor in the world continue to be a barrier to social and economic development. There has been a modest return to economic growth since the "lost decade" of the 1980s, but it has not reached all sectors of the population. The region is still volatile and vulnerable to both natural disasters and civil unrest. The illegal trade in drugs and small arms is contributing to a growing level of violence. Economic troubles in Argentina and Bolivia, and political unrest in Colombia, are spilling over into neighbouring countries. The

³ *Freedom in the World, 2002. Freedom in the World 2001/2002: The Democracy Gap.* New York.

region is still pursuing economic integration, aiming to diversify their economies, increase their competitiveness, and strengthen their bargaining position in trade negotiations.

The **countries in transition** in Eastern Europe and the former Soviet Union present a mixed picture. Eight will become members of the European Union next year, thanks to their progress in shifting to more democratic forms of government and market economies. Stability is returning to the Balkans, while endemic poverty and tenuous security conditions continue in the Southern Caucasus and Central Asia.

Progress on meeting these challenges will be achieved by developing countries themselves. They will establish their own priorities and programs, mobilize financial and human resources, and institute the necessary reforms. Donors like Canada play an important role in supporting their efforts.

3.2 Responding to the Challenges: Strengthening Aid Effectiveness

Improving aid is an ongoing process. Today, the global community has reached an unprecedented consensus on the goals, conditions and resources needed to achieve sustainable development. The basic principles of aid effectiveness (see Annex III) have transformed how we work together, and with the release of CIDA's *Policy Statement on Aid Effectiveness*, those principles have been translated into concrete commitments now in implementation across Canada's aid program. At the "Financing for Development" meeting in Monterrey, Mexico, in March of 2002, Canada pledged to increase international assistance by 8 percent each year, with a view to doubling the budget by 2010. This pledge was formalized in the February 2003 budget.

Another key result of the financing meeting was the "Monterrey Consensus", a new partnership compact which committed developing countries to holding primary responsibility for achieving the MDGs, and committed the industrialized countries to supporting their efforts on a variety of fronts. An estimated \$100 billion in foreign aid per year will be needed to achieve the MDGs. The long decline in foreign aid spending has been reversed, rising from its 2001 total of \$52.3 billion to \$57 billion in 2002.

Throughout 2002-2003, a series of other international commitments continued to focus resources on specific development challenges. In June 2002, the G8 Summit in Kananaskis focused on Africa, resulting in the G8 Africa Action Plan (AAP) and a key component of Canada's contribution to the AAP, the \$500 million Canada Fund for Africa. The World Summit on Sustainable Development renewed the global community's efforts in environmental sustainability. Nowhere was the strengthened environment for international collaboration more clearly shown than in donor efforts in conflict prevention, peacebuilding and reconstruction in Afghanistan and, lately, Iraq, where Canada provided emergency supplies in case of massive migration, casualties or destruction. All of these areas required close collaboration and coherence, not only

among our international partners, but also within the government of Canada. Efforts to coordinate policies and programs among the “Three Ds” of defense, diplomacy and development were also strengthened. Today, Canada sees its role as a facilitator, and a partner who shares knowledge, experience and financial resources as a complement to the efforts of its developing country partners.

3.3 CIDA's accountability framework: measuring progress and managing risk

CIDA is accountable to the Government of Canada, to Canadians and to its international partners for the resources it uses and the results it obtains. In measuring results such as increases in enrolment rates or decreases in the incidence of disease, CIDA uses a number of well-established sources, including UN bodies such as the UNDP UNICEF and the World Health Organization (WHO), or international financial institutions like the regional development banks. In reporting on resources used to achieve these results, CIDA generates data and information based on reports, audits and evaluations that involve both CIDA and its Canadian and international partners as a matter of course. CIDA's staff statisticians and economists subject all data to rigorous testing and verification against Canadian and international standards.

CIDA has developed a Results-Based Management and Accountability Framework (RMAF) that incorporates risk as a management tool, forms the basis for reporting to Canadians on progress, and provides a learning tool for the Agency and its partners to continuously improve performance. It conforms to the principles and practices of the Government of Canada's Modern Comptrollership and Integrated Modern Management policies.

CIDA employs three distinct, complementary internal review functions as part of its overall performance management and reporting to Canadians:

- *Performance Measurement:* CIDA uses its Key Agency Results - strategic outcomes, enabling strategies and management tools (for details, see page 15) - to strive for development effectiveness, encourage ongoing learning and adjustment and improve risk management. In addition to being valuable tools for reporting, they guide program planning, implementation, monitoring and evaluation.
- *Evaluations:* These are done with partners to ensure both transparency and ownership, and with other donors to learn and share lessons. CIDA's strategy now is to focus less on the project level and more on the program level. That means evaluating CIDA's impact on an entire country or evaluating the entire program of work of a major institutional partner. That shift will involve working more closely in partnership with recipient countries and other donor agencies on joint evaluations.
- *Internal Audits:* Internal Audit uses the Integrated Risk Management Framework to support continuous improvement at all levels in CIDA's operations (see box).

CIDA's Integrated Risk Management Framework

CIDA works in some of the highest-risk situations in the world: conflict, humanitarian and natural disaster, political and economic instability, and extreme human deprivation. Even in non-emergency situations, CIDA's mandate is about change, and with change comes risk.

CIDA is taking a more systematic approach to its traditional efforts in risk management. The Agency's Integrated Risk Management Framework aims to identify, prioritize and mitigate risks at the Agency level, in areas like technological change; at the international level, covering factors like debt or environmental problems; at the country level, including issues like political instability or lack of resources; at the institutional level, examining areas like financial management in CIDA's partner organizations; and at the project level, where all activities have a risk strategy.

At any level, where risk mitigation strategies are necessary, CIDA develops them, continuously monitoring, collaborating and sharing information with its partners and adjusting plans and activities as required.

In addition, there are external reviews, such as those of the Office of the Auditor-General, and the Development Assistance Committee of the OECD, which conducts Peer Reviews every four years. The results of these reviews are also available to the public as part of the Agency's accountability approach.

Section IV: Departmental Performance

4.1 Introduction

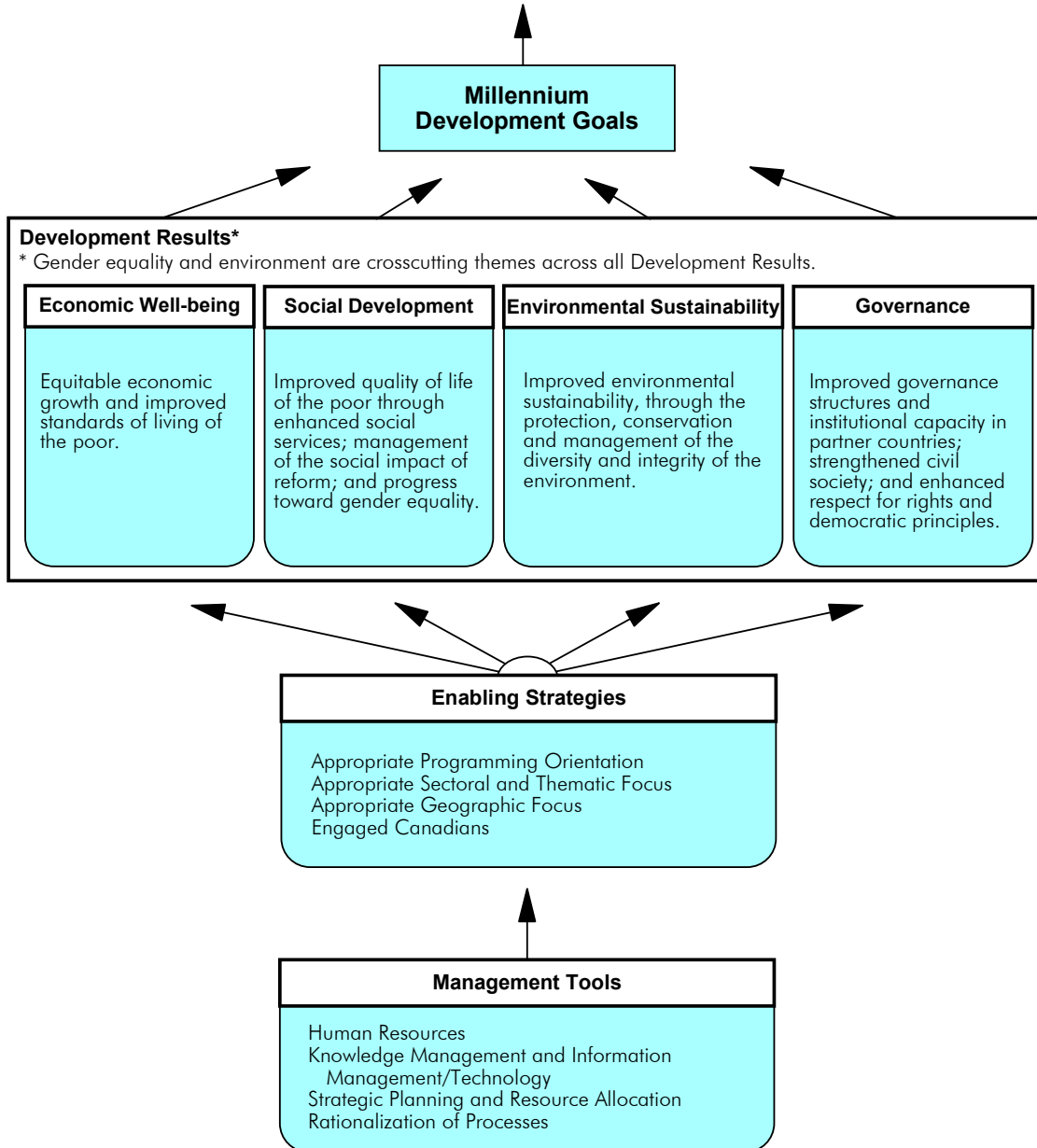
In 2001, CIDA developed a set of Key Agency Results (KARs) to help better align its work with its mandate. This framework is the foundation for both planning and reporting at CIDA, as reflected in the past two Reports on Plans and Priorities (RPP) and the DPR 2001-2002 and this DPR. The KARs are divided into three areas – Development Results (or strategic outcomes), Enabling Results (strategies), and Management Results (activities) – which collectively provide direction for the Agency’s actions, efforts and priorities, both in the short and the longer term.

The KARs are defined as follows:

- **Development Results** are the impact that CIDA aims to have in partner countries. These results will be achieved in four areas: economic well-being, social development, environmental sustainability, and governance, with gender equality a crosscutting theme in all areas. The Development Results are closely aligned with the MDGs and constitute CIDA’s special and specific contribution to their achievement. As part of the larger global community working towards the MDGs, CIDA shares accountability with its partners for performance in this area. Similarly, CIDA is jointly accountable with its partners for the progress towards the MDGs, and the development results more generally, achieved by the multilateral institutions that it finances.
- **Enabling Results** identify strategies to ensure the right programs are in place at the right time to enable achievement of the Development Results. The Enabling Results to be achieved are: appropriate programming orientation, appropriate sectoral and thematic focus, appropriate geographic focus, and engaged Canadians. CIDA is fully accountable for performance in enabling results.
- **Management Results** are the activities that get the job done in the areas of: human resources, knowledge management, information management and technology, strategic planning and resource allocation, and the rationalization of processes. CIDA is fully accountable for performance in management results.

Chart 1: CIDA's Strategic Outcomes and Key Agency Results

Poverty Reduction / Sustainable Development



4.2 CIDA's Sustainable Development Strategy

Sustainable development — development which is equitable and environmentally sustainable, and which strengthens the economic, political, and socio-cultural capacities of women and men, girls and boys — is at the core of CIDA's mandate. CIDA's *Sustainable Development Strategy 2001-2003: An Agenda for Change* (SDS)⁴ is the Agency's 'evergreen' business plan. It provides a framework of goals, objectives and strategies that helps the Agency align its work more explicitly with its mandate and outlines a process of continuous improvement in the way CIDA works. As CIDA's business plan, the SDS is updated annually through the Report on Plans and Priorities (RPP). This Departmental Performance Report 2002-2003 (DPR) is the third report on the Agency's SDS commitments, the second within CIDA's Key Agency Results (KARs) Framework.

In early 2003, CIDA made an additional report⁵ detailing short-term progress, achievements and ongoing activities and actions based on the objectives and anticipated results that were envisioned in CIDA's *Sustainable Development Strategy 2001-2003*. CIDA is currently developing another 3-year Sustainable Development Strategy, 2003-2006, which will be completed in the fall of 2003.

⁴ Please consult <http://www.acdi-cida.gc.ca>

⁵ http://www.acdi-cida.gc.ca/cida_ind.nsf/8949395286e4d3a58525641300568be1/0433ed25658d702385256ce6006b16e3?OpenDocument

4.3 Plans and Priorities

The chart below summarizes CIDA's strategic outcomes and priorities, as defined in the 2002-2003 RPP.

Table 1: Summary of CIDA's Plans and Priorities by Strategic Outcome

<i>Gender Equality and the Environment are crosscutting themes across all Development Results</i>	
Strategic Outcome	Priorities
<p><i>1. Economic Well-being</i> Equitable economic growth and improved standards of living of the poor.</p>	<ul style="list-style-type: none"> • Strengthen investments in agriculture and rural development • Support private sector development • Build capacity to negotiate strong trade partnerships and agreements • Foster an enabling environment for economic growth
<p><i>2. Social Development</i> Improved quality of life of the poor through enhanced social services, management of the social impact of reform, and progress toward gender equality.</p>	<ul style="list-style-type: none"> • Strengthen its programming in basic education, HIV/AIDS, health and child protection • Promote gender equality with partners in all development programming
<p><i>3. Environmental sustainability</i> Improved environmental sustainability, through the protection, conservation and management of the diversity and integrity of the environment</p>	<ul style="list-style-type: none"> • Build partners' capacities to address global, regional and national environmental issues such as natural-resource management, desertification, biodiversity and climate change • Support and promote environmental and broader socio-economic policy dialogue and programming that directly address environmental issues
<p><i>4. Governance</i> Improved governance structures and institutional capacities in partner countries; strengthened civil society; enhanced respect for rights and democratic principles</p>	<ul style="list-style-type: none"> • Increase integration of human rights principles in development programming • Continue to strengthen democratic institutions • Increase attention to conflict prevention, post-conflict reconciliation, peacebuilding and security

