



Canadian International Development Agency

Performance Report

For the period ending
March 31, 1999

Canada

Improved Reporting to Parliament Pilot Document

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

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Foreword

On April 24, 1997, the House of Commons passed a motion dividing on a pilot basis what was known as the annual *Part III of the Estimates* document for each department or agency into two documents, a *Report on Plans and Priorities* and a *Departmental Performance Report*.

This initiative is intended to fulfil the government's commitments to improve the expenditure management information provided to Parliament. This involves sharpening the focus on results, increasing the transparency of information and modernizing its preparation.

This year, the Fall Performance Package is comprised of 82 Departmental Performance Reports and the government's report *Managing for Results - Volumes 1 and 2*.

This *Departmental Performance Report*, covering the period ending March 31, 1999, provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the department's pilot *Report on Plans and Priorities* for 1998-99. The key result commitments for all departments and agencies are also included in Volume 2 of *Managing for Results*.

Results-based management emphasizes specifying expected program results, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and reporting on achievements in a balanced manner. Accounting and managing for results involve sustained work across government.

The government continues to refine and develop both managing for and reporting of results. The refinement comes from acquired experience as users make their information needs more precisely known. The performance reports and their use will continue to be monitored to make sure that they respond to Parliament's ongoing and evolving needs.

This report is accessible electronically from the Treasury Board Secretariat Internet site:
<http://www.tbs-sct.gc.ca/tb/key.html>

Comments or questions can be directed to the TBS Internet site or to:

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Présentation améliorée des rapports au Parlement

Document pilote

Le Budget des dépenses du gouvernement du Canada est divisé en plusieurs parties. Commençant par un aperçu des dépenses totales du gouvernement dans la Partie I, les documents deviennent de plus en plus détaillés. Dans la Partie II, les dépenses sont décrites selon les ministères, les organismes et les programmes. Cette partie renferme aussi le libellé proposé des conditions qui s'appliquent aux pouvoirs de dépenser qu'on demande au Parlement d'accorder.

Le *Rapport sur les plans et les priorités* fournit des détails supplémentaires sur chacun des ministères ainsi que sur leurs programmes qui sont principalement axés sur une planification plus stratégique et les renseignements sur les résultats escomptés.

Le *Rapport sur le rendement* met l'accent sur la responsabilisation basée sur les résultats en indiquant les réalisations en fonction des prévisions de rendement et les engagements à l'endroit des résultats qui sont exposés dans le *Rapport sur les plans et les priorités*.

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Minister for International Cooperation

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Acronyms and Abbreviations

AMEB	...	Africa and Middle East Branch
BHN	Basic Human Needs
CESO	...	Canadian Executive Service Organization
CEE	.....	Central and Eastern Europe
CFCs	....	Chlorofluorocarbon
CIDA	....	Canadian International Development Agency
CPB	.....	Canadian Partnership Branch
DAC	....	Development Assistance Committee (of OECD)
DFAIT	...	Department of Foreign Affairs and International Trade
DIP	.....	Development Information Program
EU	.....	European Union
GE	.....	Gender Equality
GEF	.....	Global Environment Facility
GTIS	....	Government Telecommunications and Informatics Services
HRDGG	..	Human Rights, Democracy, Good Governance
IAE	.....	International Assistance Envelope
ICHRDD	..	International Centre for Human Rights and Democratic Development
IHA	.....	International Humanitarian Assistance
IMF	.....	International Monetary Fund
NGO	....	Non-Governmental Organization
NATO	...	North Atlantic Treaty Organization
ODA	....	Official Development Assistance
OECD	...	Organization for Economic Co-operation and Development
PSD	.....	Private-Sector Development
PWGSC	..	Public Works and Government Services Canada
RPP	.....	Report on Plans and Priorities
UNDP	...	United Nations Development Program
UNFPA	..	United Nations Population Fund
UNICEF	..	United Nations Children's Fund
UNIFEM	..	United Nations Development Fund for Women
WFP	....	World Food Program
WID&GE		Women in Development & Gender Equality

Section I - Minister's Message



Maria Minna

Minister for International Co-operation

As Canada's Minister for International Co-operation, I am pleased to submit this performance report describing the achievements of Canada's international co-operation program and how it benefits people around the world.

Among those benefits are improved access to basic human needs such as primary health care, education, family planning, food and shelter; more opportunities for women to participate as equal partners in their societies; improved infrastructure such as water and sanitation systems and roads; increased respect for human rights, including children's rights, and for democratic principles and institutions; more private sector development; and better protection of the environment.

While most of this progress is the result of hard work and resources from the developing countries themselves, Canada's contribution makes a real difference -- and we should be justifiably proud of our role.

Programs supported by CIDA involve Canadians from all parts of the country and from all sectors of society, including non-governmental organizations, educational institutions, the private sector, government and individuals. Their contributions are essential to providing effective and appropriate assistance to the developing world and to the countries of Central and Eastern Europe which are in transition to market-based economies.

All Canadians have a stake in international development. Events in other parts of the world increasingly affect our well-being, the state of our economy, and the makeup of our society. Maintaining our quality of life here depends on our helping to solve problems around the world. Simply put, international co-operation is very important to ensuring a better world for Canadians and for people the world over.

Maria Minna
Minister for International Co-operation

Executive Summary

International co-operation is a key instrument for Canada as it works with other countries and institutions to address global change. CIDA is the lead organization responsible for Canada's Official Development Assistance (ODA) program. This program seeks to "support sustainable development in developing countries to reduce poverty and to contribute to a more secure, equitable and prosperous world." CIDA is also responsible for the programs and projects which "support democratic development and economic liberalization in Central and Eastern Europe (CEE) by building mutually beneficial partnerships."

As Canada and the world enter a new millennium, CIDA must pursue the fulfilment of its mission in a context of increasing interdependence and growing complexity. Globalization has brought increased prosperity and wealth for some countries but spells increasing marginalization and deepening poverty for others. For CIDA and for Canadians, it represents, therefore, a blend of challenge and opportunity. Canadians approach development with deep humanitarian concern. Also, as a nation with an export-oriented economy dependent on global prosperity, Canada has a strong self-interest in working with developing countries and in building strong institutions of global governance and an effective rules-based system.

In common with the rest of the international community, Canada must respond to such challenges as global poverty and inequity, population growth, climate change and ozone depletion, chronic water shortages, continuing gender inequality, early child death, continuing malnutrition and the threat of such pandemics as HIV/AIDS. Meanwhile, developing countries' own efforts combined with international co-operation programs have produced such positive results as dramatically increased life expectancy, increased literacy and significant victory against childhood diseases such as smallpox and polio. Developing countries in the three geographic regions, together with their development partners, respond differently to differing development challenges. African and Middle East countries must seek to meet the problems of conflict and low levels of participation in the world economy with new leadership and new policy approaches. In the face of a troubling economic crisis, Asia must seek to reduce poverty, strengthen governance systems, protect and conserve the environment and build peace and security. The Americas region pursues growth with equity while responding to a series of severe natural disasters.

There is a growing international consensus that meeting these challenges and achieving agreed development targets require an approach that brings donors and the recipient country together with the latter retaining the ultimate responsibility for the results. This is the essence of a new World Bank initiative to create Comprehensive Development Frameworks for individual developing countries. Canada and other developed countries can contribute much to these efforts. Other institutions such as the UN and the Development Assistance Committee (DAC) of the OECD may also play a role.

In addition to these external partnerships, CIDA has pursued a number of initiatives aimed at strengthening its internal processes with a view to improving the efficiency and effectiveness of its program delivery. These initiatives include new systems for information management, the

conduct of internal reviews (for example a review of Basic Human Needs projects and programs) and the development and implementation of Agency-wide policies.

This report once more records achievements under all six of the Agency's ODA priorities -- spelt out in *Canada in the World*, the Government's foreign-policy statement -- as well as other activities, as follows:

- Basic Human Needs (BHN) - accounting for 39.6% of total ODA program disbursements;
- Gender Equality (GE) - which, in addition to representing 4.7% in direct programming, is increasingly taken into account as a cross-cutting theme in the development, implementation and evaluation of CIDA programs and projects;
- Infrastructure Services - 13.9%;
- Human Rights, Democracy, Good Governance (HRDGG) - 13.4%;
- Private-Sector Development (PSD) - 11.8%; and
- Environment - which accounts for 7.5% and, like GE, is a cross-cutting theme at CIDA.
- Activities not related to these priorities - 9.1%.

Results obtained by CIDA and its partners under these six priorities take many forms. HIV rates are stabilizing in Senegal and declining in Uganda. There is decreased domestic violence against women empowered by income-generating opportunities. Reforms are being undertaken in the electricity sector in Central America, in the railway sector in Bangladesh and in the petroleum sector in West Africa. There have been a greater commitment to anti-corruption policies in international financial institutions (IFIs), increased comprehensive auditing capacity within a number of governments and creative approaches to peacebuilding in previously war-torn societies. There is evidence also that the crisis which affected Asia in particular is being contained. Awareness about environmental matters has increased in several African countries.

Most CEE disbursements have been on non-ODA activities. This program invests in efforts to assist CEE countries in their transition to market economies; encourage good governance, democracy, political pluralism, the rule of law and adherence to international norms and standards; facilitate Canadian trade and investment links with the region; enhance nuclear safety; and assist international programs to reduce threats to international and Canadian security. Achievements by CIDA and its CEE partners have ranged from training local farm owners and managers in Romania to the provision of \$4.2 million in humanitarian aid to Kosovo and nuclear repairs in Chernobyl.

This report provides a summary of results -- under the Geographic, Multilateral, Canadian Partnership and CEE programs and under the non-program business lines -- and of the context in which the results have been achieved. It also provides information about some of the factors which have placed a limit on success in CIDA programs and projects and reports on the lessons learned, or the corrective action taken, by the Agency.

Chart of Key Results Commitments¹

Priority:	Agency Expected Result:	Achievement reported on:
Basic Human Needs	<ul style="list-style-type: none"> Improved access for the poor to health, education, shelter, food and nutrition, sanitation, and pure-water-supply services; improved in-country institutional capacity for sustainable human development; improved ability of vulnerable groups to increase their productive activities to meet their basic human needs; timely, effective and appropriate emergency assistance; and improved in-country capacities to mitigate disaster impacts. 	<ul style="list-style-type: none"> page 11, 24-25, 36-37, 41 page 11, 41 page 11, 25, 41 page 11, 37 page 11
Women in Development and Gender Equality	<ul style="list-style-type: none"> Advanced women's equal participation with men as decision-makers in shaping the sustainable development of their societies; women and girls supported in the realization of their full human rights; and reduced gender inequalities in access to and control over the resources and benefits of development. 	<ul style="list-style-type: none"> page 12, 26 page 12, 13, 26, 37 page 13, 26, 37
Infrastructure Services	<ul style="list-style-type: none"> Improved institutional capacity to manage reform and ensure the efficient and equitable provision of services; increased access of the poor, especially poor women, to infrastructure services; and increased capacity to deliver environmentally sound infrastructure services. 	<ul style="list-style-type: none"> page 13, 26-27 page 13, 27 page 13
Human Rights, Democracy, Good Governance	<ul style="list-style-type: none"> More democratic decision-making through increased popular participation and strengthened representative institutions; more effective and accountable exercise of power; increased capacity of organizations that protect and promote human rights; improved legal and judicial systems to strengthen the rule of law; greater ability in civil society to address rights concerns and strengthen the security of the individual; and strengthened will of leaders to respect rights, rule democratically and govern effectively. 	<ul style="list-style-type: none"> page 14, 27 page 27, 42 page 14, 27-28, 38, 42 page 28, 38
Private-Sector Development	<ul style="list-style-type: none"> Stronger enabling environments for private-sector development, including more competitive internal markets and enhanced connections to the global economy; improved capacities of the private sector, and related institutions, as a result of support to micro-enterprise and micro-finance development and small and medium-sized businesses; and strengthened long-term linkages between Canadian and developing-country businesses that are established on a demand-driven basis and which provide high social returns. 	<ul style="list-style-type: none"> page 38-39 page 28
Environment	<ul style="list-style-type: none"> Ecosystems are protected from degradation and destruction and natural resources are used in a sustainable manner; the creation of pollutants and waste is avoided; risks to human health, climate and environment posed by pollutants and waste are minimized; individuals, groups, organizations and institutions are able to address local and environmental issues and to participate in the resolution of global environmental problems; and environmental profiles, environmental strategies and environmental impacts assessments are used to integrate environmental considerations fully into development co-operation programs, projects and activities. 	<ul style="list-style-type: none"> page 16, 39 page 39 page 16 page 16, 28-29, 39 page 53
Countries in Transition	<ul style="list-style-type: none"> Changes in legislative/regulatory framework which support the market economy; enhanced capacity of organizations to promote participation and efficiency; demonstrated Canadian commercial benefits; reduced risks related to Soviet-designed nuclear power stations; and reduced suffering in emergency situations. 	<ul style="list-style-type: none"> page 32 page 32 page 33 page 33

¹ Charts of Key Results Commitments are included in CIDA's Report to Parliament on Plans and Priorities and its Departmental Performance Report. They are updated on an annual basis to reflect any changes in program priorities or expected results. This particular chart was presented to Parliament in our Report on Plans and Priorities for 1999-2000. Ongoing projects will have been developed to be consistent with earlier charts; to the extent that these charts have changed, some projects may not be illustrative of the most recent results commitments.

Section II - Departmental Overview

Mission and Strategic Priorities

Mission

The Government's Foreign Policy Statement, Canada in the World, which was released in February 1995, sets out the following purpose, or mission, for Canada's Official Development Assistance (ODA) program:

"The purpose of Canada's Official Development Assistance is to support sustainable development in developing countries in order to reduce poverty and to contribute to a more secure, equitable and prosperous world."

CIDA is the lead government organization responsible for Canada's ODA program. In support of the ODA mission, the Agency has developed a poverty-reduction policy. The policy commits CIDA to making poverty reduction a key element in each of its six ODA program priorities listed below. The policy is being implemented across all of CIDA's ODA programming channels and includes initiatives that address poverty through both direct and indirect means.

CIDA is also responsible for the delivery of programs to countries in Central and Eastern Europe (CEE). These programs reflect the following mission:

"to support democratic development and economic liberalization in Central and Eastern Europe by building mutually beneficial partnerships."