Chart 2: 2002-2003 Disbursements by Key Agency Result

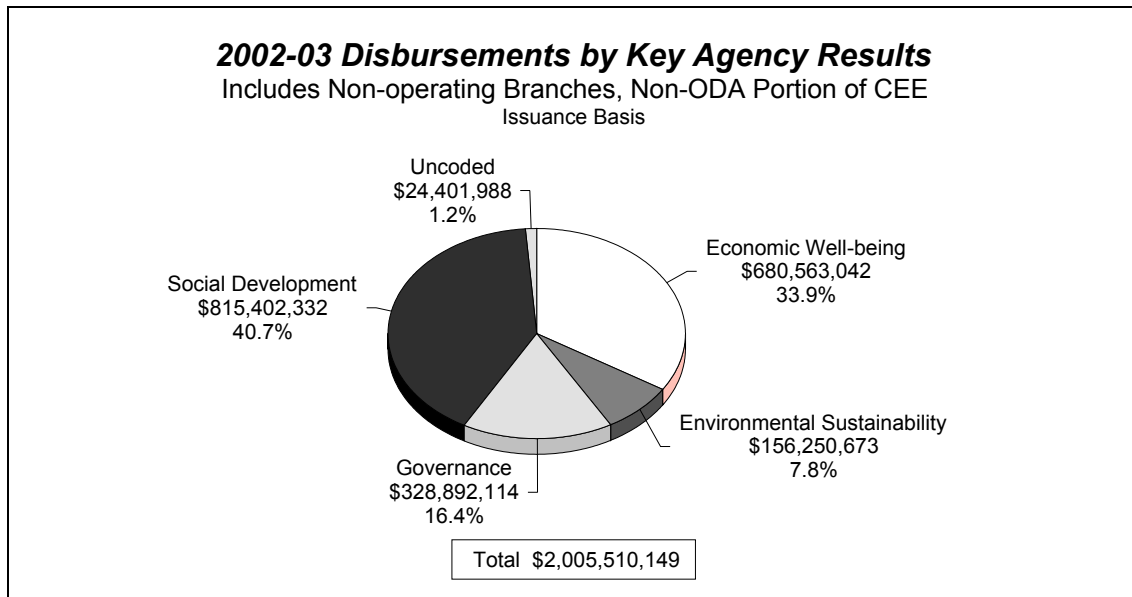
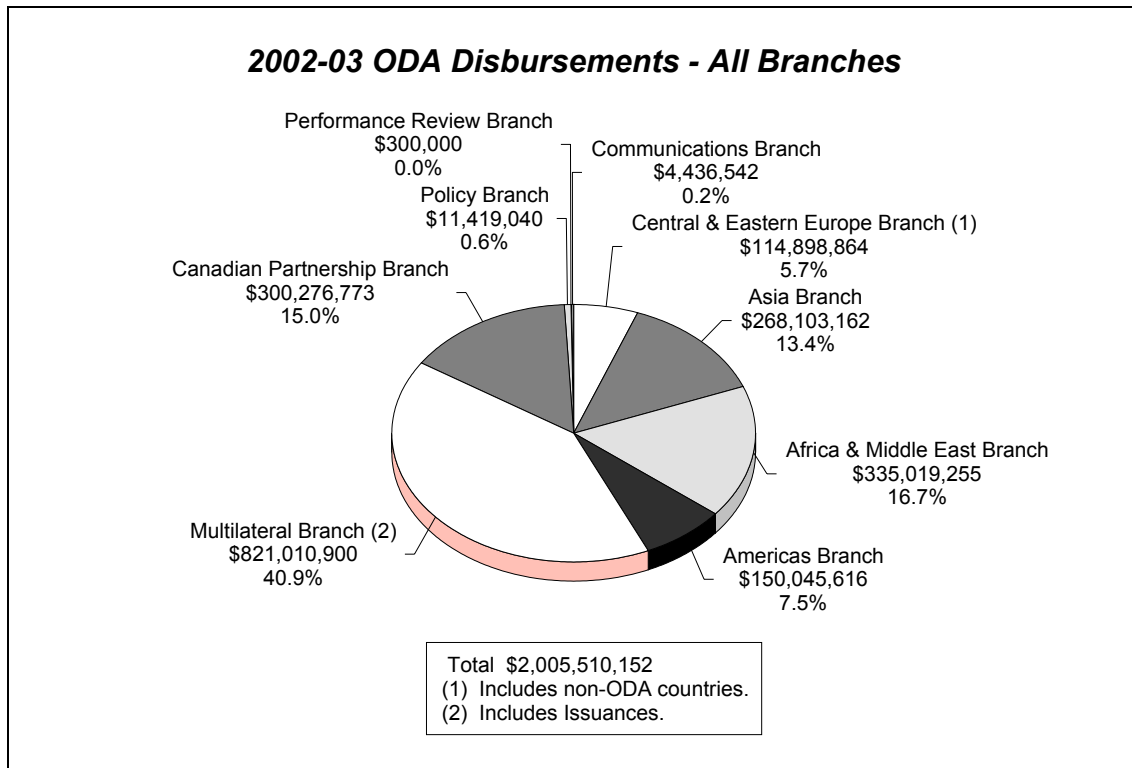


Chart 3: 2002-2003 ODA Disbursements by Branch⁶



⁶ The difference between the figures in this chart and those found in Annex 1 of this report can be attributed to a difference in the method of calculation.

4.4 Performance Highlights

The following highlights from CIDA's work over the past one to three years describes the initiatives the Agency has taken in response to the lessons it has learned and the evolving international and domestic environments:

Launching the Agency's policy on strengthening aid effectiveness

The fall of 2002 marked an important turning point for CIDA. On September 24, 2002, the Minister for International Cooperation launched *Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness*.⁷ This landmark policy statement, developed after extensive public consultations, outlines CIDA's plans to implement internationally recognized principles of effective development (see Annex III) and to change the way the Agency works.

Focussing on good-performing poor countries through enhanced partnerships

Recognizing the need to focus its aid efforts geographically for greater impact, and to concentrate its resources in countries which are poor but committed to improved governance and effective use of funds, CIDA has identified nine countries⁸ amongst the world's poorest in which it will focus more resources in the coming years.

Increasing the focus on Africa

In 2002-2003, CIDA moved rapidly towards expanding and consolidating its work in the poorest countries in Africa -- those facing the most glaring development challenges in the world. At the G8 Summit in Kananaskis in June 2002, the Prime Minister announced \$6 billion in new and existing resources for Africa's development over five years, including the \$500 million Canada Fund for Africa, Canada's contribution to the implementation of the G8 Africa Action Plan. After one year in operation, the Canada Fund for Africa has delivered on its commitments and disbursed \$70 million by March 31, 2003.

Focussing on key sectors -- agriculture, private sector development and social development

Sustainable poverty reduction is not possible without economic growth to create income-generating opportunities and finance social services for the poor. Because 75% of the world's poorest people live in rural areas and earn their living in agriculture, increased support in this sector will have a major impact on poverty reduction. New policies for both of these sectors were developed in 2002-2003. Also, as a key element of its *Policy on Strengthening Aid Effectiveness*⁹, CIDA reiterated the spending targets in social development announced in 2000.

⁷ Please consult: <http://www.acdi-cida.gc.ca/aideffectiveness>

⁸ These countries are: Bangladesh, Bolivia, Ethiopia, Ghana, Honduras, Mali, Mozambique, Senegal and Tanzania.

⁹ <http://www.acdi-cida.gc.ca/aideffectiveness>

Responding to the OECD DAC Peer Review

CIDA's OECD/DAC Peer Review in 2002 was favorable, reinforcing the direction the Agency outlined in its *Policy on Strengthening Aid Effectiveness*, and contributing significantly to the lessons learned this year. CIDA stood out as an innovator during this review in a number of ways that were recognized by the OECD/DAC.

Increasing public and youth engagement in development cooperation

In the past year, CIDA renewed efforts to better inform Canadian citizens of the challenges associated with development cooperation. CIDA's current Public Engagement Strategy and Action Plan, 1999-2003 is coming to a close, and a new strategy is in preparation. Under the theme, "Celebrating Canadians Making A Difference in the World", CIDA is engaging Canadians, and youth in particular, by localizing and "putting a human face" on international development issues, while promoting an aid effectiveness message grounded in results.

Contributing to the international response to crisis situations

Since its founding in 1968, CIDA has been active in efforts to ease human suffering by providing appropriate, timely and effective responses to emergencies - natural disasters such as hurricanes, floods, droughts and earthquakes, and crises of human origin, such as wars and civil conflicts. The two crises with the most profile during the year were in Afghanistan and Iraq. In Afghanistan, CIDA responded quickly, providing immediate support for humanitarian and reconstruction efforts. In March 2003, CIDA renewed its commitment to helping Afghanistan, pledging \$250 million in new aid over the next two years -- the largest single country pledge ever made by the Agency -- and bringing to over \$500 million the amount of humanitarian and reconstruction assistance for Afghanistan since 1990. In the Middle-East region, the war in Iraq created an urgent need for international preparations to assist in the country's reconstruction efforts. Canada again responded quickly, with assistance in the pre-position of support prior to the conflict. CIDA also took a leadership role in its support following the conflict, developing plans to provide \$300 million over the next five years for Canada's post-conflict involvement in the country.

Working in closer partnership with other government departments

CIDA collaborates much more closely with other federal departments to achieve coherence in all policies that affect developing countries through, for example, participation in a special task force on the International Policy Framework. CIDA is also a key pillar in Canada's foreign presence in several countries. For example, the Agency is cooperating with the Department of Foreign Affairs and International Trade and the Department of Defense on the ground in Afghanistan to contribute to recovery, reconstruction and security in that country.

Applying the principles of integrated modern management

At an internal level, CIDA continues to improve its planning and management systems and processes. The Agency is developing an integrated management action plan following a capacity assessment, analysis of current management practices and skills, and employee feedback. Accountability and risk management are also of paramount importance. Last year, CIDA developed a Results-Based Management and Accountability Framework (RMAF) and continues to be considered a leader in the international donor community in Results-Based Management (RBM). CIDA is now moving forward to develop an Integrated Risk Management Model as introduced in 2001¹⁰. CIDA has also streamlined and updated its reporting framework, integrating the Agency's Social Development Priorities (SDPs) and the MDGs into CIDA's key agency results framework.

¹⁰ The Agency's Integrated Risk Management Framework aims to identify, prioritize and mitigate risks at the Agency, international level, country, institutional, and at the project level. See page 13 for a box on the Integrated Risk Management Model

4.5 Strategic Outcomes

CIDA's Strategic Outcomes are its development results - the heart of its mandate and its raison d'être. They include results in the following areas: economic well-being, social development, environmental sustainability and governance. These areas are linked and often interdependent. In addition, gender equality and environmental sustainability impact on programming in all areas. CIDA reports within the KARS framework and performance reporting reflects commitments outlined in the Agency's RPP 2002-2003.

4.5.1 Economic Well-being

Strategic Outcome 1: Economic well-being: (total CIDA spending was over \$639 million in 2002-2003)

In the Report on Plans and Priorities for 2002-2003¹¹, CIDA committed itself to supporting equitable economic growth and improved standards of living for the poor by:

- strengthening investments in agriculture and rural development;
- supporting private sector development;
- building capacity to negotiate strong trade partnerships and agreements;
- and fostering an enabling environment for economic growth.

CIDA committed itself to promoting the economic well-being of individual women and men, families and communities. The Agency's support to economic well-being reflects the fact that sustainable poverty reduction is not possible without economic growth to create income-generating opportunities and finance social services for the poor.

The private sector - with agriculture often the largest single part of the private sector in developing countries - is widely recognized as a powerful force for poverty reduction. A fair, multilateral trading system that promotes trade expansion is also an important element of economic growth. Finally, fostering an enabling environment by supporting the reform of both public and private sector institutions has been shown to be critical to achieving economic well-being. CIDA programming has responded to and supported the prioritization of these areas by partner countries.

Key Targets and Overall Results

Strengthening investments in agriculture/rural development and private sector development (\$179 million spent in 2002-2003)

Since its founding in 1968, CIDA has been active in the agriculture sector in all regions of the world. However, over the last ten years or so, the Agency's investments in agriculture and rural development declined as a result of budget restraint and the need to work in new areas like human rights and peacebuilding. Similar contractions occurred not only in the programs of other donor agencies, but also in the programs of developing

¹¹ [http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Publications2/\\$file/rpp2002-2003_e.pdf](http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Publications2/$file/rpp2002-2003_e.pdf)

countries themselves. As spending in agriculture and rural development dropped, health, education, natural resource management, income and gender equality deteriorated for large numbers of people. Because 75% of the world's poorest people live in rural areas and earn their living in agriculture, it became clear that increasing development assistance in agriculture can make a major contribution to the reduction of poverty over the long term.

<p><i>New Directions in Ghana</i></p> <p>Agricultural development is critical to the majority of Ghana's population, especially to the poor. Agriculture and agribusiness can generate income and employment, provide industrial inputs and generate foreign exchange. Agriculture and rural development are important elements of Ghana's poverty reduction plan, and CIDA has made the strategic decision to focus its resources in that sector. With a contribution of \$11 million, the Agency is supporting the design of a sector-wide agriculture assistance program.</p>	<p>Ghana's development status</p> <p>Human Development Index Rank: 119/175 countries Life expectancy: 57.7 years Infant mortality: 57/1000 live births Adult illiteracy: 27.3% No access to safe water: 27% People living below US\$1 day: 44.8% GDP/capita (ppp): 2,250 Total debt service as % of GDP: 6</p>
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The Minister released *Promoting Sustainable Rural Development through Agriculture* in April 2003. This new policy focuses on strengthening policies and competitiveness, creating new knowledge, enhancing food security, agricultural productivity and incomes, improving natural resource management and developing healthy markets. CIDA began to increase its investments in the agriculture sector in 2002-2003.

CIDA also helps build the productive capacity of the poor through income generation and micro-credit programs by providing training and capital for poor people to go into business for themselves. Among initiatives supported are the UN's Capital Development Fund's Micro-Start Program and the creation of a cereal producers' co-op in Mali. CIDA also supports joint ventures between Canadian and local firms, such as in Senegal, where Canadian technical assistance enabled a local publishing firm to produce more than a dozen new French titles and 78 booklets of literacy and post-literacy materials in 6 local languages since 1999.

In 2002-2003, CIDA carried out wide-ranging consultations on a new private sector development policy. It was released in July 2003, and focuses on pro-poor economic growth. Its key elements include increasing incomes, creating more and better jobs, supporting sound and well-functioning markets, supporting the local business climate and increasing participation in international markets. CIDA's continuing support for Canadian partners' private sector programming will contribute to the implementation of this policy.

Building capacity for strong trade partnerships and agreements

In 2002-2003, CIDA committed itself to working with partner countries and international institutions to address the challenges involved in economic integration into the world economy, building on the World Trade Organization (WTO) “development round” of trade negotiations launched in late 2001. The Agency increased its support to training and technical assistance for trade negotiations, trade policy formulation and increased economic competitiveness, most predominantly in the Americas, in support of negotiations leading to the Free Trade Area of the Americas (see box), but also in other regions.

Taking a regional approach: building capacity for increased trade in the Americas

Technical assistance (TA) and capacity building (CB) are important elements of the Agency’s programming in Latin America and the Caribbean. Together, they enhance country-level and regional development programs aimed at building stronger economic, social and fiscal environments. TA and CB are also used to help developing countries adapt their governance, trade and private sector policies to meet the demands placed on them by the rapidly evolving global marketplace.

Canada is the single largest contributor, both in terms of resources and in terms of political support, to Caribbean countries in the area of trade policy development. CIDA is also providing marketing assistance to increase exports in the region.

In Central America, CIDA-funded training in trade policy and trade facilitation/customs administration (\$5 million 2001-2004) has helped improve the skills of Central American trade negotiators in their negotiations with both Canadian and US officials.

In Cambodia, work has begun on drafting documents for the establishment of a Commercial Court and Commercial Arbitral Centre through the Legislative Drafting for Economic Integration Project (\$180,000, 2002-2003). This will facilitate Cambodia’s integration into the global economy. Technical assistance has enabled the Latvian State Bureau of Trade Defense to launch its first anti-subsidy case. Support to the Joint Integrated Technical Assistance Project for African Countries¹² has contributed to the creation of 21 Trade Reference Centres, eight Inter-Institutional Committees to advise governments on their national trade strategy, the development of 13 sector trade strategies, and the training of several hundred people to act as resources on the multilateral trading system.

Fostering the right environment for economic growth

Helping partner governments to create a legal, regulatory and policy environment conducive to promoting business and investment was also a major thrust of activities in 2002-2003. One critical area is the establishment of financial stability. With CIDA support the Commonwealth Secretariat provided advice and assistance to 40 member governments on debt and development resource management. This helped several highly indebted countries to undertake appropriate analysis for accessing debt relief¹³ under the

¹² The total budget for which is \$7,000,000 over four years, as committed at Kananaskis.

¹³ The HIPC Initiative is a comprehensive approach to debt reduction for poor countries that requires the participation of all creditors. It aims to ensure that no poor country faces a debt burden it cannot manage. Central to the HIPC Initiative is the country's continued

HIPC Program. The Secretariat also supported the development of regional debt management centres in the Caribbean (St. Kitts), Pacific (Papua New Guinea), and Eastern and Southern Africa (Tanzania). In Mozambique, a Country Financial Accountability Assessment jointly undertaken by the Government of Mozambique, the World Bank and international donors, including CIDA, identified areas for support. CIDA will be supporting the budgetary allocation process to ensure that priorities reflect Mozambique's poverty reduction strategy.

Another critical area is supporting the development of a healthy, functioning financial sector that enables entrepreneurs to access credit, insurance, savings and other financial tools to support their businesses. CIDA continues to fulfill its commitment to encouraging domestic entrepreneurship through microfinance programming in some of the world's poorest, most marginalized communities (see box).

<p><i>Building up financial institutions that serve the poor</i></p> <p>Since 1988, CIDA has been supporting a very successful micro-credit program in Bangladesh (\$57 million) which targets the poorest of the rural poor. The current focus of the program is the eventual self-sufficiency of a new micro-finance organization, the Palli Daridro Bimochon Foundation.</p> <p>In 2000, legislation was passed to establish the Foundation as an arms-length organization, and all the assets, bank accounts, records and documents of the former project have been transferred from the Bangladesh Rural Development Board to the Foundation. It has been reorganized and a management team is in place. The staff has been acquiring the required professional and operational capacity to deliver micro-finance and development services to its clients, and a new performance-based organizational culture has been adopted to ease the transition from a bureaucratic entity to a private sector organization.</p>	<p>Bangladesh's development status</p> <p>HDI Rank: 139/175 countries Life expectancy: 60.5 years Infant mortality: 51/1000 live births Adult illiteracy: 59.4% No access to safe water: 3% Population living on less than US\$1 day: 36% GDP/capita (ppp): 1,610 Total debt service as % of GDP: 1.4%</p>
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Over the last year, the Agency also supported the creation of environments conducive to investment, continuing to assist partner countries in developing their poverty reduction strategy plans and national development plans, and providing technical assistance for economic policy formulation. An important example of CIDA's contribution to an enabling environment for investment is the launch of the \$100 million Canada Investment Fund for Africa to leverage private sector investment in African businesses. In another innovative approach, CIDA also supported an Inter-American Development Bank (IADB) program that is exploring ways of channeling a portion of foreign remittances into productive business investments in the developing countries receiving the funds.

effort toward macro-economic adjustment and structural and social policy reforms. In addition, the Initiative focuses on ensuring additional finance for social sector programs — primarily basic health and education.

4.5.2 Social Development: Meeting the targets of the Social Development Priorities

Strategic Outcome 2: Social Development (over \$808 million spent in 2002-2003)

In the Report on Plans and Priorities for 2002-2003, CIDA committed itself to contributing to an improved quality of life for the poor through enhanced social services, management of the social impact of reform, and progress toward gender equality by:

- strengthening its programming in basic education, health and nutrition, HIV/AIDS and child protection; and
- promoting gender equality with partners in all development programming.

Promoting social development is central to reducing poverty and advancing sustainable development. Investing in this area has a high multiplier effect, with long-term impacts on poverty reduction, social stability, democratic development and many other aspects of community life. In September 2000, the Minister for International Cooperation launched CIDA's *Social Development Priorities: A Framework for Action*. This framework outlined four priority areas for CIDA - health and nutrition, HIV/AIDS, education and child protection. The framework commits the Agency to double its overall investment in these areas with some sectors quadrupling over the five year 2000-05 period. The objective of the Social Development Priorities (SDPs) is to strategically invest in the four priority areas in order to make a stronger contribution to social and economic well-being and accelerate progress towards achieving the MDGs.

Key Target and Overall Results

Humanitarian Assistance (\$224.8 million spent in 2002-2003)

In 2002-2003, CIDA contributed \$217 million via its Multilateral Branch and \$7.8 million via its CEE branch in food and non-food humanitarian assistance in order to alleviate human suffering caused by conflicts and natural disasters. Of the Multilateral contribution, 50% was provided to Africa, 25% to Asia and the Middle East and 1.5% to the Americas. Direct assistance to crisis-affected communities, including refugees and internally displaced people, was provided in various forms including food aid, therapeutic and supplementary feeding programs, immunization campaigns, mobile health clinics, seeds and tools, water and sanitation services and temporary shelter. As a result, for example, 60,000 people in Gadghis, Afghanistan received improved access to health services through the establishment of a health clinic focused on maternal and child health care. In the Democratic Republic of the Congo (DRC), 97,000 vulnerable people benefited from improved access to potable water and hygiene practices. Through contributions to the World Food Program (WFP) and the Food and Agriculture Organization (FAO) in Ethiopia, 4.6 million people received urgently needed food aid and 2.3 million people benefited from seeds and tools and other drought related activities. CIDA also contributed to the immunization of over 30 million children in crisis-affected countries from measles, preventing an estimated 50,000 children from succumbing to this deadly disease.

Strengthening programming in education (\$105 million spent in 2002-2003).

Basic education is one of the most critical elements in social and economic development: it helps people overcome poverty and prevent conflict, it enables them to improve their health and plan their families; and it helps individuals to reach their full potential as active members in society.

In line with the principles of Strengthening Aid Effectiveness, education has been designated a sector of primary focus in four of CIDA's six African countries of focus: Sénégal, Tanzania, Mozambique and Mali. Canada has committed to doubling its investment in basic education in Africa to \$100 million a year by 2005. Mozambique and Tanzania have started to benefit from a specific 5-year allocation of \$50 million each under the umbrella of Education for All's Fast-Track Initiative (see box for the Tanzania experience).

Early progress on new investments: primary education in Tanzania

In Tanzania, CIDA, along with other bilateral and multilateral aid agencies, has played a key role in increasing access to basic education. Donors worked with the Government of Tanzania to develop the *Education Sector Development Program*. The program is firmly embedded within Tanzania's Poverty Reduction Strategy process, in which education is articulated as the first among seven key sectors for poverty reduction. Since July 2001, the Government of Tanzania has been implementing the program's first phase, the *Primary Education Development Program*.

A year later, the Government of Tanzania reviewed the program and concluded that the progress in implementing the primary education program has been remarkable. The ambitious quantitative targets for Year One had practically all been met or exceeded. Schools opened bank accounts and received funds. The Government demonstrated accountability to its citizens in the management of resources by publicizing financial transfers through the mass media. Nation-wide, over 1.6 million children were enrolled in Standard I early in 2002, representing an increase of 45.5% over 2001. Around 16,000 classrooms had been built and over 7,000 teachers were recruited. Increased availability of funds for recurrent expenditures started making a difference in the teaching and learning process. Dropout rates have been decreasing and the Standard 7 pass rate has increased. Although the gender gap has closed at the enrollment level, completion rates for girls are still low.

Tanzania's development status

HDI ranking: 160/175 countries
Life expectancy: 44 years
Infant mortality: 129/1000 live births
Adult illiteracy: 24%
No access to safe water: 32%
Population living on less than US\$1 a day: 19.9%
GDP/capita (ppp): 520
Total debt service as % of GDP: 1.6%

In Mozambique, CIDA was already active in the education sector, providing textbooks for the entire school population. The additional expenditure was committed to a pooled fund supporting the Education Sector Strategic Plan, initiated and led by Mozambicans and supported by a group of donors. Mozambique has also met or exceeded its targets on access to universal education, gender balance in education and improved quality of education according to its 2003 Progress Report on its Poverty Reduction Strategy Paper, or national development plan¹⁴ Other countries have also shown results. For example, in

¹⁴ The Poverty Reduction Strategy Paper is a country's development plan.

Mali, enrollments have risen from 50% in 2000 to 64.3% in 2002, leading CIDA to increase its multi-year contribution from \$24 million to \$62 million in 2002-2003.

Access to education in rural communities

In Honduras, in conjunction with IDRC, CIDA supported the introduction of an innovative tutorial distance learning system, known as el Sistema de Aprendizaje Tutorial (SAT), to help address the challenges of urban bias, migration from rural areas, and increasingly high dropout levels in high schools, especially among girls. The SAT program has funding committed from March of 2003-2007 for \$5 million.

The SAT program helped to transform the lives of 950 students while strengthening dozens of community-based organizations that assist academic program delivery, training of tutors, and local community development activities. This success resulted in the Honduran Ministry of Education recognizing SAT, which was developed in Colombia, as an alternative rural curriculum for secondary education, increasing the Ministry's ability to respond to previously under-served high-poverty areas.

Strengthening programming in health and nutrition (\$217 million spent in 2002-2003).

Working through its local and international partners, CIDA has been able to realize a number of concrete results in the past year. In Pakistan, CIDA support (\$1.3 million 1998-2003) to the training of community health workers and the reactivation of basic health units has resulted in a 17% drop in the incidence of childhood diarrhea in the target communities. In Bangladesh, advocacy and technical assistance is helping the government to revise its tobacco control laws in a major campaign to reduce illness and death from tobacco use. Also in Bangladesh, a \$2.9 billion multi-donor health and population support program (CIDA's contribution is \$28.4 million, 1999-2004), which aims to provide quality health services to the poor with particular attention to maternal health and family planning, has resulted in a drop in fertility rates from seven births per woman to three since 1975. CIDA also provided emergency assistance to countries in conflict in 2002-2003, including, for example, improving access to safe water for nearly 100,000 people in the Democratic Republic of the Congo.

CIDA also continued to support UNICEF's campaign to deliver Vitamin A supplements to children and new mothers, providing 390 million capsules in 2002 alone. The CIDA-supported Micronutrient Initiative's food fortification program facilitated the delivery of fortified flour to Afghan refugees in Pakistan and women working at a bakery in Kabul, Afghanistan, giving over 300,000 people enough iron, Vitamin A, folic acid and B complex vitamins to meet their requirements for a year. CIDA is also supporting National Immunization Days and State Immunization Days against polio in Nigeria, a country on track to fully eradicating the disease by 2005. The Agency's ongoing support for the International Planned Parenthood Foundation (an annual grant of \$4.1 million) has helped it expand its advocacy activities on sexual and reproductive health as well as extend its service delivery; in 2002-2003, there were more than 25 million visits to 7,829 clinics in over 170 countries. CIDA also fulfilled its commitment to continue to play an active role in supporting efforts to prevent child mortality through the provision of vaccines against common childhood diseases (see box).

Canada is working to prevent child mortality from vaccine-preventable diseases

Almost three million children still die every year from vaccine-preventable diseases. Canada is working to change that. In 1998, Canada created the Canadian International Immunization Initiative (CIII), a five-year, \$50 million initiative that worked with the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), the Pan-American Health Organization (PAHO) and the Canadian Public Health Association (CPHA) to vaccinate children against such diseases as measles, diphtheria, tuberculosis and polio. In addition, this program sought to strengthen immunization systems by improving human resources, strengthening cold chain processes and improving safety of syringes. CIII has been a great success.. Over the five years (1998-2003), UNICEF has stated that CIII funds:

- saved over 500,000 lives
- averted 30 million cases of measles
- delivered 70 million measles vaccinations

A significant portion of CIII phase 1 funds have gone towards the immunization safety priority project, which has significantly increased the number of auto-disable (AD) syringes shipped by UNICEF, from 15 million in 1998 to 200 million in 2001. Previously, it was possible to reuse syringes leading to increased infections with hepatitis B and other diseases; the increase in AD syringes has massively decreased this form of infection transmission. On May 1st of 2003, the Minister announced a renewal and significant increase of the CIII (2003-08) for \$80 million over five years, to work with the same partners in further reducing child deaths around the world. This program is helping to achieve the 4th goal of the MDGs, namely a 2/3 reduction in child mortality by 2015.

Strengthening programming in HIV/AIDS (\$43 million spent in 2002-2003).

Today, more than 40 million people worldwide are suffering from HIV or AIDS, and the overwhelming majority of them live in developing countries. In some communities in Africa, as many as half the population is infected, and HIV/AIDS represents the single biggest challenge to development. CIDA continues to support AIDS programming in all regions of the world, building up the capacity of governments to launch national AIDS strategies and plans and provide health services for patients, and of community organizations to educate the public and provide support to those suffering from the disease. CIDA has taken a leadership role in marshaling the political will and resources of the international community to fight AIDS and several other key health challenges.

In Sub-Saharan Africa, 29.4 million people are living with AIDS, and 58% of them are women. In Kenya, where HIV prevalence decreased from 13% in 2001 to 10.1% in 2002, CIDA has been supporting an HIV/AIDS Prevention Project. Participants in this project co-chaired the National AIDS Coordinating Council's Gender and HIV/AIDS Task Force committee, which developed a National Gender and HIV/AIDS Policy document for Kenya, one of only two in Africa.

Unfortunately, only a small percentage of the world's research funds for HIV treatment go to Africa, where 70% of all HIV+ people live. This is the context behind CIDA's support for the International AIDS Vaccine Initiative (IAVI), which is working with the African AIDS Vaccine Programme to develop and test vaccines most appropriate to the strains prevalent in Africa. Two vaccines are currently in trials and research is continuing on several others.

CIDA has also contributed \$500 000 to a unique and innovative public private partnership initiative called AIDS in Africa -- Scenarios for the Future, led by UNAIDS with support and expertise in scenario building from Shell International Ltd. The program engages a broad range of stakeholders, mostly Africans, to address the HIV/AIDS epidemic in Africa, in relation to social development, poverty reduction, economic growth and political stability. It will examine potential consequences to Africa over a 20 year time horizon in order to inform policy and program responses to promote effective, coherent and sustained action. Other partners are the World Bank, UNDP, the African Development Bank and the Economic Commission for Africa. The scenarios are expected in late 2004.

In Central and Eastern Europe and Central Asia, 1.2 million people are living with AIDS. Research protocols in Russia have determined the best medications to reduce transmission of the virus from mother to child, and the information is now being disseminated around the world.

In Latin America and the Caribbean, nearly 2 million people are living with AIDS. In the Caribbean, a \$20 million program is strengthening coordination and improving awareness among youth..

Strengthening programming in child protection (\$27 million spent in 2002-2003).

Child protection is a new area for CIDA, but the Agency is learning and sharing experiences with well-established partners like UNICEF and numerous non-governmental organizations. The Agency is also benefiting from the perspectives of young people, who are consulted at every opportunity when programs are being identified, planned and carried out.

CIDA continued to implement its Child Protection Action Plan approved in 2002-2003, with special emphasis on working children and children affected by war, where the Agency has made specific commitments, notably in Africa and the Americas. For example, in Somalia, an 18-month program supported by CIDA helped reintegrate 120 child soldiers by providing them with access to vocational training, conflict resolution skills and psychological counseling. A significant number of young people have been able to find jobs after participating in the program. In Bolivia, a CIDA-funded program increased access to vocational training and income generating opportunities for children, enabling them to support themselves and reducing their vulnerability to exploitative work. The program also involved the formation of children's brigades, advocacy organizations which were able to convince the Government of Bolivia to pass its recent legislation on protection of children from sexual abuse and exploitative labour.

Promoting gender equality with partners in all development programming
(\$85.5 million spent in 2002-2003).

Women play key roles in development, producing most of the world's food, managing most of its natural resources, educating and caring for its families and participating in ever greater numbers in the paid work force and in community decision-making. Gender equality - ensuring that the benefits of development are shared equally between men and women, boys and girls - is not only a matter of social justice and human rights; it is also essential to sustainable development (see box)

The rights of girls: a change of attitude in Kenya

Through support to CARE Canada, CIDA is funding a highly successful program to improve awareness and observation of the rights of girls in Kenya, the Girl Child Project. CIDA contributed \$205,000 between 2000 and 2003 to CARE Canada's Girl Child Project and Network in Kenya. This project was created to address the disparities that exist between girls and boys in Kenya, especially in access to health care and education. This project focuses on building up local organizations working on behalf of the rights and welfare of girls and raising awareness of children's rights. It has launched an independent Girl Child Network, which serves its membership of 282 partner organizations, providing training and other organization-building support, acting as a clearing house for information exchange and referrals, identifying projects and raising funds to implement them, and advocating for the rights of girls.

Member organizations of the Network have played a significant role in raising awareness of gender issues and in advocating for legislative change. For example, the Network was the first organization to lobby the Kenyan government to include the principles of the United Nations Convention on the Rights of the Child in the 2001 Children's Act. Project partners have provided services to girls in a wide variety of areas, including shelter for sexually exploited girls, advocacy against female genital mutilation (FGM), provision of girls' education, including life skills and reproductive health, and help for street children and working children. They have also been able to change attitudes not only in the community, but among girls themselves. For example, girls are now standing up for their rights, including refusing to undergo FGM, and the community is supporting them in their decision to opt for the alternative right of passage ceremony developed during the early years of the project.

CIDA is a recognized world leader in promoting gender equality, advocating for its inclusion in all development activities and integrating it into all aspects of Agency-funded programming, either as an element of a project in another field, such as health, or as the focus of a project, such as promotion of women's human rights. An example of CIDA's leadership in this area is its Pakistan Women's Development Project, or WDP (see box). CIDA is helping to build its partners' capacity to address gender issues.