In fulfilling its ODA mission, the Agency pursues the following six program priorities:

- i) **Basic Human Needs (BHN):** Supports efforts to provide primary health care, basic education, family planning, nutrition, water and sanitation, and shelter. Canada will continue to respond to emergencies with humanitarian assistance. Canada will commit at least 25 percent of its ODA to basic human needs as a means of enhancing its focus on addressing the security of the individual.
- ii) **Women in Development and Gender Equality (WID&GE) [now referred to as Gender Equality (GE)]:** Supports the full participation of women as equal partners in the sustainable development of their societies.
- iii) **Infrastructure Services:** Helps developing countries to deliver environmentally sound infrastructure services, with an emphasis on poorer groups and on capacity building.
- iv) **Human Rights, Democracy, Good Governance (HRDGG):** Increases respect for human rights, including children's rights; promotes democracy and better governance; and strengthens both civil society and the security of the individual.
- v) **Private-Sector Development (PSD):** Promotes sustained and equitable economic growth by supporting private-sector development in developing countries.
- vi) **Environment:** Helps developing countries to protect their environment and to contribute to addressing global and regional environmental issues.

Countries in Transition

Twenty percent of the assistance efforts in countries in transition in Central and Eastern Europe are currently eligible as ODA. CIDA's total program for countries in transition has the following objectives: **assisting in the transition to market economies; encouraging good governance, democracy, political pluralism, the rule of law and adherence to international norms and standards; facilitating closer trade and investment links with the region; enhancing nuclear safety; and assisting international programs to reduce threats to international and Canadian security.**

Operating Environment

The International Context

As Canada prepares to enter a new millennium, it faces a world of increasing interdependence and growing complexity. Globalization - the increased integration of economies and societies owing to modern communications technologies and freer market forces - has been a powerful force for bringing countries together and for promoting sustainable development and prosperity in many countries around the world.

As the world becomes increasingly interconnected, the role of developing countries within the international community is growing ever more important. This means that many of the forces shaping Canada's future - and the future of the global community - are taking place now, in the developing world.

For a number of developing countries, globalization has brought increased prosperity and wealth. Some developing countries are emerging as important industrial powers, with

substantial middle classes. In the next century, Canada will have a strong interest in expanding its relations with these countries.

For many other developing countries - particularly in sub-Saharan Africa - and for large numbers of people within countries (particularly within the developing world, but also in the industrialized world), globalization has contributed to increasing marginalization and deepening poverty. In spite of the fact that almost all of the economies in the sub-Saharan region are growing at significant rates, many countries are facing significant challenges as a result of the pressures of population growth, levels of poverty and inadequacies in basic education and social services. While growth has resumed in Latin America, marked disparities in wealth - the greatest in the world - could undermine future social and economic progress and threaten stability. For more than two decades Asia has been home to the world's fastest growing economies; it also continues to house half of the world's poor and was the epicentre for the financial crisis that recently swept many parts of the world. The countries of Central and Eastern Europe continue to make uneven progress in reforming their economies and social systems, in the face of political uncertainty and lagging economic performance.

Canadians are concerned about these countries because of a desire to help them. Polling has consistently shown that Canadians share a deep humanitarian concern for the well-being of the poor and suffering. They strongly believe that Canada, with one of the world's highest standards of living, has a moral obligation to help those in need.

But Canadians also have a strong self-interest in working with developing countries. As an export-dependent nation, Canada is dependent for its economic prosperity on global prosperity, strong institutions of global

governance and an effective rules-based system. As dramatically shown by the Asian crisis, developing countries have a major role to play in this regard. It is crucial for Canada to help these countries develop the expertise they need to contribute to the management and reform of key international organizations and agreements.

Helping developing countries is an investment not only in Canada's prosperity, but also in its security. Threats to security come increasingly not from war, but from poverty, disease, population growth, climate change and environmental degradation, the abuse of human rights and the forced migration of peoples. Dealing with the symptoms rather than the causes of instability is not the answer. Investing in prevention is far more effective and far less costly than dealing with problems after they arise.

The Development Challenge

Canadians have a growing stake in working to resolve global challenges. Among the pressing issues with which the international community must deal are:

- Global poverty and inequity, in a world where more than 1 billion people live on less than \$1 a day, and the richest fifth of the world's population receives 85% of total world income while the poorest fifth receives only 1.4%.
- Increasing population, with 700 million likely to be added to the world's numbers over the next eight years - most of them destined to live in already overcrowded cities in the developing world.
- Climate change and ozone depletion, with developing-country emissions of greenhouse gases expected to double

between 1990 and 2010, and the need for further concerted global action on the part of developed and developing countries.

- Chronic water shortages, which now affect about 300 million people in 25 countries but by 2025 will affect 66 countries, home to two-thirds of the world's population. In some cases, water shortages may worsen tensions in regions of the world already prone to conflict.
- Continuing gender inequality, with women making up the single largest group living in poverty.
- Early child death -- 34,000 a day, owing to malnutrition and vaccine-preventable disease. Ninety-seven percent of these deaths occur in the developing world.
- The threat of pandemics, such as HIV/AIDS, which in sub-Saharan Africa alone affects an estimated 22.5 million people with infection rates as high as 1 in 3 among the adult population in some cities in the region.
- Continuing malnutrition which leaves more than 800 million people — one in every five persons in developing countries — hungry and without enough food to meet their daily requirements for good nutrition.

These are all substantial challenges for the global community - challenges that can only be met through increasing international co-operation. International institutions such as the UN, the World Bank, the IMF and the regional development banks will have an increasingly important role to play. Equally, individual countries such as Canada have a vital role. Canada's international co-operation program is a key instrument for Canada as it

works with other countries and institutions to address global change.

The Role of International Co-operation

For half a century, Canada's international co-operation program has been part of a broad international effort to raise living standards in the developing world and address issues of global concern. A half century of co-operation has led to significant improvements in the lives of millions:

- Life expectancy in the developing world has risen dramatically. On average, people live 20 years longer.
- Since 1970, the literacy rate for adults has risen from 46% to 70%.
- 80% of children are now immunized against the most common childhood diseases. Smallpox has been eradicated and the elimination of polio is in sight.

In recent years, there has been a growing consensus within the international community on the need for a co-operative approach to achieve country-level development results. Canada and other countries have agreed to a number of international targets for reducing poverty and accelerating the development progress of recent decades. These targets, agreed to at a series of world conferences during the last decade, are set out in *Shaping the 21st Century: The Contribution of Development Co-operation*, which was published by the Development Assistance Committee (DAC) of the OECD in 1996. They include:

- reducing by half the proportion of people living in extreme poverty by 2015;

- providing universal primary education in all countries by 2015;
- eliminating gender disparities in primary and secondary education by 2005;
- reducing by two-thirds the mortality rate for children under age five and reducing maternal mortality by 75%, both by 2015;
- universal access to reproductive health services by 2015; and
- implementing national strategies for sustainable development in all countries by 2005, to reverse current destructive trends by 2015.

There is less of a consensus, however, on how to meet these targets. The World Bank, which is active in researching this question, published a study in 1998 on *Assessing Aid: What Works, What Doesn't and Why*. This report demonstrated in a compelling fashion that aid is most effective when provided to countries with good governance and sound socio-economic policies. This is not to say that every developing country should follow the same development model. Development is a complex process. There is no one easy solution. Development programs must be adapted to the circumstances and needs of individual developing countries.

The importance of better co-ordination of development efforts is a key theme in *Shaping the 21st Century* and has also been reflected in recent work at the World Bank and the UN. The World Bank is now developing an instrument called comprehensive development frameworks. These frameworks would bring donors and individual developing countries together to tailor a development program which would address specific needs and situations of individual recipient countries.

The framework would set out shared goals, common strategies and co-ordinated programs.

This unprecedented approach to international co-operation promises expanded progress for the developing world and for the international community as a whole. As an industrialized country, with an advanced economy and world-class expertise, there is much that Canada can do to contribute to this progress. It is essential that the responsibility for development rests with the developing countries themselves.

Development assistance should also be viewed in the broader context of Canada's overall relations with developing countries. Our trade policies and international investment flows affect the well-being of developing countries. Our approach to international debt provides an additional mechanism of support. Proposals by Canada and others for a multilateral approach to providing more generous debt relief were tabled and accepted at the G-7 Summit in Cologne earlier this year.

Benefits to Canadians

International development not only assists developing countries to achieve their development priorities and helps people in the developing world improve their circumstances, but also provides Canadians with an opportunity to make the world a better and safer place to live for present and future generations. Canada's participation also provides us with an opportunity to influence international actions in areas of interest to Canadians, such as the environment and human rights. International development provides Canadians with immediate income and employment benefits as well as longer-term prosperity, while helping people in the developing world to improve their own circumstances.

Global Security: Threats to human security come increasingly from poverty, disease, population growth, climate change, environmental degradation, poor governance, human rights abuse and the forced migration of peoples. CIDA contributes to global security through projects which address the key threats and the widening gap between rich and poor.

Prosperity and Employment: International assistance contributes to a stronger global economy in which both Canadians and developing-country populations can grow and prosper. More indirectly, and over the longer term, our development assistance program provides many Canadian companies with their first contact with fast-growing overseas markets. Such contacts lay the foundations for lasting ties of far greater benefit to Canada and the developing world.

Canadian Values: Our development assistance program is an expression of Canadian values and culture and of our increasingly multicultural profile. It makes Canada a more influential player in the world and has been central to establishing Canada's reputation as a committed, constructive member of the international community. This reputation opens doors and gives Canada a stronger voice in world affairs. It heightens our influence in key global institutions such as the G-7, the World Bank, the UN, La Francophonie and the Commonwealth.

Departmental Organization

Official Development Assistance and the International Assistance Envelope

The International Assistance Envelope (IAE) was introduced in the February 1991 budget. It encompasses funding allocated to Canada's ODA¹ and other official assistance initiatives. ODA accounts for 95% of the Envelope. The remaining 5% goes to the CEE Program.

CIDA is directly responsible for managing some 78-80% of the IAE. The balance is administered by the following departments:

- The Department of Finance, for the World Bank Group, and for the Enhanced Structural Adjustment Facility of the IMF.
- The Department of Foreign Affairs and International Trade (DFAIT), for the overseas administrative functions relating to international assistance; certain grants and contributions to cover payments to international organizations; the Canadian Commonwealth Scholarship and Fellowship Plan to enable citizens of other Commonwealth countries (46 of which are developing countries) to study in Canada; and, indirectly, for the International Development Research Centre.
- A number of other departments which administer a small portion of the IAE, i.e. Public Works and Government Services Canada (PWGSC), Heritage Canada, Human Resources Development Canada and Health Canada for its contribution to the Pan-American Health Organization.

CIDA Program Objective

The objective of CIDA's programs is:

To facilitate the efforts of the peoples of developing countries and countries in transition to achieve **sustainable economic and social development** in accordance with their needs and environment, by co-operating with them in development activities; and to provide **humanitarian assistance** thereby contributing to Canada's political and economic interest abroad in promoting **social justice, international stability and long-term economic relationships**, for the benefit of the global community.

Business Line and Organization Structure

CIDA's work is global in scope and encompasses a very wide range of sectors. This involves the Agency in international, regional and country-level initiatives undertaken with a number of partners: recipient-country governments, all levels of government in Canada, non-governmental organizations (NGOs), educational institutions, businesses, co-operatives, unions, professional and business associations, volunteer-sending agencies, and a variety of international organizations and institutions.

Agency business lines reflect both the geographic focus of CIDA programming and the range of partners with which the Agency works. The CIDA program is composed of the following seven business lines:

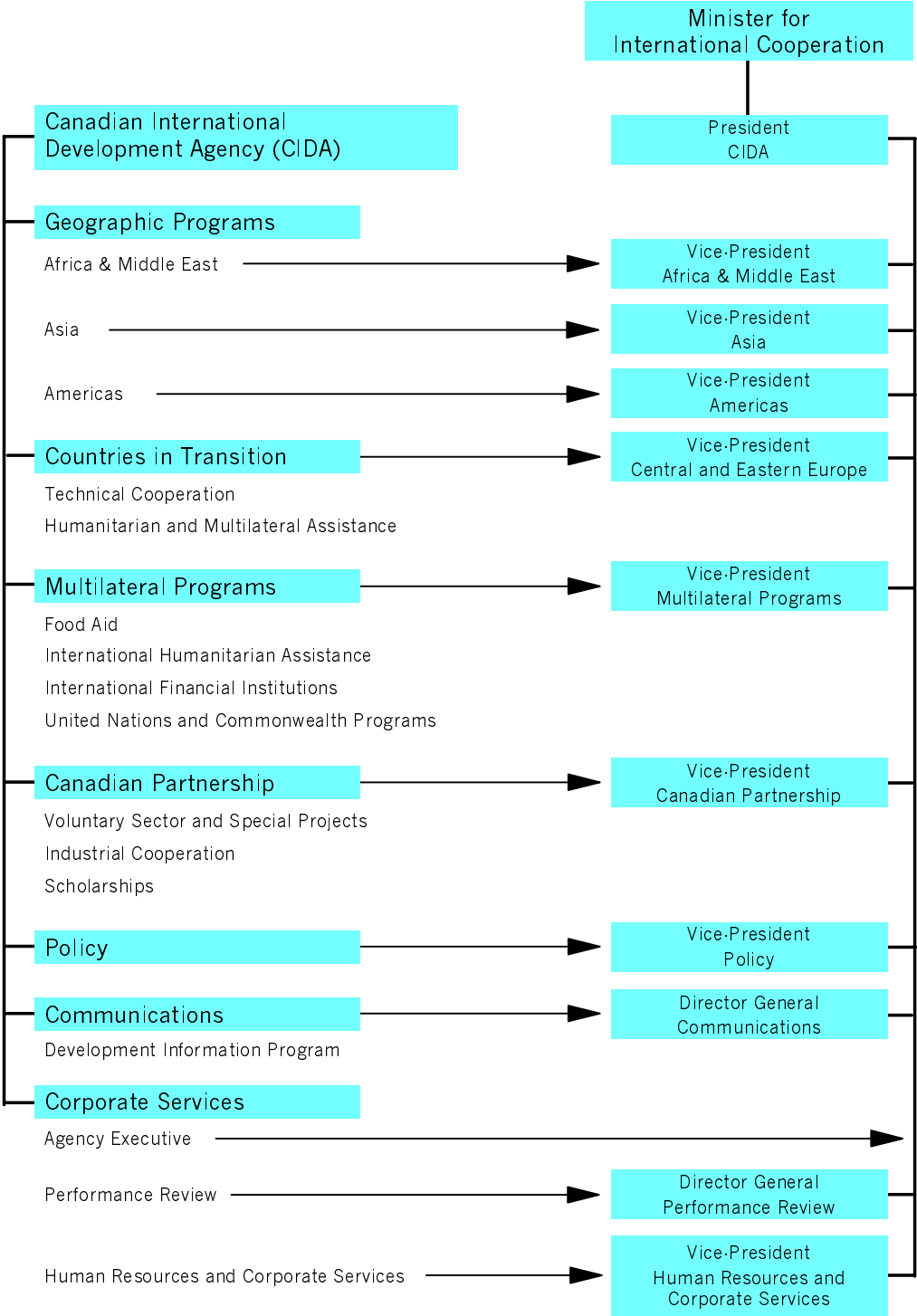
¹ Official Development Assistance is defined by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) as funding transferred "to developing countries and multilateral institutions provided by official (government) agencies which meets the following tests: a) it is administered with the promotion of the economic development and welfare of developing countries as its main objective, and b) it is concessional in character and conveys a grant element of at least 25%".