Building up the community: support to women's rights organizations in Pakistan

CIDA has played a major role in increasing awareness of women's rights and in helping develop a strong and effective gender equality network of organizations in Pakistan through its Pakistan Women's Development Project, or WDP (\$4 million, 1995-2003). CIDA's support enabled partner organizations to establish a centre for the survivors of gender-based violence which has become a model that will be replicated at the district level by the Ministry of Women's Development. Similarly, a national non-governmental organization working against trafficking has been recognized as a national and regional resource centre. Linkages between women's and human rights groups have also strengthened progressive elements in civil society.

Other sub-projects funded by WDP have supported literacy centres, teacher training in rights awareness, gender sensitization of police officials, gender training of provincial planning and development departments, research, public and reproductive health care training for health professionals and training in political participation. The long-term impacts of these activities include increased government commitment to gender equality; increased political participation of women in local government, where they can now initiate social development projects; and stronger local women's organizations.

Local organizations have improved their financial self-sufficiency and their internal management practices as well. Many have begun to charge fees for training or other services. Several have become skilled in strategic planning and are sharing their skills with other groups. Numerous partners, working closely with communities, have not only been able to identify the needs of the people in their target areas, but are also able to address the issue of sustainability of the activity. Many partners have developed their own internal monitoring systems; some have developed effective financial and accounting systems; several are able to report on their own strengths and weaknesses and design strategies for improvement.

The successor to the WDP, the \$7 million Program for the Advancement of Gender Equality, or PAGE (2002-2007) is aimed at contributing to the improvement of women's human rights, health, education, and economic empowerment in Pakistan. Although PAGE is in its early stages, it supported 22 sub-projects in 2002-2003 and has actively contributed to a multi-donor project on integrating gender equality into the Pakistan Poverty Reduction Strategy Paper (PRSP).

CIDA has also committed to continuing its efforts to mainstream gender into decision-making in partner countries. CIDA and other donors are helping local organizations in West Africa to enhance respect for women's rights and increase their participation in democratic life. Workshops to help elected women leaders to better understand their rights and perform their duties more effectively have led several leaders to mobilize against abuse cases. In Malawi, CIDA supported several activities: the integration of gender equality into the country's poverty reduction strategy paper; a review of all the country's laws for their impact on gender equality; the development of gender-sensitive budgeting; development of a Strategic Plan for the Ministry of Gender and Community Services; continued efforts to integrate gender equality into the Malawian national response to HIV/AIDS; and, together with other partners, taking a harmonized approach to funding gender equality-specific programming.

The South American Gender Equality Funds in Peru, Ecuador and Bolivia (\$5 million over 1999-2004) have also contributed to more effective political participation of women

in local decision-making, as advocates, local government office-holders and members of political parties, unions and other organizations. Multilaterally, CIDA supports the UNDP's efforts to help more than 40 countries initiate gender-sensitive budgeting. This has focused on building national capacities, including those of women's parliamentary caucuses and civil society organizations, with particular emphasis on the participation of poor women in municipal and local budget planning. In Cambodia, Morocco and Nepal, UNDP supported the integration of gender into macroeconomic policies, while in Vietnam, gender was mainstreamed into both sectoral strategies and five-year action plans. In addition, CIDA recently reaffirmed its support to uphold women's rights issues in Asia by contributing US\$6.6 million to the United Nations Development Fund for Women (UNIFEM)¹⁵ and its work there.

4.5.3 Environmental Sustainability

Strategic Outcome 3: Environmental Sustainability (over \$156 million spent in 2002-2003)

In the Report on Plans and Priorities for 2002-2003, CIDA committed itself to contributing to improved environmental sustainability through the protection, conservation and management of the diversity and integrity of the environment by:

- building its partners' capacities to address global, regional and national environmental issues such as natural-resource management, desertification, biodiversity and climate change;
- and by supporting and promoting environmental and broader socio-economic policy dialogue and programming that directly address environmental issues.

CIDA committed itself to fully incorporating environmental considerations into its policies and programs, as both a strategic outcome and a cross-cutting theme. The Agency draws on innovative international work to link global and regional environmental issues to on-the-ground development priorities such as clean water, adequate food and the sustainable use of natural resources.

¹⁵ www.unifem.org. The women's fund at the United Nations, UNIFEM provides financial support and technical assistance to innovative programmes promoting women's human rights, their economic and political empowerment, and gender equality in over 100 countries.

In 2002-2003, CIDA participated in the World Summit on Sustainable Development (WSSD), and provided nearly \$3 million to help developing countries participate in the process (see box).

CIDA's Follow-up to the World Summit on Sustainable Development (WSSD)

In 2002-2003, CIDA participated in the World Summit on Sustainable Development, and provided nearly \$3 million to help developing countries participate in the process. The Canadian delegation was able to persuade the conference to incorporate human rights and development linkages into its final outcome document. In follow-up to the Summit, CIDA contributed \$1.5 million to the UN Environment Program's Environment Fund. This grant will enable UNEP to pursue Canadian priority environmental objectives.

Post-WSSD, CIDA is playing a major role in fulfilling commitments made there. CIDA identified the following 9 priorities, fully supportive of our current priorities and their relation to poverty reduction, to ensure adequate follow-up to the WSSD:

1. Water and sanitation;
2. Land degradation;
3. Sustainable development in Africa;
4. Health and HIV/AIDS;
5. Education;
6. Sustainable rural development through agriculture;
7. Trade and development;
8. Vulnerability and adaptation to climate change;
9. Governance, democratization, human rights and corporate social responsibility.

CIDA is already actively engaged in most of these priority areas, for example, in new programming for desertification, in its \$500 million Canada Fund for Africa, its increased investments in the fight against HIV/AIDS and in achieving primary education for all, its new policy and programming initiatives in agriculture/rural development; and in innovative approaches to support trade-related capacity building. More information about these commitments will be forthcoming in CIDA's third Sustainable Development Strategy.

As promised in the 2002-2003 Report on Plans and Priorities, work continued on the updating of CIDA's policy on environmental sustainability, and CIDA successfully field tested the *Traditional Knowledge Handbook*, which provides guidance on incorporating community or aboriginal knowledge (for instance, on hunting or fishing patterns) into development programs.

CIDA played an active role in the replenishment of the two principal multilateral funds focussing on global environmental issues: the Global Environmental Facility (GEF) and the Multilateral Fund for the Montreal Protocol on Substances that Deplete the Ozone Layer. CIDA has committed close to \$200 million to these two institutions for their replenishment periods.

With respect to the GEF¹⁶, CIDA provided the third, and largest, replenishment, the largest single source of funding for the global environment. The Agency has committed \$159 million over the next four years to the GEF, which has provided US\$4.6 billion in support to over 1,000 projects since its inception in 1991. An independent evaluation

¹⁶ <http://www.gefweb.org/index.html>

released in 2002¹⁷ found that the GEF had delivered results in several key areas such as capacity building in recipient countries to meet the obligations of international conventions and the mainstreaming of global environmental issues into national plans, strategies and policies.

CIDA has been supportive of the GEF's recent decisions to include two new focal areas that would be eligible for existing funding. The integration of persistent organic pollutants and land degradation into GEF's overall funding priorities confirms Canada's commitment to tackling the chemicals agenda and addressing issues related to desertification and deforestation, respectively.

Key Targets and Overall Results

Supporting actions on climate change

CIDA supports a wide range of projects that build partners' capacities to address global, regional and national environmental issues such as natural resource management, desertification, biodiversity and climate change. For example, the prototype Canada Climate Change Development Fund (CCCDF)¹⁸ is helping vulnerable communities adapt to the impacts of climate change; improve forest and land management and biodiversity conservation through carbon sequestration; transfer technology in renewable energy and energy efficiency to business, agriculture and governments; and increase participation by developing countries in global efforts to combat the problem.

CIDA also supports the Prototype Carbon Fund¹⁹, which pioneers the international market in tradable carbon emissions credits within the framework of the Kyoto Protocol's Clean Development Mechanism and Joint Implementation. Canada has contributed \$15 million to the Fund since 2000, supporting key technologies such as micro-hydro, methane capture, carbon sequestration and use of geothermal and wind energy.

¹⁷ http://www.gefweb.org/1Full_Report-FINAL-2-26-02.pdf

¹⁸ The CCCDF has a budget of \$100 million over 5 years, from fiscal year 2000-01 through to March 31 2005. See also http://www.acdi-cida.gc.ca/cida_ind.nsf/0/EA60AF00A819594B8525697D000971E8?OpenDocument.

¹⁹ www.prototypecarbonfund.org

Clean production technology in Honduras

Businesses in Honduras now have access to sustainable production technology thanks to the newly created National Centre for Cleaner Production. The Centre was established in 2001 with the support of CIDA's \$16 million Canada-Honduras Environmental Management Fund and it began operations in June, 2002. It provides fee-based services to private sector firms, including information and technical assistance in energy economics, reduction of industrial pollution, environmental evaluations, and certification to international standards. Among the clients the Centre has helped are cheese producers, aluminum furniture makers, wood processors and sugar producers. In many cases, the economies created by re-engineering production processes has enabled clients to recuperate the consulting fees they paid within less than a year.

In just a short time, the Centre has become a prominent organization in Honduras, respected by the private sector, the government and international donor organizations. It is a policy advisor to the Government of Honduras and will soon become financially self-sufficient. The success of this private-sector organization is due in part to the vision of its promoters and in part to the technical capacity of its specialists, who have been able to prove to Honduran entrepreneurs that good natural resource management is also good business.

Honduras' development status

HDI Rank: 115/175 countries
Life expectancy: 68.8 years
Infant mortality: 31/1000 live births
Adult illiteracy: 24.4%
No access to safe water: 12%
Population living on less than US\$1 a day: 23.8%
GDP per capita (ppp): 2,380
Total debt service as % of GDP: 5.3%

Building partners' capacity in environmental management

In keeping with its commitment to work with partners to increase their capacity to integrate environmental analysis into programming, CIDA supports and promotes environmental and broader socio-economic policy dialogue and programming that directly address environmental issues in partner countries. For example, in Nepal, where environmental sustainability is a major focus, CIDA support of \$9.7 million (1996-2003) has enabled both governmental and non-governmental organizations to make major progress in 2002-2003 in integrating environmental considerations into development planning and increased their capacity to formulate policy in water and energy. The Nepal Water and Energy Commission took the lead to coordinate Nepal's water resource strategy, which was approved in 2002-2003. Community participation in environmental management also increased.

Community participation was a major feature in the projects supported under the India-Canada Environment Facility (\$72 million from 1991-2008). This facility supported the adoption of low-cost technologies like rainwater harvesting, solar energy and more efficient stoves; formation of community resource management committees and development of resource management plans; and establishment of women's income-generating groups such as sales from plants in project nurseries. In Brazil, community reconciliation and multi-stakeholder collaboration played a major role in a rehabilitation of mine sites project (CIDA contribution \$1.2 million, 1998-2003) that brought together the federal and state governments, mining companies, universities, communities and watershed committees to develop a rehabilitation program to reduce heavy metal pollution due to previously unsustainable mining practices.

4.5.4 Governance

Strategic Outcome 4: Governance (over \$294 million spent in 2002-2003)

In the Report on Plans and Priorities for 2002-2003, CIDA committed to improved governance structures and institutional capacities in partner countries, strengthened civil society and enhanced respect for rights and democratic principles by:

- increasing the integration of human rights principles in development programming;
- continuing to strengthen democratic institutions;
- and increasing attention to conflict prevention, post-conflict reconciliation, peacebuilding and security.

In the UNDP Human Development Report of 2002, UN Secretary-General Kofi Annan stated that “good government is perhaps the single most important factor in eradicating poverty and promoting development.” Fragile democracies, weak regulatory regimes and governance structures, social upheavals and conflict not only divert scarce resources, they also have the potential to reverse progress entirely. Respect for human rights, promotion of democracy and good governance are both a matter of equity and a matter of sustainable development.

Key Targets and Overall Results

Increasing integration of human rights principles in development programming.

Sustainable development cannot occur if people are not physically safe or if they do not have the resources or the access to participate in decision making in the community. CIDA seeks to enhance respect for human rights as the foundation of equitable and sustainable development. This includes integrating human rights into development programming as well as supporting specific human rights initiatives, such as advocacy and education programs and establishment of human rights organizations.

Much of CIDA’s support in this sector is at the community level, providing technical assistance and funding for advocacy organizations to defend the rights of their constituencies. For example, through the Plantation Communities Project in Sri Lanka, community volunteers have assisted over 700 community members to obtain basic identity documents, such as birth certificates and identity cards, and raised these communities' awareness of their basic human rights. In Cameroon, support to human rights organizations led to the formation of a human rights network, thus increasing their effectiveness and impact. CIDA is also supporting human rights and public sector reform in the Americas (see box). At the international level, CIDA is supporting multilateral organizations such as the UNDP and the Commonwealth, which have helped establish human rights commissions and ombudsman offices in a number of countries, including Bangladesh, South Africa and Uganda.

Consolidating credibility: The Ombudsman of Bolivia

CIDA is part of an innovative approach to capacity building of human rights institutions as a partner in a multi-donor, basket funding approach to support the Human Rights Ombudsman's Office in Bolivia (with CIDA being the largest contributor at \$5M from 2000-2005). This initiative has exceeded CIDA's expectations.

The Ombudsman's Office has played an important role in mediating between the state and civil society, while remaining neutral and credible. According to public opinion polls, the Ombudsman's Office is the institution with the second highest credibility in Bolivia, after the Catholic Church.

Results achieved in 2002/2003 included: more efficient resolution of complaints (31% resolved within 45 days); increased cooperation and compliance with the Ombudsman Office's recommendations to public institutions responsible for protecting the rights of vulnerable sectors of the population; increased effectiveness (70% success) in social conflict interventions; and, consolidation of institutional policies, procedures and systems.

Bolivia's development status

HDI rank: 114/175
Life expectancy: 63.3 years
Infant mortality: 60/1000 live births
Adult illiteracy: 14%
No access to safe water: 17%
Population living on less than US\$1 day: 14.4%
GDP/capita (ppp): 2,300
Total debt service as % of GDP: 6.8%

Strengthening democratic institutions

CIDA works to strengthen democratic institutions to increase efficiency, accountability and transparency, areas which are becoming more and more critical for economic growth. This includes supporting improvements to electoral systems, legislatures, legal bodies, public administration and the establishment of a free media. It also means supporting non-governmental organizations such as community groups to ensure that marginalized or exploited populations have a voice in the development process. In the Ukraine, for example, the \$2 million Peoples' Voice project has supported the development of citizen feedback mechanisms that have increased public participation in municipal government and increased government transparency and accountability.

In Bolivia, efforts towards the modernization of the state account for roughly 50% of CIDA's bilateral program. Progress towards government accountability was made in 2002-2003 when the Government of Bolivia asked the country's Vice-President to spearhead efforts to eradicate corruption and established an Anti-Corruption Unit within the Vice-President's Office. With CIDA support²⁰, the Government of Bolivia drafted a National Transparency Plan and created ambulatory Anti-Corruption Brigades. In response to its commitment to focus on governance in Eastern Europe, CIDA is supporting establishment of strategic planning units, legislative reform, and better preparation of Cabinet material in Lithuania. Now, priority setting, decision-making and resource allocation are all driven by key priorities established by Cabinet. In Kosovo, Canadian policing norms and practices have been integrated into the curriculum for the Kosovo Police School to help Kosovar police officers to accommodate ethnic diversity in a non-confrontational manner.

²⁰ The anti-corruption brigades received \$30,000 US for 02-03 and is ongoing. The National Transparency Plan is a local fund and received \$26,000 US 02-03 and is ongoing. All funds is managed by the field.

In Africa, CIDA is developing a new governance strategy. The Agency is committed to building capacity in accountability and financial management, as in Mozambique, where Canada participates in a unique mechanism, the “Poverty Observatory”, which evaluates progress in meeting the objectives Mozambique has set for itself in its Poverty Reduction Strategy. This mechanism involves a wide range of stakeholders, including government, donors and civil society in Mozambique. In Asia, CIDA, in keeping with its commitment to support capacity building at the local level, is supporting a project in China to review legislation and assist both national and local-level Peoples’ Congresses to introduce new measures of transparency, accountability and public participation. Finally, CIDA support to strengthen audit capacities in national audit offices has contributed to enhancement of performance reporting, accountability and governance; in Tanzania, for example, a change in approach to tax auditing increased revenues by 20%.

Increasing attention to conflict prevention, post-conflict reconciliation, peacebuilding and security.

There are currently three wars and fourteen violent conflicts in Africa. Ten countries are at high risk of outbreak or resumption of conflict. Approximately 15 million people are internally displaced, and 4.5 million have sought refuge in neighbouring countries; in both cases, the majority are women and children. In response, CIDA has made promotion of peace and security a key strategic objective of its poverty reduction efforts in Africa, focusing on conflict prevention and building bridges from post-conflict reconciliation to long-term development.

For example, in West Africa, the Canada Fund for Africa is supporting the new Kofi Annan International Peacekeeping Training Centre, based in Ghana, to strengthen its capacity to train West African military and civilian personnel in a range of areas relevant to complex peace support operations, including demobilization, demilitarization and reintegration, civil-military cooperation and gender issues. Also in Africa, CIDA support to a campaign by Partnership Africa-Canada against conflict diamonds led to the November 2002 agreement by the governments of more than 50 diamond-producing and diamond-trading countries to end the trade in conflict diamonds.

In Iraq, CIDA participated in emergency preparedness activities, such as positioning of food supplies, with a contribution of \$100 million, and began planning for longer-term, post-conflict assistance with another \$200 million in funding. In the Balkans, CIDA, the Department of Foreign Affairs and International Trade and the Solicitor General are working in a unique partnership that allows for rapid civilian police deployments in Kosovo and elsewhere in the Balkans. A key element in any CIDA support to peacebuilding programs is the building of local capacity and the use of local expertise wherever possible (see box for the Afghanistan experience).

Supporting the leadership in Afghanistan: A major step to recovery and reconstruction

CIDA is supporting local ownership of the reconstruction process in Afghanistan. Under the Bonn Agreement of December 2001, the international community and Afghan representatives established the interim government for Afghanistan and the roadmap for rebuilding the nation. Since that time there has been a shift from international to Afghan leadership and coordination of the reconstruction effort. The Afghan Transitional Authority (ATA) has produced a National Development Framework and Budget (NDF/B), which serves as the central tool for policy-making. It is also a framework that donors support, encompassing humanitarian, transition (peace and security) and longer-term reconstruction needs.

The transitional government of Afghanistan has to be seen to be governing and delivering services, but it still requires the financial support of the international community to do so. Under its Strategy for Interim Assistance to Afghanistan for 2003-05, CIDA is providing budgetary support to the ATA, which helps them to function, to pay salaries and operating expenses, and to deliver services to Afghan citizens. It also includes direct support to Afghan-Canadians working with Afghan Ministries, and the training of government officials. This type of support accounts for \$42.5 million of the \$112 million in funding for Afghanistan in 2002-03, while the remainder supports health care, education, promotion of human rights, especially those of women, and other emergency assistance.

Finally, one of CIDA's key accomplishments in 2002-2003 was its collaborative work with other government departments on a "3D" approach to global security -- encompassing diplomacy, development and defense. A key pillar in Canada's foreign presence in several countries, the Agency is cooperating, for example, with the Department of Foreign Affairs and International Trade and the Department of Defense on the ground in Afghanistan to contribute to recovery, reconstruction and security in that country.

4.6 Strategies for Delivering Lasting Development Outcomes: Enabling Results

With the finalization, dissemination and implementation of *Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness*, CIDA made major progress in achieving its enabling results in 2002-2003. This statement details the strategies - how, when, where, with whom, and under what conditions - CIDA does its programming. These enabling strategies combine the principles of aid effectiveness (see Annex III) and the right types of programming, including using new programming approaches, achieving the right balance between directed and responsive programming, choosing the most appropriate sectoral, thematic and geographic focus and engaging Canadians. One of the most consistent commitments CIDA has made in its strategies for delivering development outcomes is enhancing the capacity of all its partners to implement the principles of aid effectiveness.

CIDA's programming approach over the past decade is intended to be both strategic in its geographic and thematic focus and flexible in achieving a balance between directed and responsive programming. Lessons have been learned, and over the past two years most programs have refocused so that they can better address those challenges that reflect Canada's national interests and comparative advantage.

4.6.1 Appropriate programming orientation

Facilitation of Local Ownership

Local ownership means that partner countries - both the governments and their people - decide how they will develop. Their priorities, not those of donors, must prevail in any development program. It also means that partner countries are responsible for managing the financial and human resources implementing their development plans and activities. For many countries, the national development plan is their Poverty Reduction Strategy Paper, which forms the basis for development cooperation with donors like Canada. CIDA facilitated public participation in the development of these plans in several countries, including Ethiopia and Bolivia.

A key element in achieving local ownership is strengthening the ability of CIDA's partners to plan and manage their own development programs. For example, CIDA continues to support sustainable and effective development initiatives by requiring that Canadian partners design, implement and monitor programs in full partnership with their Southern counterparts. Wherever possible, CIDA supports the work of local organizations directly. For example, the Pan-African program only funds proposals led by Africans, with strong African partnerships, or led by a multilateral agency dealing with critical African issues at the continental level and where no African organization has the capacity to lead.

New Programming Approaches Piloted

Like other donors, CIDA is shifting from its traditional approach of supporting individual projects to supporting comprehensive programs designed and initiated by partner countries and financed by many donors working together. For example, instead of funding a project that provides training for teachers, CIDA is more likely to put its resources into a common fund that supports a broad-based program for the whole educational system. This not only reduces duplication and lessens administrative costs and pressures for recipient countries, it also ensures that any activity undertaken in the education sector will be supported by an overall plan. This more collaborative approach emphasizes dialogue, coordination and strategic investing on the part of all partners.

New approaches for countries in crisis

CIDA is committed to finding new approaches that meet the needs of low-income countries in crisis. The Agency is working with other donors through its participation on the OECD/DAC Conflict, Peace and Development Cooperation Network on issues related to conflict, security and development. CIDA is also researching and developing new approaches within its own programs:

- the Colombia Program is serving as a pilot to close the gap between humanitarian and traditional development assistance in countries where conflict has interrupted traditional programming. CIDA is coordinating its own programs closely with the Department of Foreign Affairs and International Trade as well as other donors in the field, sponsoring a number of CIDA-led donor initiatives, such as joint donors institutional evaluations and donor sector groups.
- In Sudan, CIDA supported a Planning for Peace Project with the UNDP. This project is an example of using a program-based approach working in conjunction with a consortium of donors to support consultative processes in Sudan aimed at identifying Sudanese people's priorities and plans. In turn, these contributed towards the formulation of Canada's policy on Sudan by Canada's Interdepartmental Working Group.

A Sector-wide Approach, or SWAp, is an innovative programming approach that contributes to greater aid effectiveness. Support using this approach is directed to comprehensive, locally-owned programs which encompass an entire sector, such as education or health. Partners in a SWAp include local institutions and the donor community, who share a common vision, common objectives and, often, common systems and procedures. CIDA is involved in many SWAps, including in the education sector in Mali, Tanzania, and Uganda, and in the health sector in Bangladesh and Malawi. For example, in November 2002, the Minister renewed support to Tanzania for its basic education plans. The proposed contribution is part of CIDA's commitment to double its investment in basic education in Africa to \$100 million per year by 2005.

CIDA made a commitment to exploring and developing innovative partnerships during 2002-2003. For example, CIDA and the UK's Department for International Development (DFID) participated with the World Bank in a joint mission to define program support for public sector modernization in Jamaica. In Brazil, CIDA and DFID are working in close collaboration; CIDA participated in DFID's annual program review process and DFID is participating in CIDA's program evaluation and review. CIDA is also working with the World Bank on helping individual Brazilian states develop state-level poverty reduction strategies. CIDA also began planning for a trilateral cooperation project between Canada, Brazil and Bolivia. In addition, innovative programming is bringing new partners into the aid program. CIDA's new Indigenous Peoples' Partnership Program is linking Canadian first nations communities with those in other countries

Policy-based Programming and Increased Policy Coherence between CIDA and its Partners

In today's interdependent world, non-aid issues, including international crime, global financial stability, peace and security, trade and debt all have the potential to impact on development. For example, restricting market access and or assessing high subsidies on

agricultural products cost developing countries more in lost export sales than they receive in development assistance. Canada took a major step to solving that problem on January 1, 2003, when it removed all duties and quotas on virtually all imports from least-developed countries.

Many government departments and agencies in Canada are now involved at some level in international projects. Interdepartmental cooperation is as critical as cooperation among international donors. CIDA made a commitment to promote policy coherence within the Government of Canada, and ensures that key issues receive a regular hearing through interdepartmental working groups. CIDA is part of a special task force on the International Policy Framework and plays a major role in the development of Canada's positions for key international conferences such as the G8 Summit in June 2002 and the World Summit on Sustainable Development in September 2002.

CIDA also promoted policy coherence through its partners. For example, the Agency's support for the International Institute for Sustainable Development (IISD) enabled that organization to participate in policy discussions on the environment as it relates to security, poverty and trade. IISD also helped to advance global policy dialogue in international trade and investment, economic policy, climate change and natural resource management.

Sharing knowledge with Canadian partners

Throughout 2002-2003, CIDA worked closely with its Canadian partners to help them increase their capacity to address key development challenges:

- 125 participants improved their knowledge of gender equality through one-day workshops organized by CIDA;
- 120 participants improved their knowledge about how to apply the Canadian Environmental Assessment Act to their programming through one-day workshops organized by CIDA; and
- CIDA co-chaired a learning event with the Canadian Council for International Cooperation on the issue of local ownership, highlighting strategic approaches that are fully directed and owned in developing countries, as well as ways in which Canadian partners promote southern ownership in their programming.

Consensual and Collaborative Partnerships Established between CIDA and its Partners

Building partnerships with developing countries is a complex process. An important aspect of a well-functioning partnership between donors and developing countries is coordination of donor activities and harmonization of aid practices, with the partner country taking the lead wherever possible. In 2002/2003, CIDA was involved in harmonization efforts in a number of countries, including Tanzania, where the Agency is part of a multi-donor program to provide budget support to the government's development plan.

The Inter-American Program is a model for regional programming with its efforts in hemispheric collaboration with the institutions of the Organization of American States

(OAS). Since the Inter-American Program does not have a specific country focus, it has the advantage of concentrating on political coordination on regional issues in the context of the Summit of the Americas and coordinating inter-departmentally with DFAIT. CIDA's participation on management boards of OAS institutions enables it to promote a Summit Agenda founded on poverty reduction and social and democratic development as well as share its expertise in CIDA's areas of concentration through projects such as CIDA's Gender Mainstreaming project.

CIDA is also working to strengthen its partnerships with voluntary sector organizations, and private sector firms, both in Canada and in partner countries.

Finally, CIDA is working to strengthen the international institutions it works with. For example, CIDA has helped the African Development Bank cope with the disturbances in the Côte d'Ivoire, and has worked with the World Food Program to help strengthen its results focus.

4.6.2 Appropriate Sectoral and Thematic Focus

Social Development Priorities

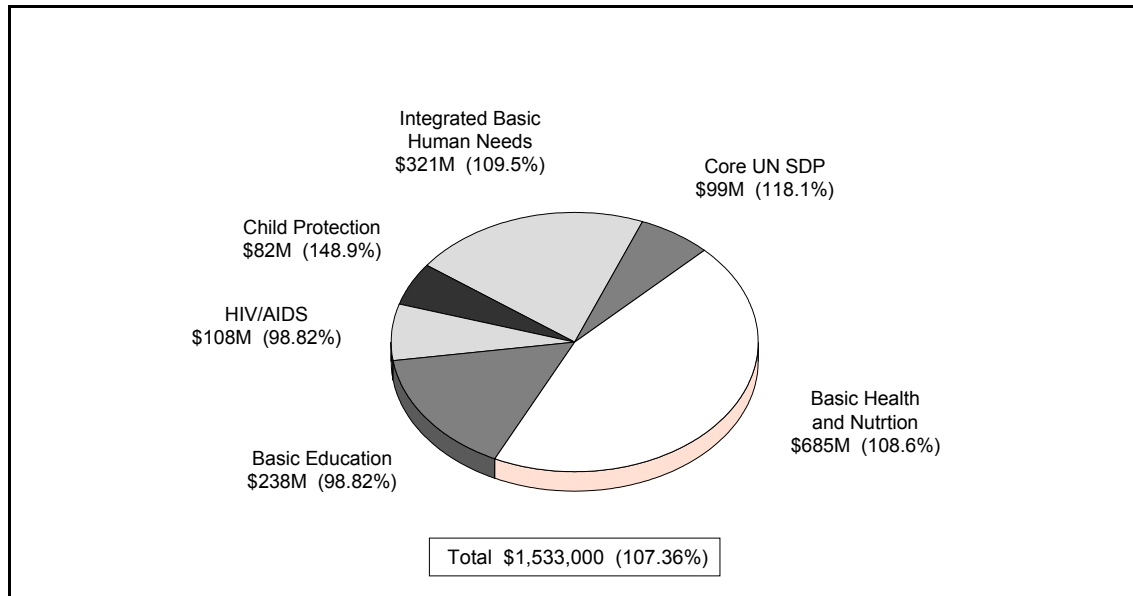
CIDA announced its intention to focus on four Social Development Priorities - basic education, health and nutrition, HIV/AIDS and child protection, with gender equality integrated throughout - in 2000, with a target of doubling spending on health and nutrition and a quadrupling in the other areas by 2005 (see Table 2 and Chart 4). In conformity with CIDA's commitment, all SDP Action Plans, including expected results and indicators, were completed in 2002 and are now well into implementation. The Agency has exceeded its spending targets in the first two years, and many country programs are reflecting this new emphasis.

CIDA also continues to upgrade its own capacity to integrate gender equality into all its programming, providing training courses for staff and partners and keeping them up-to-date by maintaining a website and a listserv. In addition, during 2002-2003, CIDA developed a framework for assessing gender equality results in order to determine whether resources are contributing to results in this area. CIDA also developed a framework for integrating gender equality into programs and projects for its voluntary sector partners and provided guidance and technical assistance to the UN Office for the Coordination of Humanitarian Affairs for the development of a Gender Mainstreaming Action Plan.

Table 2: SDP spending to date (\$M) - FY 2000-01 - 2002-03

	FY 00-01		FY 01-02		FY 02-03		Three-Year Cumulative	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Basic Health and Nutrition	182	220	203	248	248	217	633	685 (108.06%)
Basic Education	49	52	82	81	110	105	241	238 (98.82%)
HIV/AIDS	22	28	36	37	62	43	120	108 (89.13%)
Child Protection	10	23	18	32	27	27	55	82 (148.91%)
Integrated Basic Human Needs	90	91	101	121	101	108	292	321 (109.47%)
Core UN SDP	26	43	26	27	32	29	84	99 (118.10%)
Totals	379	457	466	298	580	528	1,425	1533 (107.36%)

Chart 4: SDP Spending to date



Other Priorities

The Minister launched CIDA's new policy on its *Promoting Sustainable Rural Development through Agriculture*²¹. The Agency also carried out national and international consultations to update its policy on private sector development in 2002-2003, launching the policy in July 2003. Groundwork for a strategy on trade-related capacity building was also laid, and work continued on an update to the policy for environmental sustainability.

The new rural development and agriculture policy sets out specific spending targets to achieve a fivefold increase over the next five years. The objective is to reduce poverty by spurring economic growth in a sector where 70% of the world's poor people earn their livelihoods. Through the Canada Fund for Africa, CIDA also doubled its contributions to the Consultative Group on Agricultural Research (CGIAR)²² for Africa-specific research on agricultural productivity, concentrating on the needs of small-scale farmers and women producers.

CIDA's contribution to CGIAR supported a number of innovative agricultural projects, including 40% in Africa. As an example, New Rices in Africa, which combines the ruggedness of African with the high yields of Asian rice, is transforming Western Africa, reducing the need for expensive rice imports.

CIDA is also responding to current trends and needs in partner countries, such as:

- *war and civil conflict*, by increasing spending in peacebuilding and conflict prevention, with a particular focus on Africa; CIDA is also collaborating with counterparts at the Japanese International Cooperation Agency (JICA) to help develop peacebuilding training, adapting CIDA peacebuilding modules for JICA clientele; and
- *global security*, by continuing to coordinate and collaborate with other government departments in support of international and multinational security operations, particularly in Iraq, Afghanistan, the Middle East and Africa, and on terrorism in general. CIDA was also part of an interdepartmental working group on human security, peacebuilding and civilian police deployment.