Business Line Descriptions Based on Objectives

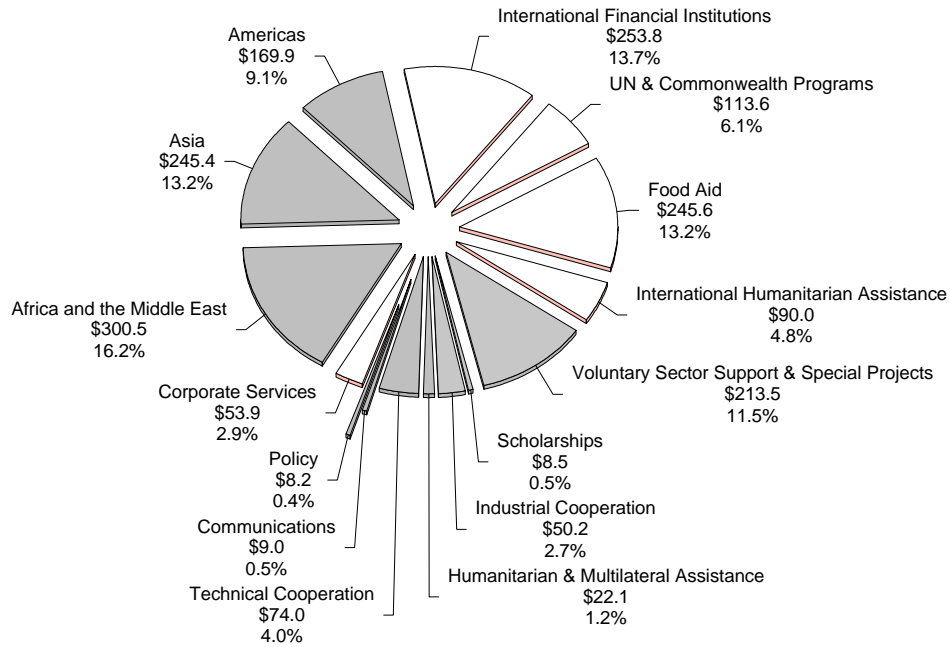
	Objectives
Geographic Programs	To support sustainable development and poverty reduction by undertaking development programs in specific countries and regions, in keeping with the needs of developing countries, the purpose and priorities of the ODA program and Canada's foreign-policy interests.
Countries in Transition	To support democratic development and economic liberalization in Central and Eastern Europe (CEE) by building mutually beneficial partnerships and by: assisting in the transition to market economies; encouraging good governance, democracy, political pluralism, the rule of law and adherence to international norms and standards; facilitating Canadian trade and investment links with the region; enhancing nuclear safety; and assisting international programs to reduce threats to international and Canadian security.
Multilateral Programs	To promote effective global and multilateral development approaches to poverty reduction, human security and international prosperity; and ensure that Canadian humanitarian assistance and food aid to developing countries are appropriate, timely and effective.
Canadian Partnership	To promote mutually beneficial partnerships between Canadian and developing-country organizations to support sustainable development and reduce poverty in the developing world.
Policy	To develop and recommend policies, expert advice and strategic plans in the area of sustainable development and to provide development information resources to CIDA.
Communications	To improve Canadians' awareness and understanding of and support for Canada's international development assistance and co-operation programs.
Corporate Services	To ensure that the Agency has the necessary support services for the efficient and effective achievement of the international development assistance program objectives within the framework of federal government policies, procedures and controls.

Source: 1998-99 Main Estimates Part II

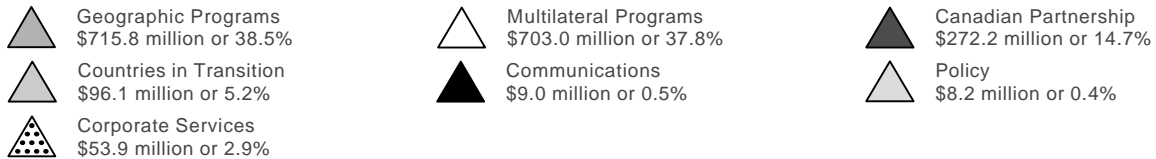
CIDA's Business Line structure, outlined in the diagram below, is in keeping with the Agency's organization structure and its way of doing business. This alignment also reflects the existing management accountability structure. In addition, during 1998-99, CIDA provided funding for the International Centre for Human Rights and Democratic Development (ICHRDD), which is independent of CIDA and reports directly to Parliament. With effect from 2000-01, responsibility for providing this funding will be transferred to DFAIT.



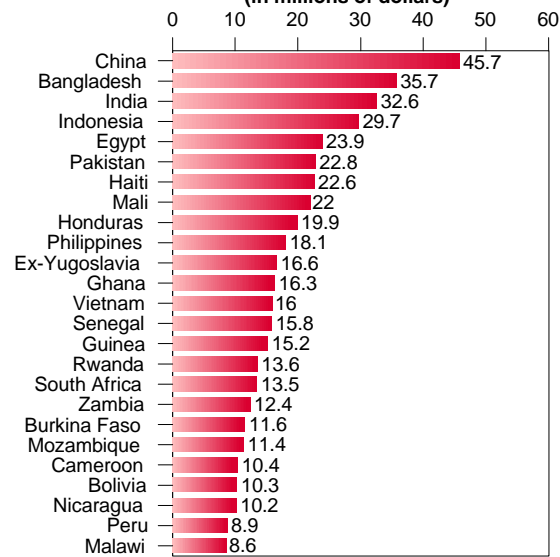
CIDA's 1998-99 Actual Budgetary Expenditures
(in millions of dollars)



Total \$1,858.3 Million



Program Disbursements in Major Recipient Countries*
(in millions of dollars)



* These amounts include all CIDA ODA program disbursements in these countries except disbursements related to IFIs, the United Nations and Commonwealth Programs.

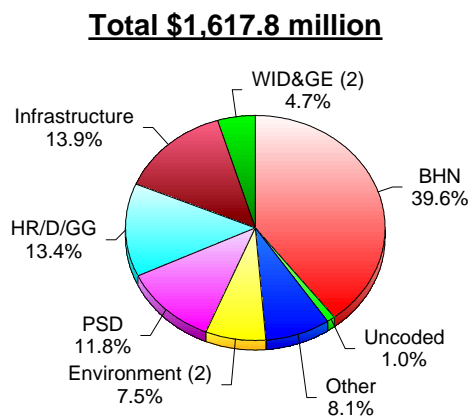
Section III - Departmental Performance

Planning and reporting in CIDA is done on a multi-level basis. The first level is by the Agency's six ODA priorities and that reporting can be found below under corporate-level performance accomplishments. The second level is by Agency business lines within which planning and reporting is done both by ODA priorities and by country or program.

Corporate-Level Performance Accomplishments

Program Disbursements by ODA Priority

Chart 1
1998-99 ODA Program Disbursements by ODA Priority ⁽¹⁾

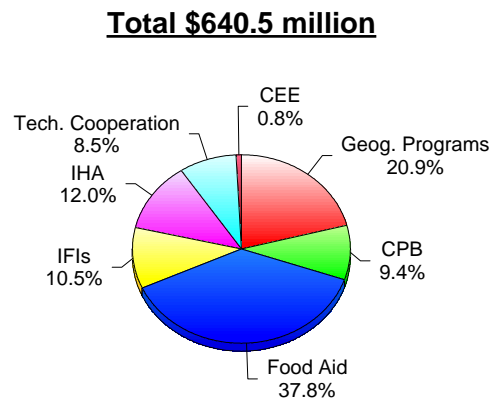


1. Excludes operating expenditures and contributions to DIP and ICHRDD. The other pie charts in this section are developed on the same basis.
2. In addition, WID&GE and Environment considerations are integrated in projects under the other priorities.

Basic Human Needs (BHN)

In 1998-99, CIDA disbursed \$640 million (40% of its ODA program disbursements) on BHN activities. Among other items, this includes disbursements on food aid (emergency and development) and international humanitarian assistance. Of this total, \$440 million (70%) was disbursed through Multilateral Programs, \$140 million (20%) through Geographic Programs and some \$60 million (10%) through Partnerships Programs. This level exceeds the target for BHN of 25% of ODA set out in *Canada in the World*.

Chart 2
1998-99 ODA Program Disbursements - Basic Human Needs



BHN Review: CIDA recently completed a performance review of its investments in BHN. The review focused on integrated BHN and international humanitarian assistance, as well as on efforts to influence developing countries and multilateral institutions through policy dialogue. Thirty-one case studies and a synthesis report provided a comprehensive picture of overall BHN investment patterns by CIDA and development agencies of other OECD countries.

The review found that BHN projects generally achieved the expected results they targeted. In the 21 projects evaluated, most of the expected outputs (visible and concrete consequences of project activity) were achieved. Furthermore, in 19 projects, nearly all of the expected outcomes (short-term effects) were achieved. In spite of being longer-term in nature, some impacts (broad, higher-level consequences) could already be identified in 17 projects. Integrated BHN projects improved the general standards of living, increased agricultural production and enhanced income of the target population. Health projects provided capacity development to institutions and NGOs in their ability to provide health care to local populations. Water and sanitation projects helped improve access to potable water through reliable pumps accompanied by sewage-system support or at least education about sanitation. This approach resulted in improved health among the target populations. Emergency assistance projects improved the living conditions of populations affected by disasters and emergencies. CIDA support in crisis situations also served to strengthen local NGOs and community-based organizations.

Lessons learned are that BHN interventions have a greater chance of success if they are linked to other investments; the participation of women is critically important to all facets of programming; and grassroots participation should be present at all stages. The Agency is applying the lessons learned in the design of new CIDA projects.

International Humanitarian Assistance (IHA): Last year, CIDA disbursed \$77 million on the IHA component of BHN. This was directed towards a growing number of emergencies associated with both human conflict, and - in contrast to earlier years - a resurgence of natural disasters. Refugees - principally women and children, in the Middle East, the

Great lakes region of Africa, the Sudan, Afghanistan and Angola - were the principal beneficiaries. In the process, and as a result of contributions from CIDA and other donors such as the Red Cross and the UN High Commissioner for Refugees, millions of victims were provided with shelter, medical supplies and the basic necessities of life. CIDA worked in partnership with 15 Canadian NGOs in 21 countries affected by conflict and natural disasters.

Food Aid: In 1998-99 the Agency spent roughly \$243 million (almost 15% of its ODA program disbursements) on developmental and emergency food aid. Of this amount, \$80 million, almost double last year's figure, was emergency food aid directed towards victims of emergencies through NGOs and UN agencies. Canada's support of the World Food Program's (WFP) emergency activities helped the WFP reach 56 million victims of natural and other emergencies in 1998, nearly doubling from 1997 levels. In addition, NGO and UNICEF emergency projects supported by Canada are estimated to have reached at least another 750,000 people over and above those reached by WFP.

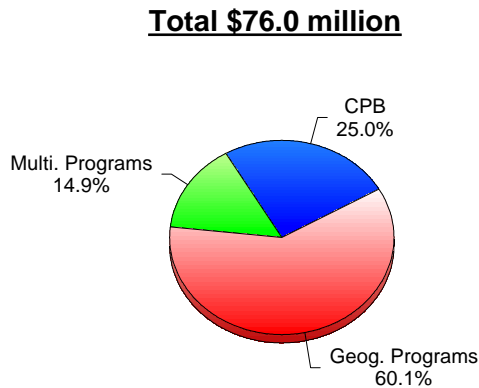
The remaining \$163 million of CIDA's food aid was spent on longer-term development food aid initiatives and projects in 1998-1999. Of this amount \$77 million was provided directly to developing countries bilaterally and \$86 million supported the development efforts of multilateral institutions including the WFP. It is estimated that 2.6 million people benefited directly from Canada's bilateral development food aid and its food aid channelled through NGOs.

Gender Equality (GE)

In 1998-99, CIDA spent \$76 million (about 5% of its ODA program disbursements) on

activities directly addressing gender equality. The majority of these expenditures were through the Geographic and Canadian Partnership Programs - \$46 million (60%) and \$19 million (25%) respectively.

Chart 3
1998-99 ODA Program Disbursements - Gender Equality



For CIDA, gender equality is a cross-cutting theme. It must be integrated into the design and implementation of all of CIDA's programs and projects to ensure that they are aimed at women's needs, interests and participation as much as men's. The Agency also supports initiatives with the specific purpose of promoting gender equality.

Women have made real progress towards achieving gender equality over the last 20 years. However, compared to men, women are still poorer, sicker, less educated, less employed and less involved in decision-making at all levels. This lack of equality slows the pace of development in any country. In many cases, it is a major barrier to further growth and prosperity. CIDA's programming is working towards increased participation of women in decision-making, increased realization of their human rights, and

improved access to income, education and other benefits of development.

At the policy level, a major result for 1998-99 was the production and launching of the revised CIDA Policy on Gender Equality. In developing this policy, CIDA held a series of extensive consultations, internally and with partners in Canada, which included a moderated internet consultation in three languages. Based on these consultations, an updated policy was developed with an emphasis on the integration of GE issues into all Agency activities. The revised Gender Equality Policy was officially launched on International Women's Day 1999 in a national public forum and was simultaneously announced by the Prime Minister by video in a UN forum. In 1998-99, CIDA also developed a Gender Equality and Peace-building Framework for the use of donors and partners in the planning and development of activities in the area of peace-building.

CIDA's work in gender equality has also resulted in an international reputation as a leader and a provider of expertise. CIDA has responded to a number of requests, both from Canadian government departments (e.g., Immigration and Refugee Board, Status of Women Canada) and from international institutions (e.g. the Danish aid agency and UNIFEM), for help in this area.

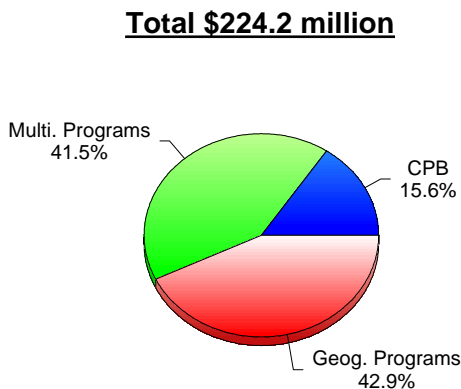
In the Asia program, CIDA has invested in increasing the effective participation of women in decision-making capacities and in positions of leadership in their communities. The Americas program has been promoting women's rights by raising awareness about and taking action against violence against women and girls. Results over the past year include the development of legislation to prevent violence as well as greater sensitization and strengthened capacity in educational, judicial

and law-enforcement institutions to deal with the issue. In Africa, investment in the reduction of inequalities between males and females in the completion of primary education has been an important focus. Results include the establishment of gender-sensitive policies as well as some preliminary increases in girls' enrolment relative to that of boys. Many of the Geographic programs, as well as CEE, are working towards increasing income and employment opportunities for women. The Asia and Africa programs have demonstrated some notable results in generating new micro-enterprises and businesses which benefit women.

Infrastructure Services

In 1998-99 CIDA disbursed some \$224 million (14% of its ODA program disbursements) on infrastructure services. These disbursements were through the following channels: \$96 million (43%) through the Geographic programs, \$35 million (16%) through Canadian Partnerships and \$93 million (41%) through the Multilateral program.

Chart 4
1998-99 ODA Program Disbursements - Infrastructure Services



CIDA's Infrastructure Services Policy is to help developing countries to deliver environmentally sound infrastructure services, with an emphasis on poorer groups and capacity-building. The focus is on the services provided by physical infrastructure - transportation, energy, information and telecommunications, and access to clean and affordable water and sanitation.

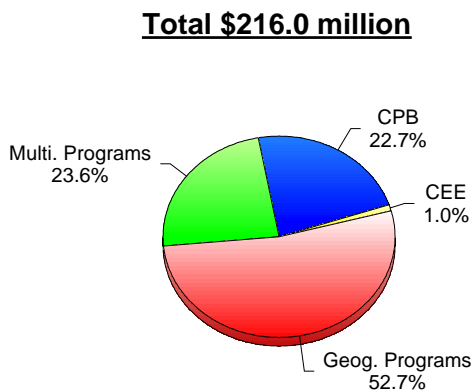
In 1998-99 there has been an increased emphasis on providing infrastructure services to the rural poor, as well as improving the enabling environment for infrastructure investment and strengthening institutional capacity. CIDA has also taken measures to improve programming and delivery in this area, through workshops and training, and consultations with both Canadian stakeholders and developing country partners, in an effort to better integrate the cross-sectoral priorities of environmental sustainability and gender equality.

CIDA's investments in infrastructure services over the past year have been promoting poverty reduction and building the foundations for sustainable development. Examples of these include investing in a financially viable railway transportation system to service poor areas of Mozambique; maintaining rural road networks and employing destitute women across Bangladesh; supporting an electricity rehabilitation project which targets distribution to and employment for the poorer sections of the population in Haiti; and, in Bolivia, investing in rural telecommunications which provide services to poor communities in areas where access to such services is very difficult.

Human Rights, Democracy, Good Governance (HRDGG)

In 1998-99, CIDA spent some \$216 million (13% of its ODA program disbursements) on HRDGG activities. Of this total, some \$114 million (53%) was spent through Geographic Programs, with \$51 million (24%) through Multilateral and \$49 million (23%) through Canadian Partnership Programs.

Chart 5
1998-99 ODA Program Disbursements -
Human Rights, Democracy, Good Governance



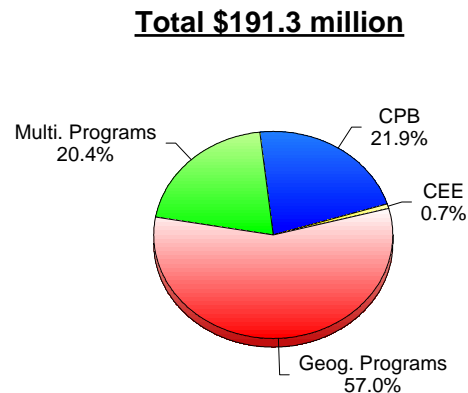
The 1990s have brought a welcome recognition of the importance of governance values, behaviours and systems to the achievement of sustainable development objectives. One result has been new directions for development agencies, and the period has been one of experimentation, growth and learning, which will continue over the coming years. Donors already have some experience in supporting public-sector transparency and the strengthening of civil society, but have less experience in the area of human rights and democratization. High among the many challenges which agencies must face is that of strengthening the links between governance and poverty alleviation.

In 1998-99, CIDA supported HRDGG activities in the following areas: strengthening respect for human rights; strengthening democratic institutions and practices; increasing public-sector competence; strengthening civil society; and strengthening governance. For example, the RCMP bolstered the capacities of police forces in several countries; electoral processes were supported in at least nine countries; additional support has been provided for the urban poor; and NGOs were strengthened to be more active participants in national planning.

Private-Sector Development (PSD)

In 1998-99, CIDA spent \$191 million (12% of its ODA program disbursements) on private-sector development. Of this amount, \$109 million (57%) was spent through Geographic Programs, with \$39 million (20%) through Multilateral and \$42 million (22%) through Canadian Partnership Programs.

Chart 6
1998-99 ODA Program Disbursements -
Private-Sector Development



CIDA support for private-sector development aims at increasing a country's access to investment capital and reinforcing

capacity-building by making available Canadian technology, and managerial, entrepreneurial and technical expertise. An Agency-wide policy paper on private-sector development is under preparation to help guide programming in this area. The draft policy paper is being revised based on the preliminary views of CIDA partners, and more formal consultations with partners will begin in the Fall.

As part of CIDA's efforts to make an effective contribution to poverty reduction, the draft policy is based on four principles: that CIDA's programming in support of private-sector development should be consistent with the Agency's core Poverty Reduction Policy; that the programming should give primary consideration to the needs of the recipient country or countries; that it should favour private-sector activities with the potential for leveraging capital and ideas; and that CIDA's activities in private-sector development should be based on co-operation with partners in the development community. Implementation of the policy will take the form of helping to create an enabling environment favourable to private-sector development; providing support to enterprises - from micro enterprises to small and medium-sized businesses - in developing countries; and developing long-term linkages between Canadians and developing countries.

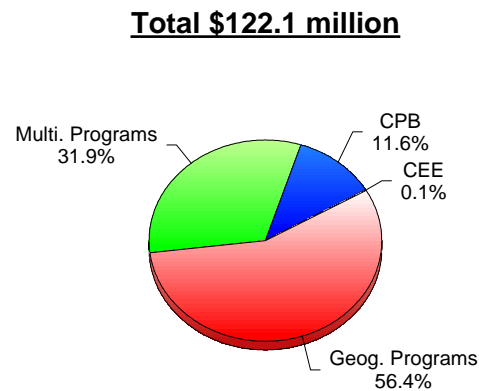
CIDA is well known in the private-sector development area for its Industrial Co-operation Program which is part of the Canadian Partnership Branch. Established in 1978, this program supports projects developed by Canadian private-sector firms which target private-sector development and infrastructure services around the world. In 1998-99, this program approved some \$50 million in project contributions in countries such as Brazil, China, Egypt, Guinea, Mexico and the Philippines. It has promoted prosperity and

employment around the world by providing incentives to Canadian firms to work in developing countries where their expertise contributes to the transfer of technologies and economic, including private-sector, development. For more information on this program, see the section on Canadian Partnerships business line below.

Environment

In 1998-99, CIDA spent \$122 million (8% of its ODA program disbursements) on environment activities. Of this amount, \$69 million (56%) was spent through Geographic Programs, \$39 million (32%) through Multilateral Programs and \$14 million (12%) through the Canadian Partnership Branch.

Chart 7
1998-99 ODA Program Disbursements - Environment



CIDA's objective is to help developing countries protect their environment and address global and regional environmental issues. CIDA has a two-pronged approach. Environment is treated as a cross-cutting theme, with environmental considerations integrated into all Agency decision-making and activities and as a programming channel with

projects specifically targeting environmental issues.

With regard to *the protection of the environment against degradation and destruction*, some \$42 million was disbursed by CIDA in 1998-99 to support desertification control projects. At a more strategic level, CIDA and Agriculture and Agrifood Canada have supported work by the World Bank and others to develop Land Quality Indicators in an effort to systematically assess progress on the ground in combatting desertification.

With regard to the *sustainable management of environmental and natural resources*, projects range from building national capacity for environmental and resource management, to transferring technology and expertise in the forestry, fishing and mineral sectors, to working at the community level to improve the capacity for micro-level resource planning. Projects have also addressed industrial and urban management, especially in Asia and CEE. In Africa, support has been provided for combating desertification in the Sahel, for pan-Africa fisheries management, and for developing a more secure and abundant food supply through the Seeds for Survival initiative in Southern Africa. In the Americas, a debt-for-environment initiative launched at the United Nations Conference on Environment and Development in 1992 continues to produce environmentally beneficial results.

To help resolve environmental problems at the global and regional levels, support for regional networks of policy researchers and improved co-ordination among policy and regulatory bodies are the focus of a number of CIDA initiatives. A director in CIDA's Policy Branch is Chair of the OECD-DAC Working Party on Development Co-operation and the Environment which is making efforts to

co-ordinate donor policies and activities, with a focus on supporting national strategies for sustainable development, implementing global environmental conventions, and linking the environmental, economic and social dimensions of sustainable development. Canadian environmental industries have worked with the Regional Association of Oil and Natural Gas Companies in Latin America and the Caribbean (ARPEL) to strengthen its capacity to manage energy resources in an environmentally sound way. A Caribbean Fisheries Resource Assessment and Management Project continues to strengthen scientific research capacity.

To minimize risks to human health and the climate, CIDA plays an important role in interdepartmental working groups on international negotiations and the International Strategy on Climate Change. The Agency has succeeded in ensuring major issues and activities related to developing countries and countries in transition have been advanced in international and national fora. Priority areas include capacity development, adaptation activities, and energy and industrial processes.

There are 51 ongoing or completed projects with climate change components, which have achieved progress in capacity development, emissions reductions and adaptation. Some of these are major energy projects that contribute to improving environmental quality. Through the ongoing 'Sustainable Cities' program, projects are being carried out in several developing-country regions to promote regulatory capacity and contribute to the development of a sound enabling environment. The resulting policy and regulatory frameworks include economic incentives and disincentives, for example the reduction or removal of counterproductive financial subsidies for carbon-intensive activities.

Countries in Transition

The bulk of this program responds to different objectives and priorities than the rest of the ODA program. ODA disbursements last year totalled \$16 million (1% of CIDA`s ODA program disbursements). CIDA disbursed an additional \$73 million in CEE countries on non-ODA activities. For more information, see the section on the Countries in Transition business line below.

Business Lines - Performance Accomplishments

Details by Business Line

This section focuses on the performance of each business line and takes the form of seven separate reports. Each report is based on the relevant key results commitments contained in the Chart of Key Results Commitments on page vii and consists of brief, concrete examples of the achievement of those results.

For the Geographic, Multilateral Programs and Canadian Partnership business lines, the expected results are grouped under the six ODA program priorities. The Countries in Transition business line follows its own priorities and expected results. Similarly, the non-program business lines -- Communications, Policy and Corporate Services -- are reported on according to their particular functions.

International development activity does not yield meaningful results in neat financial-year intervals. Therefore many of the activities reported on in this section may span a number of years. However, all activities are linked to the year under review; they were either approved, initiated, continued or concluded -- or yielded outputs or outcomes -- during that year.

What Others Say...

"The day will come when the progress of nations will be judged not by their military or economic strength, nor by the splendour of their capital cities and public buildings, but by the well-being of their peoples; by their levels of health, nutrition and education; ... by the respect that is shown for their civil and political liberties; ... and by the protection that is afforded to the growing minds and bodies of their children."

-- *The Progress of Nations*, UNICEF, 1995.

Geographic Programs

Planned Spending (1998-99 RPP) . . . \$713.8 million
Total Authorities (Public Accounts) . . . \$717.7 million
1998-99 Actual Expenditures \$715.8 million

Note: These amounts include program and operating expenditures. For more details, see Table 2 on Page 57.

Objectives

To support sustainable development and poverty reduction by undertaking development programs in specific countries and regions, in keeping with the needs of developing countries, the purpose and priorities of the ODA program and Canada's foreign policy interests.

Putting it in Context

Three of CIDA's bilateral programs, Africa and the Middle East, Asia and the Americas, disbursed over \$645 million (40%) of CIDA's ODA program disbursements, during 1998-99. These are essentially country-to-country programs. They enable the Government of Canada to pursue development co-operation objectives through direct relationships with eligible recipient countries. They are developed through consultation and co-operation with governments, recognizing that the prime responsibility for national development rests with the countries themselves.

Projects supported through the Geographic programs reflect both the needs of developing countries and Canada's ability to meet those needs. With few exceptions, Geographic programs are delivered in kind rather than cash. They are executed directly by Canadian suppliers and executing agencies. When available and advantageous, the goods or services required for their implementation are

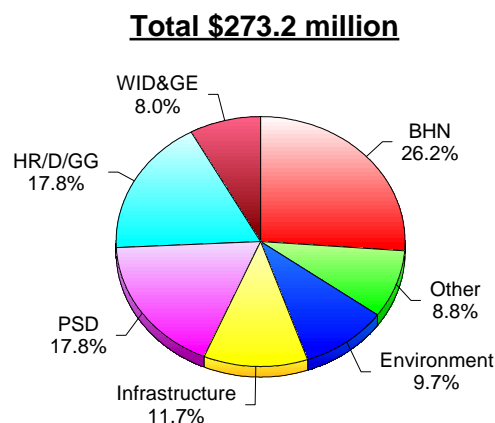
procured in the recipient country. All projects are based on Canadian policies regarding the procurement of goods and services in Canada and on Canadian content requirements.

Africa and the Middle East

The Africa and Middle East Branch (AMEB) is the largest of the three bilateral branches. In 1998-99, AMEB spent \$273 million, or 42% of the Geographic Programs program disbursements. Despite the size of the Africa and Middle East land mass and the importance of its population - more than 10% of the world's total - the participation of that region in the world economy is still relatively low. Its share of world trade is 5% and it produces less than 3% of world Gross National Product. Thirty-three of the 48 countries designated by the UN as least developed are in Africa.