²¹ http://www.acdi-cida.gc.ca/cida_ind.nsf/vall/ECE27220C9FA44AF85256C4D006A0B4D?OpenDocument

²² www.cgiar.org

4.6.3 Appropriate Geographic Focus

CIDA's New Countries of Focus

In 2002-2003, CIDA moved rapidly towards expanding and consolidating its work in the poorest countries in Africa. In the February 2003 Budget²³, the Government of Canada pledged to double development assistance by 2010. At least 50% of this increase will go to **Africa**, bringing the total assistance to that continent over the next five years to some \$6 billion.

In keeping with the *Policy Statement on Strengthening Aid Effectiveness*²⁴, CIDA made a commitment to enhance its programming in a selected number of the world's poorest countries. This does not mean that CIDA will be abandoning those in poverty elsewhere, as its support for the multilateral system will continue to provide help for sustainable development and poverty reduction in other countries. In late 2002, CIDA selected an initial group of nine countries where it will focus more resources in a limited number of sectors: Bangladesh, Bolivia, Ghana, Ethiopia, Honduras, Mali, Mozambique, Senegal and Tanzania. These are all low-income countries which have shown a commitment to poverty reduction. They have also demonstrated an ability to use aid effectively, through commitments to improve governance, respect human rights and end corruption.

In addition, there are some countries, like South Africa and Nigeria, whose presence and influence within their regions are so important that they have been designated countries of "regional significance". CIDA is also developing a regional strategic approach that emphasizes building partnerships and generating knowledge on the development challenges of the contemporary Arab world.

²³ <http://www.fin.gc.ca/budtoce/2003/budliste.htm>

²⁴ <http://www.acdi-cida.gc.ca/aideffectiveness>

The Canada Fund for Africa: Enabling results in action

Two years ago, a group of progressive African leaders developed a plan to end Africa's marginalization from the rest of the world. Known as the *New Partnership for Africa's Development (NEPAD)*, this plan reflects the determination by African leaders to take responsibility for their own development, and to invite their international partners to work with them, not for them, to make their vision a reality. That invitation was accepted by the G8 Group of Countries at its Summit in Kananaskis, Alberta, in June 2002, through its Africa Action Plan (AAP). The Canada Fund for Africa is a key component of CIDA's contribution to the AAP.

In pursuit of effective development, the Canada Fund for Africa is based on a series of enabling principles that are seen not only as good development practice but clearly support the principles outlined in the NEPAD. Programming has, therefore, focused on new consensual collaborative partnerships based on a matched commitment between Canada and its African partners.

The Fund has centred its programming on African leadership and ownership of the development process, with emphasis on local capacity building and shared accountability for results. These enabling strategies have been designed to support developmental results with a sectoral and thematic focus reflecting the priorities contained in the NEPAD in the areas of health and HIV/AIDS, sustainable growth, trade and investment, peace and security, digital opportunities, institutions and governance and agriculture and water at both the regional and Pan-Africa levels.

In direct response to NEPAD, which seeks to improve the aid, trade and debt relationships between Africa and the rest of the world and to improve capital flows to the continent, a series of coherent trade initiatives have been put in place, including: the elimination of tariffs and quotas on almost all imports from least developed countries; the completion of a ministerial-led Canadian trade mission to Africa; additional contributions to the HIPC Trust Fund at the World Bank; the cancellation of all official development assistance debts of sub-Saharan African, a commitment to trade-related capacity building; and, the establishment of the Canada Investment Fund for Africa to leverage private sector investment in support of Africa's development. This multi-faceted interdepartmental response underscores the importance Canada places on working cohesively to effectively implement the Africa Action Plan.

Graduating Countries

CIDA's programs in the seven Eastern European countries scheduled to join the European Union in May 2004 - the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland and Slovakia - continue to wind down and the funds are being redirected to Southern Europe, Central Asia and the Southern Caucasus. Meanwhile, CIDA is supporting Poland, Hungary, the Czech Republic and Slovakia as they establish their own development assistance programs. In 2002-2003, CIDA helped them to create mechanisms for working with non-governmental organizations. Also in 2002-2003, "graduation" frameworks were approved for Malaysia, which is expected to end its cooperation relationship in 2003/2004 and Thailand, where the program is expected to end in 2005/2006.

4.6.4 Engaged Canadians

Improved perception of the value, efficiency and effectiveness of the ODA and OA programs.

Canadians' support for foreign aid can be directly linked to their perception of the value, efficiency and effectiveness of Canada's ODA Program.

As indicated in its commitments in the Report on Plans and Priorities in 2002-2003²⁵, CIDA continued to monitor public opinion and perceptions of development assistance during the year. Research activities focused on government priority areas, such as national security, and CIDA was able to benefit from polling information on Afghanistan and Iraq commissioned by other Canadian government departments. In view of the increased interest and programming activity in Africa following the G8 Summit in Kananaskis, Alberta, in June 2002, CIDA developed a Communications Plan to raise awareness among Canadians of the development challenges confronting Africa and the initiatives Canada is funding in response to those challenges.

The implementation of CIDA's *Public Engagement Strategy and Action Plan 1999-2003* neared completion in 2002-2003. The Strategy, which involved initiatives by CIDA and Canadian voluntary sector partners, was designed to gain greater public understanding and increased support for Canada's international assistance programs, and to move Canadians from a state of basic awareness of development cooperation to one of informed action on global issues.

Greater public involvement in international development cooperation.

CIDA continued efforts to better inform Canadian citizens of the value and effectiveness of Canada's development cooperation program. CIDA-supported partners continue to implement activities which target populations in their regions, and in some cases multiple regions of the country. For example, the United Nations Association of Canada (UNAC) developed a bilingual 3-unit workshop called "What kind of World ...?" which has reached and educated over 12,000 youth directly, as well their teachers, school boards, parents and communities.

Youth engagement is also a CIDA priority. As such, CIDA manages the International Youth Internship Program (YIP), which is part of Human Resources Development Canada's Youth Employment Strategy. This program continued to benefit hundreds of interns, sponsoring organizations as well as CIDA by providing career-related international experience for interns and young professionals to sponsoring and host organizations.

Work continued with three major outreach programs — the Global Classroom Initiative, the Journalism and Development Initiative, and the Butterfly 208 program (see box). The Global Classroom Initiative, which funds the development of Canadian educational

²⁵ http://www.tbs-sct.gc.ca/est-pre/20032004/CIDA-ACDI/CIDA-ACDIr34_e.asp

resources for use in schools, was launched in 2001 as a pilot project. It has grown significantly and is currently funding 49 educational projects nation-wide. In addition, under the theme, "Celebrating Canadians Making A Difference in the World", CIDA is engaging Canadians and youth by putting a human face on international development issues, while promoting an aid effectiveness message grounded in results. CIDA also continued to enhance its ability to consult with Canadians, holding very successful consultations on the new policies for private sector development and agriculture and rural development, as well as on a number of CIDA country programs.

One flap, global impact: The Butterfly 208 contest

Last year, CIDA launched *Butterfly 208*, a national art and writing contest for Canadian youth between the ages of 14 and 18. The slogan, "One flap, global impact", is drawn from the idea that a butterfly can flap its wings on one side of the world and the energy it creates can have a huge impact on the other side. The goal of the contest is to interest Canadian youth in international development, to help them realize the human connection they share with people from all the countries of the world, and to challenge them to consider how their actions can affect the rest of the planet.

In 2003, more than 970 young people participated from across Canada, three times the number involved in the 2002 contest. The Butterfly 208 website²⁶ became a popular destination for students, with over 1.2 million hits and 37,400 user sessions. Submissions were highly creative in their analysis of a broad range of issues including child protection, environment, education and health. The theme of this year's contest was Africa and the contest was expanded to include three categories: individual writing, individual art and group. The grand prize winners experienced what life is like in a developing country by visiting Canadian aid projects in Ghana in the summer of 2003.

²⁶ www.bp208.ca

4.7 Management Results

The activities that CIDA uses to manage its programs efficiently and effectively are captured in our management results. These results are mainly internal in nature, but they are especially important in this time of major change.

4.7.1 Human resources

CIDA's *Strategy for Managing its People* has three main priorities: becoming a more knowledge-based and continuous learning organization; improving retention and workplace well-being; and promoting ongoing renewal through recruitment. Among the results CIDA achieved in 2002-2003 are the creation of updated competency profiles for CIDA's senior management, pursuit and evaluation of the Agency's mentoring program, promotion of Employment Equity in the Agency including an updated Action Plan as well as obtaining increased authority from the Public Service Commission for additional authorities to appoint internally, and development of an implementation strategy to sub-delegate staffing authorities to managers. CIDA continued to promote a bilingual workplace and commitment to official languages.

4.7.2 Knowledge Management and Information Management/Technology

CIDA's vision for on-line service is to become an integrated, knowledge-based organization by 2004, facilitating collaborative work with strategic partners and sharing its own knowledge and experience. In addition to routine upgrading of hardware and software, the Agency achieved the following results in 2002-2003:

- e-Business: a restructured Internet site with standardized and expanded content related to Agency programs and priorities; an online proposal submission form ready for testing; continuing work on developing an online project management tool, common contracting templates, and automated financial processes;
- e-Collaborative: CIDA increased the number and functionality of web-based collaboration spaces used by staff, partners and the public to explore issues, share knowledge and consult, including the Partners Forum and the Field Reps Forum; collaboration has been made easier through implementation of such solutions as videoconferencing, e-consultation guidelines and procedures; and
- e-Human Resource Transformation: Automation of HR processes progressed; an Employment Equity intranet site was developed.

CIDA also made considerable progress on learning and knowledge sharing, launching a Continuous Learning Campus intranet site, establishing an e-lessons data base and providing other tools to staff to help them become part of a continuous-learning, knowledge-based organization (see box).

CIDA's Knowledge Management Plan

The Agency made considerable progress on learning and knowledge sharing in 2002-2003 as it continued to implement its Knowledge Management Plan. Among the key results are:

- ***Management skills:*** updated competency profiles for Executive (EX) level managers which include management of knowledge resources as a key competency
- ***Human resources:*** new qualifications reflecting knowledge management for recruitment, posting and redeployment of all staff
- ***Better business practices:*** a guide to all development information available on the CIDA intranet site is on line
- ***Tools and systems:***
 - specialists and analysts now work together as stewards of corporate knowledge
 - the Knowledge Network Pilot project was evaluated
 - an electronic Mission Directory on line to give field staff the opportunity to share their expertise with headquarters

4.7.3 Strategic planning

CIDA is transforming its corporate planning, budgeting and reporting processes to ensure that its resources are allocated to strategic priorities. This is particularly relevant as CIDA implements the 8% annual growth in the ODA budget in the coming year.

As a result of CIDA's review of its operating budget, budgeting processes have been rigorously structured and integrated, and financial data management and reporting have been improved to help managers allocate resources as needed. Planning and reporting on this linkage, which began with the Departmental Report on Plans and Priorities in 2002, continues to improve. An Operating Budget Review Committee is now monitoring allocations in the 2003-2004 budget monthly.

Section V - Review: Performance Measurement, Evaluation and Internal Audit

5.1 Results-Based Management and Performance Measurement

Performance Measurement focuses on tracking financial and non-financial resources, risks and progress made towards intended results. It enables CIDA to better measure and assess its development interventions from a country perspective, foster dialogue among all stakeholders around continual performance measurement, and enhance decision-making and results reporting.

CIDA has taken positive steps towards strengthening results management at the project and program levels and linking the two levels more effectively through two reviews. Key findings were similar in both reviews, and they support the need for CIDA to better integrate project, program and Agency-wide results (see box).

Review of Current RBM and Accountability Practices at CIDA and the Operational Review of the Project/Program Performance Report

Each review found that RBM has made a practical and positive difference in how CIDA and its partners manage development initiatives, especially in the design and planning stage. Additional improvement requires that participants use the indicators agreed upon during the planning process. Tensions exist between the use of RBM as strictly a compliance mechanism and as a dynamic, learning-based management approach.

It is fundamental that local partners take ownership and responsibility for results if development initiatives are to succeed. Shared accountability for results requires a new support and accompaniment role for CIDA based on negotiation, participation and direct capacity-building with partners. Resources, time and incentives are required to develop partner-driven performance logic and to forge a collective vision for results. As the assessment of results continues to become a collective process at the outcome level, results can no longer be directly and easily attributed to CIDA investment.

A tool integrating results-based management into country programming documents has been developed. The Performance Measurement Framework focuses on setting longer- and medium-term outcome results that are grounded in the developing country poverty reduction strategy or national development plan and international development goals.

5.2 Evaluation

The driving force behind evaluations at CIDA is **learning** — about the results and benefits that are being achieved by programs, how these results and benefits are contributing to the Agency's overall goals and objectives, and why initiatives have or have not been successful. The evaluation process is also one of the management practices in place at CIDA which leads to continuous improvement within the Agency. Four country-program evaluations were carried out during 2002-2003: Hungary: The Transition Challenge; Indonesia Environmental Program Review; a Joint Review of the CIDA-South Africa Program; and the Canadian Cooperation Program in Haiti (see box).

Corporate Evaluation of the Canadian Cooperation Program in Haiti

The corporate review assessed the results of CIDA programming and identified lessons related to cooperation with a country in crisis. Extensive studies were conducted in order to determine the relevance, efficiency and effectiveness of the Canadian contribution to poverty reduction in Haiti. Total disbursements were approximately \$273 million for the period 1994-2002.

The bilateral program had three distinct phases, initially focusing on the provision of basic human needs (emergency assistance and reconstruction), followed by assistance to governance of public institutions and then supporting civil society to strengthen programs for poverty reduction. Tangible results relating to the three phases include: a large number of short-term jobs in labour-intensive infrastructure activities; training of new policemen and provision of technical assistance through the Canadian RCMP; and distribution of electricity to more than 6,000 clients 24 hours a day.

Over the period being reviewed, the program made a positive contribution to poverty reduction in Haiti. However, the sustainability of the Agency's interventions in Haiti are very fragile given the volatile environment. Future programming must focus on the needs of the most vulnerable, continue to support the strengthening of civil society and reinforce coordination with other donor partners. Working with civil society and donor partners ensures that support is tailored to meet local needs and that more realistic targets for achieving the millennium development goals are set. Efforts aimed at continuing policy dialogue and supporting sound development initiatives with the governments of countries in crisis should also be maintained.

In 2002, CIDA was the subject of a peer review by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development, and one of the questions raised in the review related to the Agency's responsive programming with Canadian partners. The institutional evaluation of the Canadian Catholic Organization for Development and Peace (see box), a key Canadian partner for CIDA, has helped to respond to this point. It demonstrates that in developing countries where governance is weak, Canadian partners are the best channel available to reach the poor and, through their local partners, to reinforce civil society.

Institutional Evaluation of Development and Peace

The Canadian Catholic Organization for Development and Peace (D&P) fosters local ownership in the world's poorest communities, encourages individuals to participate in the democratic process and empowers communities to manage their own development.

This institutional evaluation covered the period 2000-2003. It analyzed the results achieved by D&P in some of its programs in Africa and the Americas and looked at their contribution to the principles of aid effectiveness. Examples of program results include the development of an agricultural diversification plan by 80 families in Honduras; the mobilization of 350 leaders in 14 municipalities in El Salvador; and the implementation of agricultural support activities for 375 peasants in Guatemala.

D&P is a good example of an organization that can make important contributions to increasing the effectiveness of development cooperation. It has a clear, focused vision committed to social justice and the poor. Its capacity to question and learn has enabled it to adapt to new challenges. Future programming that concentrates on building stronger institutional partnerships and capacity development for results will further improve D&P's effectiveness.

Through joint evaluations, CIDA has played a constructive role in orienting the direction of strategic and large-scale evaluations, overseeing the quality of the evaluation and its products, and building valuable relationships with other donor agencies. During the past year, CIDA participated in three multi-donor evaluations including UNAIDS, the Multi-Partner Evaluation of the Comprehensive Development Framework and the Joint Evaluation of External Support to Basic Education (See Box). The latter highlights the progress being made by the Agency in terms of coordination with other donors and the harmonization of processes and procedures through multi-donor evaluations.