Chart 8

1998-99 ODA Program Disbursements - Africa and the Middle East



New leaders in many countries are seeking to improve political processes and macro-economic management. This has led to increased growth rates in several Sub-Saharan countries over the last few years. Many countries have gone through a second

generation of elections, although transparency in the electoral processes is sometimes questionable. However, populations are more aware of their rights and a consensus has emerged that military and dictatorial rule is not conducive to development. In this context, the elections in Nigeria and other countries, in 1998-99, are encouraging.

Of grave concern is the significant increase in the number of state and interstate conflicts in Africa and the Middle East. The Great Lakes conflict has expanded both geographically and in complexity. In Ethiopia and Eritrea, a border dispute has become a bitter conflict. Conflicts in Angola, Congo-Brazzaville and Sierra Leone resumed with renewed destructiveness and with appalling consequences for the populations. Much effort has gone into the peace negotiations in the Middle East. In many countries of Africa, issues such as access to and control over natural resources (including land and water), mass migration and refugees, environmental degradation, the widespread availability of small arms and landmines, and forced involvement of children as soldiers, pose problems for peace and stability.

Human security is essential to reduce poverty and to foster economic growth and peace. Sub-Saharan countries, in particular, are far behind the social targets established by the DAC. The spread of HIV/AIDS is also becoming a major problem, especially in Southern and Eastern Africa. It poses grave challenges to the social and economic base for future development through the loss of intellectual and social capital, productive earners, parents, and caregivers.

There are a number of other significant development issues and initiatives affecting the region. As indicated earlier, debt is a major burden for countries in the region. Many are

eligible for debt relief under the Heavily Indebted Poor Countries multilateral initiative. In terms of good governance, many African leaders have recognized that progress in this area is necessary and that it is relevant to continued flows of ODA and private investment. Through the Global Coalition for Africa and other forums, CIDA has contributed to raising the international awareness of corruption. There is also an increased awareness in the region of the importance of aid co-operation and co-ordination, involving bilateral donors as well as multilateral players such as the UN, the DAC and the World Bank. More recently, the World Bank has become the focal point of the Comprehensive Development Framework initiative which will provide new opportunities for improving development effectiveness through aid co-ordination at the country level.

The two main emphases of the Africa and Middle East Branch are **Peace and Security** and **Poverty Reduction**. In addition to defining its strategy for peace and security, AMEB has played a key role in the peace talks in Burundi, Sudan and the Democratic Republic of Congo. It has supported seven regional organizations, including the Organization of African Unity. Shelter rehabilitation has been achieved and refugee communities have been brought closer together in Rwanda and in the Middle-East. In its efforts to alleviate poverty, AMEB has helped improve access to education in 16 countries by improving competencies in teaching and curricula formulation. Barriers to girl education have been identified in several countries. As well, the Branch's efforts in the area of health have contributed to the reduction in incidences of endemic diseases, particularly polio. HIV/AIDS high-risk groups have experienced some stabilization. Access to low-cost potable water and sanitation systems has been increased, particularly in Ghana,

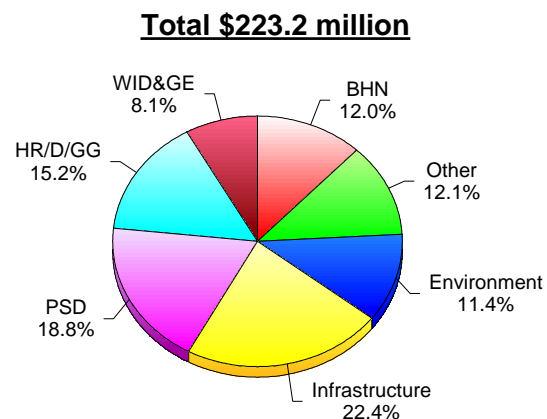
Morocco and the Middle-East. Through 18 food and security projects in Burkina Faso, Ethiopia, Kenya, Mali and countries in Eastern and Southern Africa, progress has been made in agriculture production systems and the professionalization of agriculture organizations.

Human Rights, Democracy, Good Governance is an increasing priority for the Branch, with 130 projects underway. Progress has been achieved in the implementation of public-sector reforms, through improved management capacities, fiscal reforms and decentralization. Legal institutions in South Africa, Ethiopia and more recently Mali have been reinforced, as well as civil society (in several countries) to raise citizens' awareness of their rights. Projects have contributed to the reduction of gender inequalities particularly in education and micro-enterprises. However, CIDA has learned that to achieve more effective development, women need to be targeted not only as beneficiaries, but mostly as agents of change. For the private sector, key achievements include improvement of human resources and institutional capacities, with a particular emphasis on micro-savings and micro-credit, and the improvement of the performance of enterprises and co-operatives. With respect to the environment and desertification, AMEB also has continued to focus on strengthening the institutional capacity of regional organizations. Finally, the Branch has maintained its commitments in Infrastructure Services primarily through activities in the energy sector, where it is too soon to measure results. Despite these results, considerable effort will still be needed for the Africa and the Middle East region to increase its relative weight and influence in the world in the 21st century and to reduce the level of poverty among its population.

Asia

The Asia Branch is the second largest of the bilateral branches. Its disbursements in 1998-99 were \$223 million, 36% of the Geographic Programs program disbursements. Asia is steeped in history, culture and tradition. Its development scenario is in keeping with the region's diversity. Although Asia houses more than half of the world's poor, some of the most impressive development success stories emerge from the region. Overall, Asia exerts considerable influence on global affairs. A prosperous Asia is important for global stability and Canadian prosperity.

Chart 9
1998-99 ODA Program Disbursements - Asia



Asia approaches the new millennium with considerable uncertainty. Not only have its economic conditions changed, but so too have the political and strategic dynamics. The Asian economic crisis undermined the development achievements of the affected countries and has had a significant impact on the global economic scene. The most urgent challenges of the millennium in Asia are in the areas of sustained reduction of poverty through economic growth and better distribution of its benefits; strengthening of governance systems

and institutions that protect and promote equally the welfare of all, men and women, boys and girls; protection and conservation of the environment; and conflict resolution and peace-building.

Asia Branch is poised to meet the complex challenges through its strategy of promoting growth and equity. The Branch is pursuing three related and mutually reinforcing approaches to attain this goal: (a) *poverty reduction*, (b) *strengthening the basis of prosperity* and (c) *promotion of security*. Branch initiatives in support of these three approaches include targeted poverty reduction projects at the grassroots level; the establishment of mutually beneficial links between the Asian and Canadian private sectors for promoting economic growth; and support for economic and social reforms, democratic governance, human rights and environment. As well, to mitigate the effects of the Asian crisis, CIDA has created programs to restore confidence and growth in the affected countries, protect the vulnerable and set the stage for a more secure future.

In Asia, aid co-ordination is particularly important. Canadian foreign policy objectives and Canadian capacities and interests play an important role in determining the nature of the country programs developed and supported by the Asia Branch.

Given the differing development contexts in South and Southeast Asia, different approaches are required in Branch programming in the two regions. In **South Asia**, there is a predominant need to invest in human development. Branch strategy here is therefore largely directed to programming in basic human needs; gender equality; human rights, democratic

development and governance; and environment priorities. Because of the continued existence of poverty and the need to promote more opportunities for self-reliance, CIDA programs in South Asia (especially in Bangladesh and Pakistan but also in India, Sri Lanka and Nepal) focus on developing the capacity to address poverty issues.

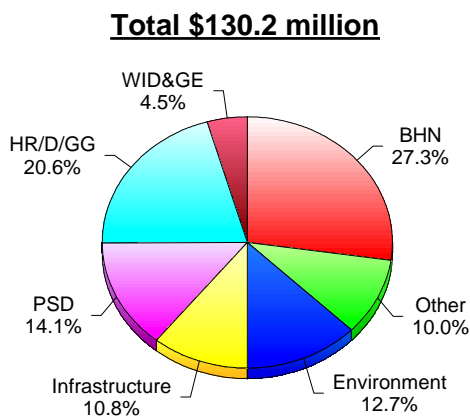
Results of successful BHN projects indicate that positive contributions have been made to poverty reduction and gender equality. In Pakistan, Bangladesh and Sri Lanka, CIDA has helped achieve these results through strengthening of NGOs and community-based organizations. Such organizations take the lead in initiating dialogues with governments and promote a more participatory governance process in their respective countries. CIDA's Pakistan and India Programs have, with some success, addressed needs in the environment priority (sustainable use of natural resources and ability to address global environmental issues).

Some **Southeast Asian** economies are showing signs of recovery from the recent financial crisis. Nonetheless, there has been a rise in poverty and the emergence of a new poor class -- the urban unemployed. CIDA is responding through a plan that helps (a) reduce the vulnerability of the poor; (b) provide crisis-related policy support through the enhancement of local capacity; and (c) set the institutional stage for a more secure future. Results of projects in the countries most affected by the crisis (Indonesia, Malaysia, Philippines, Thailand and Vietnam) and in the Southeast Asia Regional Program address one or more of the responses planned by Asia Branch.

Americas

In 1998-99, the Americas Branch, disbursed \$130 million or 20% of the Geographic Programs program disbursements. Much has changed in the Americas over the past ten years. In most countries, more democratic models of governance have been adopted. A wave of economic reform has swept the hemisphere. Despite recent financial crises, for many countries these reforms have resulted in significantly higher economic growth during this decade after years of stagnation and decline under the statist, inward-looking policies prevalent in the 1970s and 1980s. Reform programs have stabilized economies, resulting in lower inflation rates and increased foreign direct and portfolio investment. Nonetheless, reform, globalization and market liberalization present challenges. Social service systems (health, education) need to be recast. The role of the state is being redefined in a number of countries.

Chart 10
1998-99 ODA Program Disbursements - Americas



Despite indisputable success, there remain questions about the sustainability of economic and democratic progress. Of ongoing concern

is the unequal distribution of the benefits of reform and the exclusion of the poor, particularly women and indigenous populations. The 1990s have seen a small decline in poverty, from 41% to 39% of all households. This has not been enough to offset the increase in poverty experienced during the 1980s -- from 35% to 41%. Poverty and equity remain the most significant challenges facing the region. The situation in Haiti, the poorest country in the hemisphere, is exacerbated by the ongoing political uncertainty which presents particular risks for development efforts.

The year 1998-99 presented additional pressures for many countries. Global financial crises have affected all nations of the Americas. Recession, slower economic growth, high unemployment, and reduced government expenditures, particularly on social services, pose new development challenges. Differing impacts on country economies mean changes in programming approaches and a reassessment of risks.

Another significant impact on the region has come from the occurrence of natural disasters in the form of earthquakes, landslides, tornadoes and hurricanes. Hurricane Mitch alone has resulted in major programming changes. Such enormous events are now raising the issue of disaster preparedness for all countries of the region. Experts anticipate that the environmental effects of climate change induced by people are likely to cause a greater number of increasingly severe natural disasters in the future.

CIDA's Americas program is making a significant contribution to meeting these numerous challenges. The program focuses on poverty reduction and the achievement of greater social equity. At the same time, it

pursues structural reforms and economic growth.

CIDA's Basic Human Needs Priority is of primary importance. In 1998-99, the Americas Program provided over 2,000 families with access to potable water and sanitation. It provided many others with the capacity to meet their basic needs through agriculture and other productive activities.

CIDA's Gender Equality Funds in the Americas contribute to poverty reduction in important ways. CIDA works with women's groups to strengthen empowerment and enable women throughout the region to participate more directly in the political, social and economic life of their countries and their local communities.

In response to the challenge posed by Hurricane Mitch, CIDA restored devastated infrastructure. The Agency used new initiatives approved under CIDA's Infrastructure Services Policy and adapted existing projects for more efficient and effective emergency response in co-ordination with other donors.

Important longer-term poverty reduction impacts are being realized through projects focussed on human rights, democracy, good governance. By upgrading the knowledge and skills of professional staff in developing countries, CIDA has enabled many key public-sector institutions to formulate equitable social and economic policies and gain the capacity to deal with the challenges posed by such events as the economic crisis that swept through the region and the world.

The region's private sector continues to be an important beneficiary of the CIDA program in the Americas. In 1998-99, considerable achievements in expanding micro-credit

facilities were realized in Bolivia, Haiti and other countries of the region.

Results Commitments, Achievements and Factors Limiting Success

Basic Human Needs

Key result commitment: Improved access for the poor to health, education, shelter, food and nutrition, sanitation and pure-water supply services.

- Groups with a high risk of contracting sexually transmitted diseases have experienced some stabilization and reduction in the incidence of these diseases as a result of CIDA projects in Southern and Eastern Africa. The combined effect of immunization and high-level vitamin A in these two regions has led to a reduction of almost 35% in deaths from polio among children. However, conflict among countries in the area poses a major challenge to these efforts and may lead to regression.
- CIDA projects have been instrumental in making potable water available to populations in Ghana, Morocco and the Middle East. These projects have also helped strengthen the management capacity in the relevant communities.
- CIDA has achieved a number of results, including enhanced teacher competency and improved curricula, through educational projects in Africa and the Middle East. Where constraints to the education of girls have been properly identified and corrected, there has also been a significant increase in the number of girls attending school. In a few countries, including Guinea, Rwanda, Tanzania and

Zambia, strategic plans have been developed and departments of education reorganized.

- Every year, 1.1 million poor children attend 34,000 primary schools run by NGOs under the Non-Formal Education Project of the Bangladesh Rural Advancement Committee.

Key result commitment: Improved ability of vulnerable groups to increase their productive activities to meet their basic human needs.

- Increased soil conservation and productivity have been achieved through food security projects in Africa and the Middle East. In Kenya, 28,745 small family farms have better irrigated land and access to appropriate technologies. In Mali, peasant organizations have adopted democratic principles and their members have benefited from increased income as a result of improved production and commercialization practices. Farmers in 10 East African countries have adopted 95% of the results of regional research on wheat and corn. In Southern Africa, new agro-forestry approaches have been embraced at the policy-making level, added to university curricula and adopted by 15,000 farmers.
- About half of the 91 women trained under the Aga Khan Rural Support program in Pakistan now run their own businesses successfully. The program has also helped to make social services both accessible and affordable. Members of women's organizations funded by the project report marked improvement in their economic and social status, their decision-making power and their ability to contribute to household incomes.

- Following the principles of community operation and management, CARE implemented water supply and sanitation activities in 17 of the poorest rural communities in East Timor. Village teams are active in most of them. Improved agricultural methods, such as terracing slopes with plants and the provision of seeds to farmers, are showing early signs of a positive impact on production.
- "The Ecuador Canada Development Fund (ECDF) is the leading development organization in Ecuador." So say other donors and aid organizations, including the World Bank and a number of international NGOs. The work of the 100 organizations associated with ECDF has led to an average of 36% increase in the incomes of beneficiary families, increased production output by 30%, created 804 jobs and generated US\$1.486 million in exports. ECDF has helped in the development of other funds in Ecuador, Colombia and Peru.

Gender Equality (GE)

Results in gender equality are achieved in two ways: by integrating GE considerations in projects across sectors and through programming specifically targeted at measures to eliminate gender inequalities.

- In the Americas Branch, for example, the number of project reports integrating GE as a cross-cutting theme increased from 100 (or 49% of Branch projects) in 1997-98 to 122 (or 54%) in 1998-99. There was also a slight improvement over the previous year in the identification of gender-specific results in those projects, bringing the Branch closer to the achievement of its

goal of integrating gender consideration into all projects.

- The Asia Branch integrates gender consideration into its programs and invests as well in gender-specific projects. Country Programs have made improvements in integrating gender equality in results reporting although a small percentage of projects continue not to identify gender equality as a cross-cutting theme in results reporting.
- In the Africa and Middle East Branch, 129 projects have identified GE specifically as a cross-cutting priority. Most education projects seek to reduce gender inequalities. As with the rest of the Agency, more effort is required to apply the new GE policy more extensively.

Key result commitment: Advance women's equal participation with men as decision-makers in shaping the sustainable development of their societies.

- Bangladeshi women participating in the Rural Bittahen Institution project report decreased domestic violence and greater participation in household decision-making after they begin generating income. This project is beginning implementation of its newly approved gender policy to enhance the role and status of female employees and clients.

Key result commitment: Women and girls supported in the realization of their full human rights

- In South America, many women aided by CIDA's Gender Equality Funds are now assuming active roles in the political life of their communities. Advocacy by labour

unions supported by the Fund led to the approval by the State of Rio de Janeiro in Brazil of a law against intimate body search and another dealing with the prevention of injuries caused by repetitive tasks. A third bill protecting women against harassment in the workplace was sent to the State's Chamber of Deputies.

Key result commitment: Reduced gender inequalities in access to and control over the resources and benefits of development.

- The Africa and Middle East Branch has been working to reduce unequal access to primary education between males and females. The Branch has invested significant effort into raising awareness about this issue among authorities, teachers and communities. The Egypt, Mozambique and Senegal programs have all been able to show increases in the proportion of girls' enrolment relative to that of boys.

Infrastructure Services

Key result commitment: Improved institutional capacity to manage reform and ensure the efficient and equitable provision of services.

- In the Infrastructure Services area, Africa and Middle East Branch continues to have important commitments, primarily in the energy sector, with Mali, Guinea and West Africa. The projects are now on schedule, but their impact on the population cannot be measured as yet. Projects implemented in partnership with Petro-Canada have increased both the knowledge of petroleum and the capacity of governments to negotiate with multinational companies.

- Institutional reforms in Bangladesh Railways have increased locomotive performances and inventory management. Broader institutional reforms, being pursued with other donors, have improved the financial position of Bangladesh Railways and have increased outputs overall.
- The Regional Electrical Energy Project in Central America supports reforms in the electricity sector in six countries. This project's ability to initiate activities rapidly and respond to emergency events quickly has provided increased profile and credibility. In Guatemala, it has enabled investment and operating costs to be covered by revenues rather than government subsidies and has put the country in a position to begin negotiations to export electricity.

Key result commitment: Increased access of the poor, especially poor women, to infrastructure services.

- Over 100,000 consumers in 1,200 villages in Bangladesh received electricity through the Industrial Commodities project. Rural electrification is expected to support economic activities of various types and access to other opportunities.

Human Rights, Democracy, Good Governance

Key result commitment: More democratic decision making through increased popular participation and strengthened representative institutions.

- Thirteen projects are helping to improve the influence of civil society on development priorities and strategies in Africa and the Middle East. Intermediate

results include tangible improvements in the capacity of NGOs to participate in the co-ordination, development and implementation of plans for combating desertification, implementing decentralization and alleviating poverty.

Key result commitment: More effective and accountable exercise of power.

- The Canada-Southern Cone Technology Transfer Program continued to strengthen local regulatory agencies through staff training in Canada. The Program continued to improve capacity through the supply of laboratory equipment and staff training in Uruguayan government agencies.
- Public expenditures management and fiscal revenue collection projects have achieved results in Egypt, Ghana, Ivory Coast, Lebanon and Senegal. In Ghana, for example, a major accomplishment was the adoption, for the first time, of a Medium Term Expenditure Framework as the basis for the formulation of the 1999 budget.

Key result commitment: Increased capacity of organizations that protect and promote human rights.

- The profile of civilian oversight and its acceptance among government, police and the community have increased steadily in Brazil. This is one of the results of the Human Rights and Police Oversight Project. There is a markedly improved political will in favour of greater police accountability and oversight systems. The CESO Public-Sector Reform Support Project has carried out 63 assignments in Bolivia and Peru. However, it is too early

to do a comprehensive assessment of the results.

- CIDA support has led to the establishment of child rights networks in two states in India. The networks are involved in promoting children's rights and combating child-labour issues.

Key result commitment: Strengthened will of leaders to respect rights, rule democratically and govern effectively.

- CIDA's support for the electoral process in eight countries in the Africa and Middle East region has produced positive results. However, this has not been the case on the West Bank and Gaza where municipal elections have been postponed frequently. In Ghana and Ethiopia, the Branch invests in the functioning of Parliaments.

Private-Sector Development

Key result commitment: Improved capacities of the private sector, and related institutions, as a result of support to micro-enterprise and micro-finance development and small and medium-sized businesses.

- Through its Private Enterprise Participation Project in Indonesia, CIDA generates skills and business acumen that are prerequisites to sustainable growth of small and medium enterprises (SMEs). The capacity of Indonesia's Chamber of Commerce and Industry to support SMEs is also being strengthened. There are indications that the SMEs are utilizing business enhancement skills gained from training sessions attended. Some SMEs operated by women have reported improved performance.

- The number and the membership of African credit unions have been increasing. The combined membership in only three countries -- Ivory Coast, Mali and Senegal -- is 233,150. The credit unions have experienced an encouraging level of financial and administrative autonomy and a \$49.8 million increase in the level of savings.

- In Benin, Cameroon and Egypt, CIDA has supported the establishment of new micro-enterprises and other businesses that benefit women. In Benin, the business volume of new micro-enterprises has increased by 80%. Twenty percent of the women involved have been able to secure stabilized savings.

- During 1998-99, the Savings and Loans Co-operatives Project implemented in Haiti by Développement international Desjardins helped to create a national association to co-ordinate activities of the credit unions supported by the project. During the period under review, membership in these credit unions doubled to 75,000.

Environment

Key result commitment: Individuals, groups, organizations and institutions are able to address local and environmental issues and to participate in the resolution of global environmental problems.

- A CIDA-supported project in Indonesia has led to improved environmental monitoring and assessment. Improvements (ranging from 20% to 75%) in environmental education, research, training and policy-making have resulted from support provided by the project. Environmental

quality is improving and progress towards sustainable development is considerable.

- The Caribbean Fisheries Resource Assessment and Management Project continues to strengthen fisheries management capacity in the member states of the Caribbean Community and Common Market. This has been achieved through the introduction of new software, analysis of fisheries data, delivery of regional stock assessment workshops and other training programs.
- CIDA has contributed to improved policy-making and evaluation in Cameroon and Palestine. National institutions and departments of environment have been reinforced in Egypt and Guinea. Micro-level projects, contributing to the enhancement of the environment and to raising the awareness of populations, have been successful in Burkina Faso, Cameroon, Tanzania and Zimbabwe.

Factors Limiting Success

- Several factors limit the achievement of expected results in AMEB. The major ones include: sudden and rapid change in the social, political, economic or physical environment; increased number and level of complexity of conflicts; impact of HIV/AIDS in Southern Africa sub-region impeding the achievement of social and economic progress; and extreme fragility of local or regional institutions and, sometimes, an overly ambitious scope of project, leading to insufficient absorptive capacity. Projects in the areas of private-sector development and high-level governance seem to present the greatest challenges. CIDA has responded to the difficulties by slowing down, temporarily

suspending, or transforming projects. In Cameroon, two private-sector projects have been completely re-designed.

- In Asia, the after-effects of the financial crisis and the onset of political unrest and civil conflicts in some countries slowed down the implementation of a number of projects. Speedy resolution of these issues will be critical to the sustainability and effectiveness of these projects. For example, the crisis has led to a slowdown in private sectors in the affected countries, partly as a result of a decrease in foreign investment, as well as a relative lack of interest of the Canadian private sector in South-east Asia. The impact was a lag in the implementation of CIDA projects which encourage the establishment of linkages between the private sector in Canada and the private sectors in partner countries, particularly Thailand, Malaysia and Vietnam. CIDA's response has been to phase down the private-sector linkage projects, such as Enterprise Malaysia and Enterprise Thailand, until the critical conditions for the building of linkages are revived.
- In the Americas region, host-country or local partner commitment and capacity are commonly cited as factors limiting success. In times of economic crisis or recession, local partners can experience a reduced capacity to honour financial commitments over the course of a project. Similarly, incentive structures in many countries lead to the challenge of high staff turnover within recipient organizations, particularly government and NGO institutions. Political commitment is often key to project success. As such, political instability and unforeseen changes in key political actors or policies can have a

negative impact on project performance. Experience has shown that greater attention to the institutional assessment of partners and target institutions can improve performance. It is also clear that careful and appropriate goal setting, rather than overly ambitious expected results, leads not only to goals and targets being met more often, but also to improved resource allocation. It is also important to ensure that a clear understanding of expectations and objectives is shared among all project partners and participants, particularly local

partners. For example, the World University Service of Canada (WUSC), with CIDA support, has been working in the community water sector in Peru since 1985. WUSC's interventions improved significantly when it encouraged communities to formulate their own commitments and their own objectives for self-development. Village communities first organized around WUSC's water and sanitation initiatives are now moving on to other projects such as electrification, using this same community-based approach.

Countries in Transition

Planned Spending (1998-99 RPP) \$97.2 million
Total Authorities (Public Accounts) . . . \$96.3 million
1998-99 Actual Expenditures \$96.1 million

Note: These amounts include program and operating expenditures. For more details, see Table 2 on Page 57.

Objectives

To support democratic development and economic liberalization in Central and Eastern Europe (CEE) by building mutually beneficial partnerships and by:

- assisting in the transition to market economies;
- encouraging good governance, democracy, political pluralism, the rule of law and adherence to international norms and standards;
- facilitating Canadian trade and investment links with the region;
- enhancing nuclear safety; and
- assisting international programs to reduce threats to international and Canadian security.

Putting it in Context

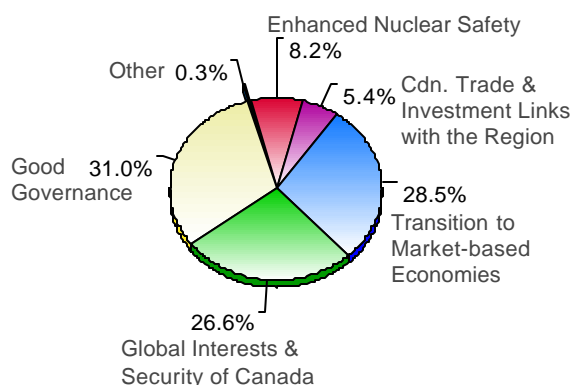
The CEE Branch spent \$89 million in program disbursements during its tenth year, 1998-99. It is funded under a separate non-ODA component of the IAE, even though 20% of CEE expenditures qualify as ODA.

This support to CEE countries in their transition to market-based economies contributes to security, stability and progress in those countries. It enhances Canada's own security and that of the global community. Activities under the program also support such Canadian values as democracy, human rights, social justice, gender equality and a

clean environment. However, while governments in the region are committed to reform, much still remains to be done to ensure structural transformation and to create stable market economies.

Diversity remains a defining characteristic of CEE countries as they continue to move from the Communist one-party, command-economy model. Not surprisingly, therefore, the key regional event during the period under review -- the August 1998 financial crisis in Russia -- was as varied as it was widespread in its impact on the region's transition to an open-market economy. Ukraine had to renegotiate its domestic debt. The Slovak Republic's fixed exchange rate was compromised. In general, reduced imports by Russia have weakened neighbouring economies.

Chart 11
1998-99 Program Disbursements - Central and Eastern Europe



Many conflicts have left thousands of people displaced -- without housing, nutrition or adequate health care. Corruption and crime are high in many CEE countries. HIV has become epidemic among intravenous drug users in Belarus, the Baltic States, the Caucasus, Kazakhstan, Moldova, Russia and Ukraine.

On the other hand, life expectancy has improved marginally across the region although some countries like Russia have still not returned to 1989 levels. Five CEE countries have begun negotiations on accession to the European Union (EU): Estonia, Slovenia and the Visegrad countries -- the Czech Republic, Hungary and Poland. The latter three have been accepted into NATO.

The richness and diversity of the achievements of the CEE program in light of this difficult regional situation suggests that, overall, the program is designed appropriately to deliver on its commitments. Responsiveness and flexibility have enabled the program to adapt to ongoing change and uncertainty.

Results Commitments, Achievements and Factors Limiting Success

Assisting in the Transition to Market Economies

Key result commitment: Changes to the legislative/regulatory framework supporting market economies.

- The official "stamp of approval" has been given by Ukraine's Land Resource Committee for millions to be compensated for the use of land to which they hold titles. A project to support Ukraine's land privatization and farm reorganization efforts has already led to a law and a presidential decree on a unified agricultural tax, a presidential decree and Cabinet resolution establishing types of land ownership, and a land registry law.

Facilitating Trade and Investment Links with the Region

Key result commitment: Demonstrated Canadian commercial benefits.

- There are probably a number of commercial agreements that can be related, at least in part, to CIDA's work. Commercial agreements worth about \$295 million were signed when the Prime Minister and the Minister of International Trade visited Poland and Ukraine in late January 1999. In both countries, there was much praise for the work being done by CEE's Canadian partners in governance, transition to market economy and democratic development. During the Poland visit, 38 commercial agreements worth \$132 million were signed by Canadian firms and their Polish counterparts. In Ukraine, 18 agreements worth \$163 million were concluded.

Encouraging Good Governance, Democracy, Political Pluralism, the Rule of Law, and Adherence to International Norms and Standards

- Staff at Canada's Public Service Commission (PSC) have been working with their counterparts to advance public-service reform in the Slovak Republic. The PSC has provided technical assistance to Slovakia in the drafting of a civil service code and the building of the capacity of the Slovak public service to offer government-wide training.
- An Ontario Ministry of Education and Training project has established a translation and legislative support centre in Estonia. The centre has the daunting task of translating legislation to meet one of the EU requirements for Estonia's membership. This idea was replicated in Latvia using

expertise gained through the Estonia project.