Joint Evaluation of External Support to Basic Education in Developing Countries

This evaluation was commissioned by a consortium of thirteen supporting organizations with the participation of four developing countries — Bolivia, Burkina Faso, Uganda and Zambia. The report highlights the sustained agreement within the international community (including external agencies and national partners) on the components and goals of basic education but points out that although focus has been placed on formal primary education, funding from external agencies has not kept pace with expectations or implied commitments.

It also notes that external agencies have made considerable efforts to strengthen partnerships with national partners. However, the inclusion of civil society and key stakeholders in dialogue concerning large-scale programs is needed in order to increase the political support and community commitment needed to sustain the program.

Despite these drawbacks, external funding has contributed to major increases to access and enrollment in basic education in the four countries. With the major influx of new students into the schools, the challenge now is to ensure that the quality of basic education remains high.

5.3 Internal Audit

Internal audit supports the governance of CIDA by providing assurance information on CIDA's performance and accountability. This includes financial and non-financial information. In focusing on country and/or programs, this function reflects CIDA's strategic directions and supports the Sustainable Development Strategy, which sets the framework for allocating resources and for accountability to Canadians. The examples provided demonstrate the importance CIDA places on the effective delivery of our programs.

The security audit (see box) aids in the improvement of management practices. It also highlights steps taken by CIDA to ensure that its information management and technology systems support the achievement of its priorities, effective interaction with partners and public information needs. The audit was conducted in order to determine whether an appropriate and effective framework governing security access had been designed, implemented and is being maintained. It concluded that AIS security must be planned, managed and monitored in a thorough manner in order to ensure that the system is efficiently and effectively protected from unauthorized access or unintended processing.

Security Audit

The audit of SAP Security focused specifically on the assignment of system access profiles/activity groups to Agency users. The purpose was to ensure that the access privileges granted to users are consistent with job roles that have been assigned to them in their daily work. The main evaluation findings indicate that an adequate control framework exists for mitigating the inherent risk of end-user activity in the SAP system.

However, further work is recommended to strengthen the existing control framework. While access was generally granted to Agency information system (AIS) users based on business needs and was assigned consistently with documented activity groups, several exceptions persist which impact on the integrity of the security processes. The control framework for monitoring and reporting of security risks on an ongoing basis was found to be insufficient to meet security and management needs.

At the time of the audit, an AIS security policy was developed in draft form. The approval of this policy and procedures will ensure that AIS access is granted consistently throughout the Agency and that responsibilities for granting access are clearly defined and assigned to the appropriate individuals.

The Canadian Environmental Assessment Act (CEAA) ensures that the environmental effects of Canadian federal government projects receive careful consideration. An internal audit conducted in 1999-2000 regarding CIDA's implementation of the Act revealed considerable non-compliance by program branches and new CIDA procedures came into effect in June 2000. A follow-up audit favourably outlined the steps CIDA took to improve management practices and ensure compliance with the CEAA (see box).

Follow-up Audit of the Canadian Environmental Assessment Act

The 2003 audit focuses on compliance and management issues. The investigation of these elements provides a high level of assurance that CIDA is operating in compliance with the CEAA since new management procedures came into effect in June 2000. Non-compliance to the act typically results from lack of training and can be improved by teaching staff how to do an EA (Environmental Assessment) or a PEA (Preliminary Environmental Assessment) in a fast and effective manner in clear-cut cases. A recommendation was also made to the Policy Branch to approach the Canadian Environmental Assessment Agency with recommended thresholds on environmental assessments for small, routine projects outside Canada with the intent to modify the exclusion list regulations and simplify the whole process.

5.4 Challenges

CIDA is an organization in continual adaptation and improvement. Many of the above lessons were learned over several years and the Agency has been adapting its practices in response. A number of them are reflected in the new directions the Agency is taking. These directions were recently published in CIDA's Report on Plans and Priorities 2003-2004 and they include:

- **Increasing investment in a select group of countries;**
- **Increasing the focus on Africa;**
- **Increasing investments in agriculture/rural development and private-sector development;**
- **Measuring results; and**
- **Continuing internal business transformation.**

Implementing the principles of aid effectiveness, and moving in the new directions outlined above, mean significant changes in the way that CIDA operates. Over the next three years, CIDA will continue to transform itself into a more flexible knowledge-based organization, working more closely across different program areas and fully internalizing the results-based management culture and approach. A significant challenge for CIDA is

measuring results. The lack of well established data gathering systems in developing countries makes the data available often scattered and inaccurate. The question of attribution of results is also difficult due to the complexity of the socio-economic environment and the number of donor agencies involved in a given country. CIDA keeps developing tools to measure results more accurately and focuses also on increasing communication and coordination between donors as this is essential to better result management. Another ongoing challenge for CIDA will be to continue to raise public awareness of its activities as the level of aid increases, yet becomes less identifiably Canadian as CIDA participates in more joint activities with other donors.

This broad-based transformation includes:

- continuing to concentrate its investments in fewer sectors in which the Agency is involved;
- acquiring and sharing an enhanced knowledge of development in general and of specific country contexts;
- developing an increased capacity for policy analysis and dialogue;
- promoting coherence between aid and non-aid policies;
- making the transition from directive, controlled programming focused on projects to a programming approach which responds to the expressed needs of developing country partners; and
- enhancing partnerships and multi-donor coordination and cooperation.

As we apply the lessons learned, we will strengthen our own organization, and improve our effectiveness in development cooperation.

Annex I - Financial Performance

Financial Summary Tables

The summary financial information provided in the following tables is intended to show:

- what the plan was at the beginning of the year;
- what additional spending Parliament has approved through Supplementary Estimates to reflect changing priorities and unforeseen events (Total Authorities); and
- what was actually spent (2002-03 Actuals as presented in Public Accounts).

Table 3: Summary of Voted Appropriations

Vote (thousands of dollars)	Planned Spending 2002-03	Total Authorities 2002-03	Actual 2002-03
Canadian International Development Agency			
Budgetary			
20b Operating expenditures	186,443	212,006	204,469
25b Grants and contributions	1,552,931	1,756,837	1,755,854
(S) Minister for International Co-operation - Salary and motor car allowances	65	67	67
(S) Payments to the International Financial Institution Fund Accounts	201,900	242,747	242,747
(S) Contributions to employee benefit plans	18,358	20,779	20,779
(S) Spending of proceeds from the disposal of surplus Crown assets	0	9	9
(S) Loss for Revaluation year end	0	86,107	86,107
(S) Collection Agency fees	0	1	1
Total Budgetary	1,959,697	2,318,553	2,310,032
Non-budgetary			
L30b Issuance of notes to the International Financial Institution Fund Accounts	0	187,488	187,412
L35a Payment and issuance of notes to International Financial Institutions - Capital Subscriptions	4,440	4,480	4,480
(S) Payments to International Financial Institutions - Capital Subscriptions	6,352	6,402	6,385
Total Non-budgetary	10,792	198,370	198,277
Total Agency	1,970,489	2,516,923	2,508,309

Table 4: Comparison of Total Planned to Actual Spending in 2002-03

(millions of dollars)	FTEs	Operating	Capital	Contributions	Voted Grants & Expenditures	Subtotal: Gross Voted Expenditures	Other Transfer Payments	Total Gross Expenditures	Less: Respendable Revenue (1)	Total Net Expenditures
Business Lines										
Geographic Programs (Total Authorities)	550	68.5	0.0	861.6	930.1	930.1	0.0	930.1	0.0	930.1
(Actuals)	550	63.6	0.0	763.4	827.0	827.0	0.0	827.0	0.0	827.0
Multilateral Programs (3) (Total Authorities)	66	8.0	0.0	308.2	316.2	316.2	201.9	518.1	0.0	518.1
(Actuals)	66	95.2	0.0	571.4	666.6	666.6	242.7	909.3	0.0	909.3
Canadian Partnership (Total Authorities)	72	95.2	0.0	571.3	666.5	666.5	242.7	909.3	0.0	909.3
(Actuals)	151	20.2	0.0	253.8	274.1	274.1	0.0	274.1	0.0	274.1
Countries in Transition (Total Authorities)	164	16.8	0.0	302.6	319.5	319.5	0.0	319.5	0.0	319.5
(Actuals)	96	10.1	0.0	125.0	135.1	135.1	0.0	135.1	0.0	135.1
Communications (Total Authorities)	96	11.4	0.0	114.9	126.3	126.3	0.0	126.3	0.0	126.3
(Actuals)	103	11.1	0.0	114.9	126.0	126.0	0.0	126.0	0.0	126.0
Policy (Total Authorities)	49	7.2	0.0	4.3	11.5	11.5	0.0	11.5	0.0	11.5
(Actuals)	49	9.9	0.0	4.4	14.3	14.3	0.0	14.3	0.0	14.3
Corporate Services (Total Authorities)	131	19.2	0.0	0.0	19.2	19.2	0.0	19.2	0.0	19.2
(Actuals)	360	69.4	0.0	0.0	69.4	69.4	0.0	69.4	0.0	69.4
(Actuals)	298	97.9	0.0	0.0	102.9	102.9	0.0	102.9	0.0	102.9
Total (Budgetary)	1,403	204.9	0.0	1,552.9	1,757.8	1,757.8	201.9	1,959.7	0.0	1,959.7
(Total Authorities)	1,403	319.0	0.0	1,756.8	2,075.8	2,075.8	242.7	2,318.6	0.0	2,318.6
(Actuals)	1,564	311.4	0.0	1,755.9	2,067.3	2,067.3	242.7	2,310.0	0.0	2,310.0
Other Revenues and Expenditures										
Non-Respendable Revenues (2) (Total Authorities)										0.0
(Actuals)										0.0
Cost of services provided by other departments (Total Authorities)										21.3
(Actuals)										18.2
Net Cost of Program (Total Authorities)										20.7
(Actuals)										20.7
Net Cost of Program (Total Authorities)										1,977.9
(Actuals)										2,339.2
										2,352.0

1. These revenues were formerly called "Revenues Credited to the Vote".
2. These revenues were formerly called "Revenues Credited to the Consolidated Revenue Fund".
3. Multilateral expenditures include \$86 million due to loss for revaluation at year-end.

Table 5: Historical Comparison of Total Planned to Actual Spending

(millions of dollars)	Actual 2000-01	Actual 2001-02	Planned Spending 2002-03	Total Authorities 2002-03	Actual 2002-03
Budgetary					
Geographic Programs	680.7	763.9	930.1	827.0	824.0
Multilateral Programs	947.4	800.6	518.1	909.3	909.3
Canadian Partnership	289.3	291.9	274.1	319.5	319.5
Countries in Transition	137.2	131.6	135.1	126.3	126.0
Communications	10.5	11.6	11.5	14.3	14.3
Policy	10.3	13.5	21.4	19.2	19.0
Corporate Services	65.3	68.9	69.4	102.9	97.9
Total Budgetary	2,140.6	2,082.0	1,959.7	2,318.6	2,310.0
Non-budgetary					
Multilateral Programs (1)	8.4	12.2	10.8	10.9	10.9
Total Agency	2,149.0	2,094.2	1,970.5	2,329.5	2,320.9

1. Includes payments to International Financial Institutions - Capital Subscriptions only.

Table 6: Resource Requirements by Organization and Business Line in 2002-03

(millions of dollars)	Geographic Programs	Multilateral Programs*	Canadian Partnership	Countries in Transition	Communications	Policy	Corporate Services	Total
CIDA								
VP Africa & Middle East	409.7							409.7
<i>(Total Authorities)</i>	368.3							368.3
(Actuals)	367.3							367.3
VP Asia	330.2							330.2
<i>(Total Authorities)</i>	292.7							292.7
(Actuals)	290.9							290.9
VP Americas	190.2							190.2
<i>(Total Authorities)</i>	166.0							166.0
(Actuals)	165.8							165.8
VP Multilateral Programs		518.1						518.1
<i>(Total Authorities)</i>		909.4						909.4
(Actuals)		909.3						909.3
VP Canadian Partnership			274.1					274.1
<i>(Total Authorities)</i>			319.5					319.5
(Actuals)			319.5					319.5
VP Central and Eastern Europe				135.1				135.1
<i>(Total Authorities)</i>				126.3				126.3
(Actuals)				126.0				126.0
DG Communications					11.5			11.5
<i>(Total Authorities)</i>					14.3			14.3
(Actuals)					14.3			14.3
VP Policy						21.4		21.4
<i>(Total Authorities)</i>						19.2		19.2
(Actuals)						19.0		19.0
Agency Executive							5.3	5.3
<i>(Total Authorities)</i>							7.3	7.3
(Actuals)							7.2	7.2
VP Human Resources and Corporate Services							35.7	35.7
<i>(Total Authorities)</i>							50.8	50.8
(Actuals)							46.0	46.0
CIO Information Management & Technology							24.9	24.9
<i>(Total Authorities)</i>							39.1	39.1
(Actuals)							39.0	39.0
DG Performance Review							3.6	3.6
<i>(Total Authorities)</i>							5.7	5.7
(Actuals)							5.7	5.7
Total	930.1	518.1	274.1	135.1	11.5	21.4	69.4	1,959.7
<i>(Total Authorities)</i>	827.0	909.4	319.5	126.3	14.3	19.2	102.9	2,318.6
(Actuals)	824.0	909.3	319.5	126.0	14.3	19.0	97.9	2,310.0
% of Total (Actuals)	35.7%	39.4%	13.8%	5.5%	0.6%	0.8%	4.2%	100.0%

* The non-budgetary portion of the Multilateral Programs is not included.

Table 7: Non-Respendable Revenues⁽¹⁾

(millions of dollars)	Actual 2000-01	Actual 2001-02	Actual 2002-03
Unplanned	95.4	38.5	21.3

1. These revenues were formerly called "Revenues Credited to the Consolidated Revenue Fund".

Table 8: Statutory Payments

(millions of dollars)	Actual 2000-01	Actual 2001-02	Planned Spending 2002-03	Total Authorities 2002-03	Actual 2002-03
Multilateral Programs	412.1	199.8	201.9	242.7	242.7

Table 9a: Transfer Payments by Class of Grants and Contributions

CIDA grants, contributions and other transfer payments of \$1,998.6 million account for 86.5% of CIDA's total expenditures. Further information is given below.

Details of Transfer Payments

(thousands of dollars)	Actual 2000-01	Actual 2001-02	Planned Spending 2002-03	Total Authorities 2002-03	Actual 2002-03
Grants					
Development assistance to international development institutions and organizations for operations and general programs as well as specific programs and projects, to international financial institutions	224,902	222,992	78,789	333,444	333,354
Programming against hunger, malnutrition and disease through international development and nutritional institutions, international non-governmental organizations or the International Development Research Centre for the benefit of recipients in developing countries	107,341	208,349	93,658	128,245	128,245
Humanitarian assistance or disaster preparedness to countries, their agencies and persons in such countries, and to international institutions and Canadian and international non-governmental organizations for operations and general programs and specific programs, projects, activities and appeals	113,052	134,897	92,697	152,081	152,078
Grants to Canadian, international, regional and developing-country institutions, organizations and agencies, developing-country governments, their organizations and agencies, to provincial and municipal governments, their organizations and agencies in support of development co-operation and development education programs and to international non-governmental organizations in support of development assistance programs, projects and activities	45,193	30,922	76,743	38,627	38,626
Development assistance as education and training for individuals	7,720	8,079	7,776	7,991	7,991
Grant to Jamaica	0	20,000	0	0	0
Total Grants	498,208	625,239	349,663	660,388	660,294

Details of Transfer Payments (cont'd)

(thousands of dollars)	Actual 2000-01	Actual 2001-02	Planned Spending 2002-03	Total Authorities 2002-03	Actual 2002-03
<u>Contributions</u>					
Development assistance, including payments for loan agreements issued under the authority of previous Appropriation Acts, to developing countries and their agencies and institutions in such countries and contributions to Canadian, other donor country, international and regional institutions, organizations and agencies, to provincial governments, their organizations and agencies, and to Canadian private-sector firms in support of regional and country specific development projects, programs and activities	613,285	628,692	802,564	617,998	617,158
Contributions for co-operation with countries in transition in Central and Eastern Europe and the former Soviet Union	126,579	119,735	122,511	103,510	103,479
Development assistance to international development institutions and organizations for operations and general programs as well as specific programs and projects, to international financial institutions	739	241	100	463	463
Programming against hunger, malnutrition and disease through international development institutions, international non-governmental organizations or the International Development Research Centre for the benefit of recipients in developing countries	37,622	20,895	100	63,664	63,664
Contribution to the Inter-American Development Bank	1,233	1,280	1,300	1,144	1,144
Programming against hunger, malnutrition and disease through developing countries, their agencies and persons in such countries, Canadian non-governmental organizations or development institutions for the benefit of recipients in developing countries	51,422	60,094	103,372	42,589	42,585
Humanitarian assistance or disaster preparedness to countries, their agencies and persons in such countries, and to international institutions and Canadian and international non-governmental organizations for operations and general programs and specific programs, projects, activities, and appeals	9,464	8,462	100	5,772	5,761
Contributions to Canadian, international, regional and developing-country institutions, organizations and agencies, developing-country governments, their organizations and agencies, to provincial and municipal governments, their organizations and agencies in support of development co-operation and development education programs and to international non-governmental organizations in support of development assistance programs, projects and activities	179,468	186,592	112,935	193,436	193,436

Details of Transfer Payments (cont'd)

(thousands of dollars)	Actual 2000-01	Actual 2001-02	Planned Spending 2002-03	Total Authorities 2002-03	Actual 2002-03
Incentives to Canadian, international and developing-country private investors, institutions, organizations, and governments in support of industrial cooperation programs, projects and activities	47,142	53,535	55,979	63,433	63,433
Contributions to Canadian or international communications organizations, other federal, provincial or municipal governments, broadcasters and producers, other donor governments and institutions in support of the development information program involving the production and dissemination of development information, educational materials and related activities	3,308	3,134	4,307	4,440	4,436
Total Contributions	1,070,262	1,082,660	1,203,268	1,096,449	1,095,559
<u>Other Transfer Payments</u>					
(S) Encashment of notes issued to the development assistance funds of the international financial institutions in accordance with the <i>International Development (Financial Institutions) Assistance Act</i>	412,060	199,834	201,900	242,747	242,747
Total Other Transfer Payments	412,060	199,834	201,900	242,747	242,747
Total	1,980,530	1,907,733	1,754,831	1,999,584	1,998,600

Table 9b: Transfer Payments by Activity

(millions of dollars)	Actual 2000-01	Actual 2001-02	Planned Spending 2002-03	Total Authorities 2002-03	Actual 2002-03
Grants:					
Geographic Programs	14.4	78.4	59.0	142.4	142.4
Multilateral Programs	430.3	507.2	203.2	461.1	461.1
Canadian Partnership	53.3	39.4	84.9	46.5	46.5
Countries in Transition	0.3	0.3	2.5	10.3	10.3
Corporate Services	0.0	0.0	0.0	0.0	0.0
Total Grants	498.2	625.2	349.7	660.4	660.3
Contributions:					
Geographic Programs	618.2	632.5	802.6	621.0	620.2
Multilateral Programs	95.9	85.9	105.0	110.3	110.3
Canadian Partnership	224.1	239.1	168.9	256.1	256.1
Countries in Transition	128.4	121.4	122.5	104.6	104.6
Communications	3.8	3.8	4.3	4.4	4.4
Total Contributions	1,070.3	1,082.7	1,203.3	1,096.4	1,095.6
Other Transfer Payments:					
(S) Multilateral Programs	412.1	199.8	201.9	242.7	242.7
Total Other Transfer Payments	412.1	199.8	201.9	242.7	242.7
Total Transfer Payments	1,980.5	1,907.7	1,754.8	1,999.6	1,998.6

Table 10: Loans, Investments and Advances

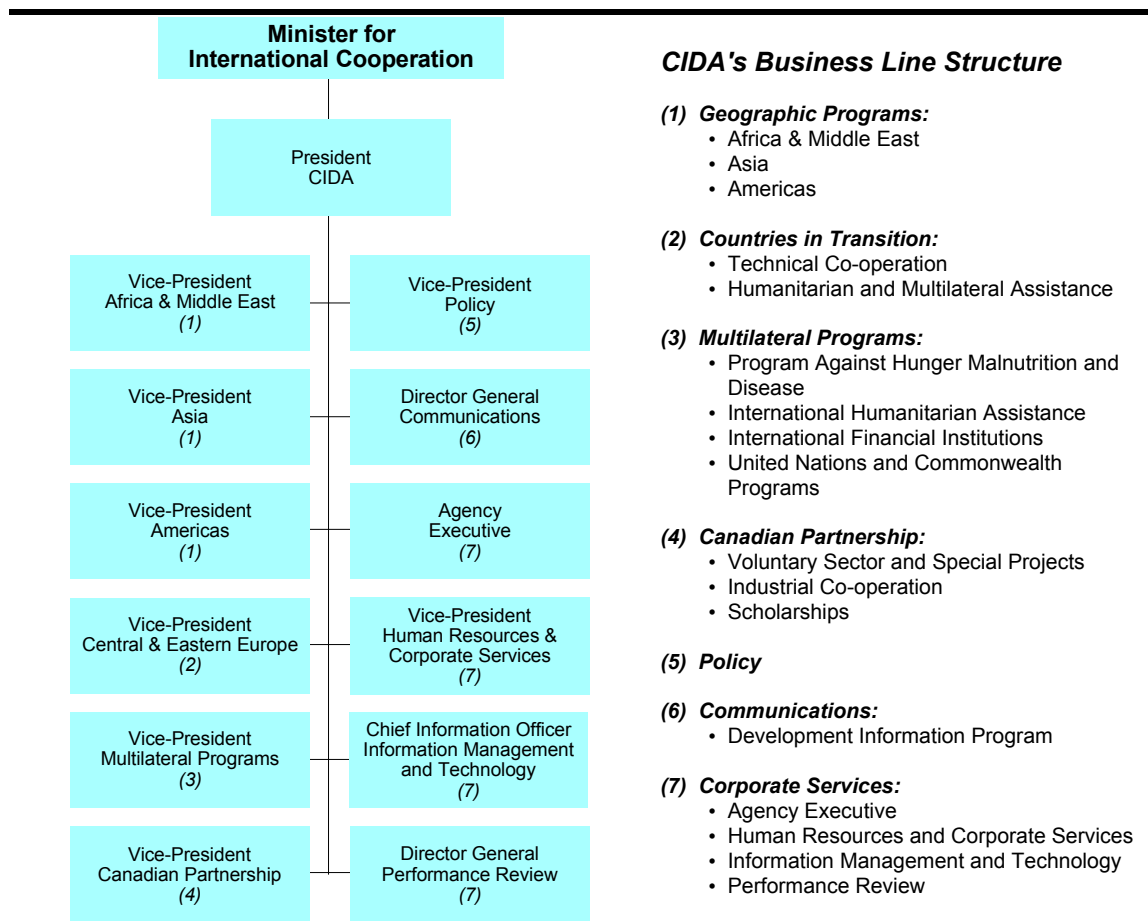
(millions of dollars)	Actual 2000-01	Actual 2001-02	Planned Spending 2002-03	Total Authorities 2002-03	Actual 2002-03
Multilateral Programs:					
Payments to International Financial Institutions - Capital Subscriptions (L35)	4.5	4.5	4.4	4.5	4.5

Table 11: *Contingent Liabilities*

(thousands of dollars)	Amount of Contingent Liability		
	March 31 2001	March 31 2002	Current as of March 31 2003
Claims for damages			
- Perera R.	3,000		
Claims for breach of contract			
- Canadian Ocean Research Associates (CORA)	2,950	40	2,950
- Jangor Corporation	164	164	164
Total Contingent Liabilities	6,114	204	3,114

Annex II: CIDA Organization Chart and Business Lines

Chart 5: CIDA Organization Chart and Business Lines Structure



Geographic Programs - Three Geographic Branches - responsible for country-to-country programs in Africa and the Middle East, Asia, and the Americas respectively - enable the Government of Canada to plan and execute international cooperation activities through direct links with governments and organizations in developing countries.

Countries in Transition - Canada's Countries in Transition Program is delivered through the Central and Eastern Europe Branch. The Program supports democratic development and economic liberalization in the countries of Central, South and Eastern Europe, the Southern Caucasus and Central Asia, by building mutually beneficial partnerships.

Multilateral Programs - Multilateral Programs Branch is responsible for managing Canada's global development programs through Branch participation in multilateral

development institutions and through targeted programming focussed on core concerns such as emergency relief or health and nutrition.

Canadian Partnership - CIDA's Canadian Partnership Program supports development projects and programs that are designed and implemented by Canadian voluntary sector organizations and private sector firms, in cooperation with their counterpart organizations in developing countries. Canadian Partnership Branch shares the costs of partners' projects and programs, mobilizes partners' development knowledges, experience and creativity, and often leverages other sources of funding for development partnerships.

Policy - Policy Branch leads policy research and analysis to support and guide the Agency's transformation into a knowledge-based and more effective international cooperation Agency. This policy role also includes positioning CIDA on the international cooperation agenda and on the Canadian government policy agenda. The Branch takes the lead in managing Canada's International Assistance Envelope (IAE).

Communications - Communications Branch responds to the communication needs of the Minister for International Cooperation and of the Agency as a whole. The Branch also seeks to improve public awareness of, and support for, the work of CIDA and its development partners.

Corporate Services - The objective of Corporate Services is to ensure that the Agency has the necessary support services for efficient and effective achievement of international assistance program objectives through the Agency Executive and the Human Resources and Corporate Services, Performance Review, and Information Management and Technology Branches.

CIDA supports development activities in three ways:

- Responsive programming, which supports initiatives designed and delivered by its partners that fall within its mandate;
- Directed programming, in which CIDA plays a major role in designing and managing development activities itself; and
- Core funding, a non-project approach in which CIDA supports organizations whose mandates reflect CIDA's own

Annex III: Principles of Aid Effectiveness

The principles of effective development are best articulated in a document published in 1996 by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), *Shaping the 21st Century: The Contribution of Development Assistance* and are summarized below:

- Local ownership, which means that development strategies, if they are to be sustainable, must be developed by recipient countries -- their government and people -- and they must reflect their priorities, rather than the priorities of donors;
- Improved donor coordination, with recipient countries bearing the main responsibility for coordinating their development cooperation with other countries and institutions;
- Stronger partnerships, through the development of compacts that would identify the responsibilities of developing countries and their external partners, as well as those shared by all;
- A result-based approach, with improved monitoring and evaluation of the development process; and
- Greater coherence in the non-aid policies of industrialized countries that can have profound effects on the developing world.

In addition to these principles, three other factors are of central importance to the effective use of aid investments:

- Governance provides the broad setting for development and its quality has a profound effect on development success and aid effectiveness.
- Enhanced capacity- in public and private sectors- is also critical to sustainable development. It is necessary for developing countries to engage effectively in international trade and in the development of multilateral environmental agreements.
- Participatory processes, particularly those engaging civil society and the people expected to benefit, are essential to establishing clear, locally owned priorities for development cooperation.

Annex IV: The Millennium Development Goals

In September, 2001, the countries of the world met in special session at the UN General Assembly and endorsed the Millennium Development Goals (MDGs). Canada is a strong supporter of these goals, and our contributions to achieve them form the core of our development assistance program. They are:

Eradicate poverty and hunger: halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day; halve, between 1990 and 2015, the proportion of people who suffer from hunger;

Achieve universal primary education: ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling;

Promote gender equality and empower women: eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015;

Reduce child mortality: reduce by two-thirds, between 1990 and 2015, the under-five mortality rate;

Improve maternal health: reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio;

Combat HIV/AIDS, malaria and other diseases: halt by 2015, and begin to reverse, the spread of HIV/AIDS. Halt by 2015, and begin to reverse, the incidence of malaria and other major diseases;

Ensure environmental sustainability: integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources. Halve, by 2015, the proportion of people without sustainable access to safe drinking water. By 2020, achieve a significant improvement in the lives of at least 100 million slum dwellers;

Develop a Global Partnership for Development: develop further an open, rule-based predictable, nondiscriminatory trading and financial system. Address the special needs of the least developed countries. Address the special needs of landlocked countries and small island developing states. Deal comprehensively with the debt problems of developing countries through national and international measure in order to make debt sustainable in the long term. In cooperation with developing countries, design and implement strategies to create decent and productive work for youth. In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries. In cooperation with the private sector, make available the benefits of new technologies, especially in information and communications.

Annex V - Consolidated Reporting

Procurement and Contracting

1. Role played by procurement and contracting in delivering programs.

Procurement and contracting play an important role in helping to fulfil CIDA's mandate as the lead federal government agency responsible for delivering Canada's Official Development Assistance and Official Assistance. The mandate is to support sustainable development in developing countries in order to reduce poverty and to contribute to a secure, prosperous and equitable world. There are two main programming mechanisms used to deliver assistance: the directive mechanism initiated by CIDA and the responsive mechanism initiated by development partners. Assistance is provided in the form of goods and/or services delivered to developing countries through contracts, contributions and grants and in the form of services provided through contribution and grant agreements and through contracts.

2. Department's audits and evaluations of procurement practices.

CIDA's Internal Audit Division conducted a follow-up audit on ACAN and sole sourced contracts to the audit conducted in 2000 by the Office of the Auditor General. The CIDA audit was completed in the Fall, 2002 and the results are described in this DPR under section 5.3 Internal Audit.

3. Progress and new initiatives enabling effective and efficient procurement practices.

- Continued participation in the Government-on-Line project "Electronic Supply Chain" which seeks to provide an electronic goods and services procurement mechanism
- Developed a corporate contracting training program and began delivery of courses
- Prepared a guide for managers in the field on contracting using the local cost mechanism
- Prepared the first draft of the guide for managers on grant agreements and a generic corporate grant agreement template
- Prepared a guide on planning and conducting bidders' conferences
- Prepared a guide for CIDA managers for preparing Advance Contract Award Notices (ACANs) and a generic template

4. Internet links and/or Web site addresses.

The following Internet addresses provide further information about CIDA's procurement and contracting regime:

- Your Guide to Working with CIDA (<http://www.acdi-cida.gc.ca/contractinginfo.htm>) assists in the identification of opportunities to work with CIDA. It also provides an overview and useful links relating to CIDA's contracting regime, as well as information on CIDA's unsolicited proposal mechanism and funding programs such as the Industrial Co-operation Program. Also included is information on access to opportunities from multilateral organizations. Specific links for contracting are as follows:
 - i. Contracting Information (<http://www.acdi-cida.gc.ca/contractinginfo.htm>) on CIDA's procurement and contract management policies and processes.
 - ii. Current Opportunities (<http://www.acdi-cida.gc.ca/currentopportunities.htm>) for contracting. Information provided includes:
 - a. Projects at the planning stage ("pipeline") - advance information on projects at the concept stage for which most likely proposals will be called;
 - b. link to MERX - where contracting opportunities will be posted;
 - c. a guide to Standing Offer Arrangement; and
 - d. the annual document, "*CIDA's Contracts and Agreements*" - a listing and short description of projects, contact points of contractors and percentage of undisbursed funds. These are useful in the exploration of subcontracting opportunities.

Annex VI - Other Information

Web Sites and Contacts for Further Information

For additional information about CIDA's programs, activities and operations, please visit our Internet site at the following address: <http://www.acdi-cida.gc.ca/index.htm>

or contact:

Public Inquiries
Canadian International Development Agency
Communications Branch, 5th Floor
200 Promenade du Portage
Gatineau, Quebec
Canada K1A 0G4

Telephone: 1-819-997-5006
Toll free: 1-800-230-6349

Telecommunications Device for the Hearing and Speech Impaired: 1-819-953-5023
Toll free: 1-800-331-5018

Fax: 1-819-953-6088

E-mail: info@acdi-cida.gc.ca

Legislation Administered

CIDA is designated as a department for the purposes of the *Financial Administration Act* by *Order-in-Council P.C. 1968-923* of May 8, 1968 and *P.C. 1968-1760* of September 12, 1968. The authority for the CIDA program and related purposes is found in the *Department of Foreign Affairs and International Trade Act*, in the *Annual Appropriations Act* and in the *International Development (Financial Institutions) Assistance Act*. CIDA is the lead government organization responsible for Canada's ODA.