- A CIDA project provided the catalyst for new and ongoing collaboration among various ethnic groups in Bosnia-Herzegovina. The project, involving Canadian Feed the Children, George Brown College and their local partner, La Benevolencija, trains NGOs from different ethnic and geographic segments in project management, fund-raising, reporting and evaluation, networking, communications strategies, outreach activities and other skills.

Promoting the Global Interests and Security of Canada

Key result commitment: Reduction of suffering through humanitarian assistance.

- CEE Branch provided \$4.2 million in humanitarian aid to the Kosovo region in 1998-99. Assistance was provided primarily in response to international appeals from the UN, the Red Cross, the WFP and UNICEF. These organizations have provided food, clothing, and medical and hygienic supplies in an effort to alleviate the suffering of civilians displaced by the conflict.

Enhancing Nuclear Safety

Key result commitment: Reduced risks related to Soviet-designed nuclear power plants.

- The \$1.1-million Chernobyl Stack Stabilization Project did a good job of supervising urgent repairs to the Chernobyl ventilation stack with the support of a US partner. This project, a success story of trilateral co-operation, re-established the safety of the stack. It brought considerable credit to Canada although none of the

anticipated commercial benefits materialized.

- Meanwhile, Canada's largest bilateral initiative under this program ended in 1998-99 with mixed results. On the one hand, the \$10.8 million nuclear safety and engineering program, undertaken mainly in Russia, suffered serious delays and CIDA did not get value for its investment during the first two years, 1993-95. However, CIDA was more successful than other donors supporting similar projects and beneficiary institutions obtained valuable knowledge and improved their capacity to run nuclear power plants safely.

Factors Limiting Success

A number of events limited the success of the CEE Program during the past year. These include Russia's financial crisis, the winter appeal for humanitarian assistance in the north of that country, and regional conflicts in Kosovo and the Caucasus. Changing political landscapes and shifting priorities in the region have compromised the full realization of expected results in some projects. The uneven pace of reform and the lack of recipient country institutional frameworks to support these reforms threaten the sustainability of CEE investments. The Canada-Poland Entrepreneurs Fund, which aims to provide credit to small-to medium-sized enterprises through the transfer of western banking practices and expertise, progressed slowly during the initial stages of development. The institutional capacity for this type of project was lacking in the recipient country. The complexity and multi-faceted nature of the project activities also posed serious management challenges to the Canadian partners. The CEE Program is continuing its efforts to clarify the roles and responsibilities of the Canadian partner to solve problems and achieve better results.

Multilateral Programs

Planned Spending (1998-99 RPP) . . . \$497.3 million
Total Authorities (Public Accounts) . . . \$703.1 million
1998-99 Actual Expenditures \$703.0 million

Note: These amounts include program and operating expenditures. For more details, see Table 2 on Page 57.

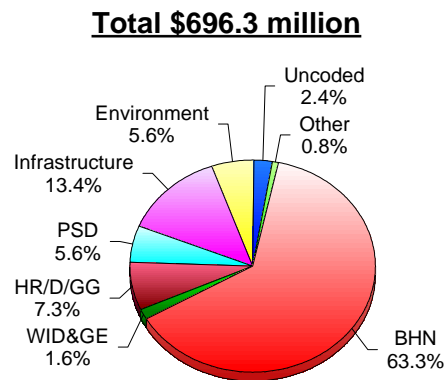
Objectives

To promote effective global and multilateral development approaches to poverty reduction, human security and international prosperity; and ensure that Canadian humanitarian assistance and food aid to developing countries are appropriate, timely and effective.

Putting it in Context

Multilateral Programs disbursed over \$696 million (43%) of CIDA's ODA program disbursements in 1998-99. This includes a major portion of the supplementary funding (\$66 million) provided to CIDA in response to natural disasters including Hurricane Mitch, payments to United Nations organizations (\$68 million) as announced in the 1999 Federal Budget and \$53 million to meet the additional financing requirements of the multilateral development banks to deal with the global financial crisis.

Chart 12
1998-99 ODA Program Disbursements -
Multilateral Programs



The multilateral development system comprises: international humanitarian organizations that deal with conflict resolution, disaster relief and assistance to refugees; international financial institutions (IFIs) that facilitate access to development finance and support an open trade and payments system; and UN and other development organizations, such as the WFP and the Commonwealth, that support sustainable development in developing countries.

The system facilitates consensus building on key global issues, joint international responses and sharing lessons learned. Nearly all multilateral development institutions (MDIs) are committed to sustainable development and have as an overarching goal reducing poverty and improving the quality of human life.

The Multilateral Programs Branch (MPB) is the backbone of Canada's leadership role in key UN and Commonwealth development and humanitarian organizations as well as in the multilateral development banks. Multilateral programs allow Canada to leverage substantial amounts of resources for its international

priorities, and through membership of these bodies, are able to influence substantially policy and program responses to emerging and ongoing global and regional development challenges. Canada works with other member states and with key officials within multilateral organizations to promote reform efforts as a means of improving performance in development and humanitarian terms.

Canadians need a strong multilateral development and humanitarian system to help the world address threats that transcend borders and menace all of humanity. Such threats include complex humanitarian emergencies; global environmental issues such as climate change and ozone layer depletion; the rise and resurgence of infectious diseases such as tuberculosis and AIDS; and, more recently, economic crises resulting from increased volatility of global financial markets. Economic and financial globalization requires effective instruments of global governance and strengthened multilateral institutions. The rationale for multilateralism -- that global problems require global solutions -- is now clearer than ever. Multilateral programs are an effective channel for delivering development and emergency assistance. Multilateral aid is targeted to the poorest countries. It is extremely effective in delivering appropriate humanitarian aid and relief in a timely manner. Also, multilateral organizations play a critical leadership and advocacy role in areas such as children's rights, population, human development and basic human needs.

An important aspect of MPB's work is its initiatives in the area of food aid and humanitarian relief and, in the past year, in the areas of peacebuilding and landmines. Canadian emergency food and non-food

assistance helped save millions of lives. The Food Aid Centre's program in micronutrients provides an excellent example of the Branch's positive development impact in the field.

In 1998-99, debt relief was a priority for most multilateral development banks. Under the leadership of the G-7 countries, a new proposal to provide broader, faster and deeper relief to heavily indebted poor countries (HIPC) led to the development of the Enhanced HIPC Initiative. This Initiative has since gained wide support among donor countries and is now under consideration by the World Bank and the IMF. Throughout this process, Canada has advocated publicly for a more generous package to offer substantial debt relief to the HIPC countries.

Results Commitments, Achievements and Factors Limiting Success

Special result commitment: Enhancing the effectiveness and efficiency of Multilateral Development Institutions and the Multilateral Development System.

In 1998-99, the Branch once again channelled core support to MDIs to advance sustainable development, reduce poverty, improve human security, promote peace and contribute to international prosperity; maintain Canada's influence, credibility and leverage with MDIs despite its resource constraints; and help bring about a more effective multilateral system to meet global needs and contribute to the overall performance of the international development system.

MDIs and the multilateral system as a whole continue to enjoy success in enhancing their efficiency and effectiveness.

- Throughout most parts of the UN Development system, significant progress has been made in moving to "managing for results". Of particular note are UNDP, UNFPA and UNICEF which are each in the process of developing a results-based framework that will link indicative multi-year commitments to expected and achieved results.
- At the World Bank, the proportion of projects with satisfactory outcomes rose to 72% in 1998 from 68% in 1997. The time required from project appraisal to approval has been reduced from 7.8 months to 6.
- UN development organizations continued to increase co-ordination at headquarters and in the field. Major steps have been taken by the World Bank to obtain agreement among all donors (development banks, UN agencies and bilateral donors, including CIDA) to move towards one comprehensive development framework for each country, guided by the country itself.
- Multilateral Development Institutions continued to decentralize decision making and operations to the field to allow more well informed decision making and to facilitate co-ordination and co-operation. To be more responsive to country needs, the World Bank now has 23 Country Directors in the field and plans to increase that number. The African Development Bank is taking steps to better integrate NGOs of recipient countries in the development of country strategies.

Basic Human Needs

Key result commitment: Improved access for the poor to health, education, shelter, food

and nutrition, sanitation, and pure-water-supply services.

- Nutrition and health are now priorities within the WFP. Many of the innovative initiatives piloted under the Canadian-funded Women's Health and Micronutrient Facility were integrated into longer-term regular operations funded by WFP.
- CIDA's Food Aid Centre, in close collaboration with the Micronutrient Initiative and PWGSC, established a list of qualified Canadian suppliers of micronutrient pre-mix for fortification of local flour. Subsequently, three shipments of Canadian pre-mix were made during the year to Ecuador, Malawi and Zambia.
- CIDA's Food Aid Centre played an important advocacy role with other donors and recipient governments in support of Canadian concerns, particularly with respect to health and nutrition issues. As a result, all oil provided by donors to WFP is now fortified with Vitamin A.
- Following advocacy by Canada and other donor countries, social-sector lending by the Inter-American Development Bank increased to 46% of total approvals. World Bank lending for health, nutrition and population more than doubled between FY97 and FY98.
- UNICEF immunization programs, directly or indirectly funded by CIDA, led to increased vaccination coverage of 14% for measles and 12% for diphtheria/pertussis/tetanus in Ghana. In Malawi, tetanus toxoid vaccination coverage among schoolgirls increased from

35% to 55%. Meanwhile, interim reports from a CIDA-funded Red Cross program indicate that in some of the poorest regions of Colombia most children are now protected against disease and malnutrition.

- As a result of UNAIDS programs, HIV rates show signs of stabilizing in Senegal -- staying below 2% in the capital -- and have declined from around 36% to 18% in Nsambya, Uganda. In Thailand, condom promotion has reduced HIV among army conscripts.
- In Vietnam, a four-year project to combat malaria is supported by the World Health Organization's Special Program for Research and Training in Tropical Diseases, which receives direct funding from CIDA. The effort has reduced malaria deaths by over 90% and malaria cases as a whole by 40%.
- In Ethiopia, WFP provided food rations resulting in 4,571,461 person days of labour. Results included the planting of 7.6 million seedlings and the creation of 3,274 agricultural terraces as well as the alleviation of hunger.
- The Micronutrient commodities program has provided roughly 322 million vitamin A capsules to cover the needs of 225 million children under five in 70 developing countries. Thirty African countries now integrate vitamin A supplementation with National Immunization Days. Only one did so in 1995. Iodized salt has led to some 12 million fewer children annually being born with mental retardation.

Key result commitment: Timely, effective and appropriate emergency assistance.

- Canada's support helped WFP provide needed assistance to 56 million victims of natural disasters, wars and other emergencies. CIDA-backed NGO and UNICEF emergency projects reached at least 750,000 people over and above those reached by WFP.
- Refugees - principally women and children, in the Middle East, the Great lakes region of Africa, the Sudan, Afghanistan and Angola - were the main beneficiaries of CIDA's International Humanitarian Assistance. CIDA worked with 15 Canadian NGOs in 21 countries affected by conflict and natural disasters.

Gender Equality

Key result commitment: Women and girls supported in the realization of their full human rights.

- A campaign to deal with the prevalence of violence against women in Latin America and the Caribbean, launched in 1998 by UNDP and UNIFEM, has already resulted in new legislation in Ecuador and Venezuela. In Ecuador, women's human rights courses have been introduced into the curriculum of several law faculties.

Key result commitment: Reduced gender inequalities in access to and control over the resources and benefits of development.

- The West African Rice Development Association succeeded in unlocking a potential treasure of useful genes from indigenous African rice species and developing a new type of rice plant. These plants, targeted on rice farmers by-passed by modern research, reduce women's

labour and have a positive effect on the farmers' nutritional status.

Human Rights, Democracy, Good Governance

Key result commitment: Increased capacity of organizations that protect and promote human rights.

- Improvements are visible at Radio Television Bosnia and Herzegovina following a restructuring program supported by the CIDA Peacebuilding Fund. Programs are less culturally biased and more representative of the audience. Transmitter and repeater improvements have made the network more accessible across Bosnia and Herzegovina, with good quality pictures. The Peacebuilding Fund, which complements the Peacebuilding Program administered by DFAIT, also supports initiatives in other parts of the world, including Cambodia and Africa.

Key result commitment: Strengthened will of leaders to respect rights, rule democratically and govern effectively.

- Following prolonged discussion generated by Canada and other donor countries, the Asian Development Bank approved an anti-corruption policy as a further elaboration of its historic policy on governance. The World Bank confirmed its tough stand against corruption by debarring several firms from future Bank business because of corrupt dealings.
- The African Development Bank produced a Good Governance Policy which covers all aspects essential to good governance and for which it intends to take firm action. A working group has been formed to collaborate with the World Bank to

elaborate an evaluation methodology and performance indicators for good governance.

- In Indonesia, the Republic of Korea and Thailand, the World Bank supported efforts to end the Asian financial crisis by contributing to the restructuring of the finance and banking sectors. This restructuring was critical to efforts to end the Asian financial crisis. A UNDP-organized workshop in Korea has raised awareness of weak financial governance, and of how to overcome the crisis and prevent a recurrence. In Thailand, a regional meeting of parliamentarians, senior government officials, civil society leaders and other policy-makers developed practical anti-corruption approaches.
- With UNICEF support, 22 national commissions now exist to monitor implementation of the Convention on the Rights of the Child. Progress also continued on bringing national legislation, and often constitutions into line with the principles of the Convention.

Private Sector Development

Key result commitment: Stronger enabling environments for private-sector development, including more competitive internal markets and enhanced connections to the global economy.

- Financial support from the World Bank, the Inter-American Development Bank and the Asian Development Bank helped contain the international financial crisis, facilitate ongoing private-sector development and introduce greater transparency into the regulation of

financial, commercial and other sectors in many developing countries.

- Over 20 countries benefited from low-cost technical assistance from the Commonwealth Fund for Technical Co-operation. This assistance led to the generation of initial export business worth over US \$2 million.
- The African Development Bank launched new micro-finance initiatives, involving Canadian firms, in Burkina Faso, Cape Verde, Ghana, Mauritania, Malawi and Tanzania.
- A study by the International Rice Research Institute in 15 West African countries shows that over 27,000 farmers have adopted improved forages for livestock feed realizing more than US\$16.5 million in additional income. In Peru, farmers using seeds developed by the International Institute for Tropical Agriculture were producing on average US\$4,000 more per hectare than farmers using traditional seed in an area where family incomes average less than \$400 per year.

Environment

Key result commitment: Ecosystems are protected from degradation and destruction, and natural resources are used in a sustainable manner.

- The World Bank, UNDP and UNEP agreed to develop a joint approach to combat water and land degradation in developing countries. This will pave the way for more action by the Global Environment Facility (GEF) on desertification, and will encourage more GEF programming in Africa.

Key result commitment: The creation of pollutants and waste is avoided.

- During 1998, the Multilateral Fund for the Montreal Protocol was responsible for phasing out 43,792 tons of ozone-depleting substances in developing countries. Agreement was also reached to phase out the production of CFCs in China over a 10-year period.

Key result commitment: Individuals, groups, organizations and institutions are able to address local and environmental issues and to participate in the resolution of global environmental problems.

- GEF approved a program on carbon sequestration which will allow it to support the development of carbon sinks through reforestation and by reversing of land degradation.

Factors Limiting Success

Delays are the most common problem experienced by food aid projects. For example, difficult and unavoidable situations in the field often hinder the progress of food-aid emergency projects. Delays may not affect the ultimate achievement, but they do slow the rate at which CIDA's Food Aid Centre achieves results. The difficult political situation in one country resulted in the looting of food aid from the premises of the implementing NGO. In this case, the food was eventually returned, but not before the project had been delayed. Security concerns caused the government of another country to expel the executing agency of a CIDA project from most of the project sites. In such situations, the Food Aid Centre has reacted by adjusting performance expectations and time frames to the changing reality.

Canadian Partnership

Planned Spending (1998-99 RPP)	\$269.5 million
Total Authorities (Public Accounts)	\$272.6 million
1998-99 Actual Expenditures	\$272.2 million

Note: These amounts include program and operating expenditures. For more details, see Table 2 on Page 57.

Objective

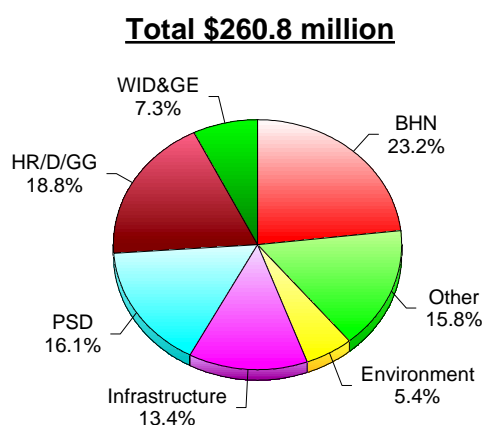
To promote mutually beneficial partnerships between Canadian and developing-country organizations to support sustainable development and reduce poverty in the developing world.

Putting it in Context

In 1998-99, the Canadian Partnership Branch (CPB) disbursed \$261 million, or 16% of the ODA program disbursements. Some 23% of these CPB disbursements went to BHN and 19% to HRDGG.

Chart 13

1998-99 ODA Program Disbursements - Canadian Partnership



The CPB program has three primary characteristics. The first is responsiveness.

CPB works with a range of Canadian organizations which plan, design and implement programs and projects in co-operation with their developing-country counterparts. Through such participation and CPB's continuous dialogue with partners, Canadians help to shape and enrich Canada's ODA program. This process also helps developing countries to gain skills and expertise that can be effectively transferred by non-governmental partners.

The second feature of the CPB program is cost-sharing. All Canadian and developing-country partner organizations are required to contribute resources to their development initiatives. For every \$1 contributed by CPB to the voluntary sector program in 1998-99, an average of \$1.19 in funds was contributed by partner organizations in addition to "in kind" goods and services. The combined multi-year funding provided by CPB and its partners for ongoing projects and programs was valued at over \$1 billion.

The third critical feature is the magnitude of Canadian participation. At any given time, CPB maintains relationships with approximately 1,000 Canadian and international partner organizations and private-sector firms, conducts over 1,500 projects and programs and supports partners in some 3,000 activities in virtually every sector in over 100 developing countries, while providing 1,000 scholarships and internships through the Scholarships and the Youth Internship Programs. Partners include business, governmental, non-governmental, academic and other organizations. These partners are among the strongest, most consistent advocates of Canada's development assistance program.

Through the work of the Industrial Co-operation Division, CIDA has invested in

the development of the private sector in developing countries. The results have been positive for those countries and for Canada. For example, since its creation, this program has helped implement infrastructure projects, representing a total investment of \$8 billion, in developing countries. Through these projects, Canadian firms have sold \$4 billion in goods and services. The program also works with youth in Canada and in developing countries to enhance the knowledge, interest and capability of a new generation of leaders in international co-operation.

An analysis showed that 85% of CPB's 1998-99 programs and projects were likely to meet or exceed planned results. Among lessons emerging from CPB's experience is the importance of: support for projects and programs from all levels of government in developing countries; active participation by partners and beneficiaries; understanding the historical, political and socio-economic contexts in which programs are developed and implemented; and the element of time and timing in development endeavours.

Results Commitments, Achievements and Factors Limiting Success

Basic Human Needs

Key result commitment: Improved access for the poor to health, education, food and nutrition, sanitation, and pure-water-supply services.

- In the health area, the Salvation Army's efforts led to a reduction of 40% to 80% in cases of parasitosis, diarrhoea and respiratory infection in La Colmena and Guayaquil in Ecuador. CAUSE Canada contributed to the use by 550 additional families in the Ivory Coast of mosquito nets impregnated with insecticides to help

fight malaria. Thousands of people in 15 developing countries benefited from nearly \$4 million in supplies, medicine and medicinal equipment shipped by Collaboration Santé Internationale. The Presbyterian Church of Canada's program in Central America and Africa reported a decrease in the rate of mother and child mortality as a result of the contribution of village health workers trained under the program.

Key result commitment: Improved in-country institutional capacity for sustainable human development.

- The Agricultural Institute of Canada is helping partner agricultural institutions in nine countries to contribute to increased food production, alleviate rural poverty and adopt more sustainable agricultural methods. The nine countries are Belize, Costa Rica, Guyana, Suriname, Tanzania, Trinidad and Tobago, Sri Lanka, Vietnam and Zimbabwe. Through its "Agricultural Co-operation" program, the Institute has contributed to effective sustainable pasture systems in four Caribbean countries. It also led to "zero till" practices in Zimbabwe leading to as much as a 50% increase in agricultural yield.

Key result commitment: Improved ability of vulnerable groups to increase their productive activities to meet their basic human needs.

- Living conditions of those most affected by hurricane Mitch were improved through initiatives by Save the Children Canada in various Central American countries. This improvement followed community initiatives for the reconstruction of basic social infrastructure (e.g. homes, potable water systems, schools, health centres) and the provision of nutritional programs to

furnish preventive health support for children in Central America.

Human Rights, Democracy, Good Governance

Key result commitment: More effective and accountable exercise of power.

- The Royal Canadian Mounted Police increased the capacities of police forces in a number of countries including Bosnia-Herzegovina, Croatia, Guatemala, Sierra Leone and Western Sahara. Reported results include a decrease in lynching and false arrest and an improvement in police ability to respond to problems such as organized crime, crowd control, community policing and ethnic violence.
- Six governments have increased their comprehensive auditing capacity as a result of efforts by the Canadian Comprehensive Auditing Foundation (CCAF) to improve transparency and promote the effective, honest and accountable exercise of governmental power. The six are Argentina, Bangladesh, Cameroon, Guyana, the Philippines and Zimbabwe.

Key result commitment: Increased capacity of organizations that protect and promote human rights.

- The Canadian Council for International Co-operation (CCIC) has published a code of ethics for its members, comprising over 100 international development NGOs. Over 40 organizations, including the CCIC itself, have already subscribed to the code. It is also being used as a model for other development organizations in Canada and in developing countries.

Factors Limiting Success

Eighty-five percent of CPB's projects and programs were judged likely to meet or exceed planned results. On the other hand, 9% had manageable problems and 2% had serious problems. One microenterprise initiative confronted a series of challenges. Efforts to improve health and employment through the digging of wells were delayed significantly owing to the rainy season and the consequent damage to bridge and road access. An outbreak of cholera further complicated the situation, as development efforts were diverted to deal with this crisis for over two months. These problems were identified as a result of the normal monitoring and reporting requirements of the Branch. Prior to the approval of a second phase of the project, both an internal evaluation and an external one have been undertaken to assess results achieved and lessons learned to increase the possibility of success in the future.

Policy

Planned Spending (1998-99 RPP) . . .	\$7.8 million
Total Authorities (Public Accounts) . .	\$8.4 million
1998-99 Actual Expenditures	\$8.2 million

Note: For more details, see Table 2 on Page 57.

Objectives

To develop and recommend policies, expert advice and strategic plans in the area of sustainable development and to provide development information resources to CIDA.

Putting it in Context

Policy Branch formulates and maintains the ODA policy framework in support of CIDA's mandate and program priorities in the context of Canada's broader foreign-policy objectives and interests. The Branch monitors issues and trends in development assistance, such as the links between peace-building and development. It gives information and strategic advice to the Minister, the Agency and other government departments on a wide range of long- and short-term development policy and strategic issues. It provides specialized scientific and technical expertise and, in such cases as environmental assessment, verifies Agency compliance with legislation.

Policy Branch takes the lead in the strategic planning and management of the International Assistance Envelope, including allocations on behalf of CIDA. At the domestic level, the Branch works closely with other departments and agencies on policy development and issue management to ensure that government policy reflects the full diversity of Canada's relationships with developing countries. At the

international level, the Branch focuses on improving the co-ordination of Canadian development policies with those of other donor countries. It also helps to represent Canada's interests in international fora and verifies that relevant international commitments undertaken by Canada are reflected in the government's development policies.

The Branch manages the Agency's Corporate Memory databank and the library, and produces the information required to meet national and international responsibilities for reporting on ODA expenditures.

Expected Results and Some Achievements

Expected result: Development and recommendation of timely and accurate policy, scientific and technical advice and information on international assistance issues for the Government, Minister, CIDA and other departments.

- Policy Branch supported the President's participation in the Microcredit Summit in Abidjan. As at previous Summits, Canada played a leadership role and influenced various aspects of the agenda, including ensuring that the interest of women were taken into account at all levels of microcredit. CIDA designed a three-year action plan and set up a knowledge network to focus its programming in this area.
- Policy Branch led CIDA's participation in international negotiations on climate change. The Agency played an important role in the difficult interdepartmental process which produced Canada's international climate change strategy.

- CIDA's millennium program is well advanced. It provides an excellent opportunity to increase partnership with other government departments and the volunteer community. A web site called Connections is being established.
- Branch specialists provided policy, scientific and technical advice, within CIDA and Canada, and internationally. Fields covered included: energy, information and communication technologies (ICTs) in international development, health, human rights and corruption.

Expected result: Timely production of comprehensive, pertinent and technically feasible policies, strategies and guidelines. The reflection of CIDA policies in those of other departments and of their policies in CIDA's.

- CIDA reinvigorated its Agency-wide Poverty Reduction Working Group and created a work plan on poverty reduction. It also held a roundtable and provided recommendations on how to improve the poverty-reduction focus in Bangladesh, Brazil, Ghana, Guyana, Vietnam and other countries. Links with international organizations such as the World Bank were pursued.
- The Prime Minister announced CIDA's updated Gender Equality Policy on March 8, International Women's Day, during a UN video conference on violence against women. Simultaneously, the Minister officially launched the new policy at a public forum.
- Consultations were held on CIDA's Draft Strategy on Children. A best practices booklet was produced on how to end child sexual exploitation. A survey of Canadian programming experience on children in armed conflict was conducted and programming guidelines drafted.
- CIDA drafted a handbook on applying traditional knowledge in development planning. Participants at an International Labour Organization workshop tested CIDA's draft guidelines on using traditional knowledge in environmental assessment and found it very useful. The World Bank entered into a partnership with CIDA to create a second version.

Expected result: Canadian government positions and CIDA policies on international assistance influence the domestic and international agendas.

- Policy Branch provided input into several conferences and consultations. These included the Canadian Conference on International Health, the UN Expert Group Meeting on Women and Health, the 10th World Congress of the World Council of Comparative Education Societies, the World Conference on Higher Education and the Educating Girls: Development Imperatives conference. CIDA chaired the DAC Network on Institutional and Capacity Development. Canada's positions were advanced through the work of OECD/DAC working groups.
- CIDA's profile among key national and international constituents grew as a result of its contribution, with Policy Branch lead, to the international dialogue on food security. CIDA, on Canada's behalf, played a major role in the Food and Agriculture Organization (FAO) Committee on Agriculture and Food Insecurity Information and Mapping Systems. In recognition of Canada's outstanding

contribution over time to world agriculture and food security, FAO will present the Prime Minister with the Agricola Medal on October 26, 1999.

- CIDA provided support to help ensure the passage of Canadian legislation prohibiting bribery of foreign officials. This passage enabled the ratification of the OECD Convention on this issue. Co-operation among public servants, the private sector and civil society encouraged politicians to pass the legislation in near record time.
- CIDA was asked to support other departments in the area of Gender Equality. The Agency has gained a reputation of leadership and expertise from its work in this field over the years.

Expected result: Comprehensive and timely reporting on policy activities is carried out within the International Assistance Envelope.

- Policy Branch, on behalf of the government of Canada, continued to report on all ODA spending to international bodies such as the OECD/DAC and the Commonwealth and La Francophonie Secretariats. Canada is consistently among the top three DAC reporters for timeliness, quality and consistency of information.
- The information collected by CIDA and the way the Agency reports on its activities are affected by the evolution of development issues over time. As part of Phoenix, CIDA's major information technology renewal project, considerable attention has been paid to defining proper information and coding structures that would improve the Agency's capacity to retrieve and report information on its ongoing programs.

Communications

Planned Spending (1998-99 RPP) . . .	\$9.8 million
Total Authorities (Public Accounts) . .	\$9.4 million
1998-99 Actual Expenditures	\$9.0 million

Note: These amounts include program funding for Development Information Program (DIP). For more details, see Table 2 on Page 57.

Objectives

To improve Canadians' awareness and understanding of and support for Canada's international development assistance and co-operation programs.

Putting it in Context

Communications is a key element in Canada's development co-operation efforts for two reasons. Firstly, communications is the key to building partnership, an indispensable element in development co-operation. Secondly, communications is crucial in satisfying Canadians' desire and right to know what international development initiatives the government is pursuing in their name and with their tax dollars. *Canada in the World*, the government foreign policy statement, identifies these two elements -- strengthening partnerships and demonstrating results -- as two ways of meeting Canada's international assistance objectives and priorities.

Over the past several years, CIDA has adopted an increasingly strategic approach to the planning, implementation and evaluation of its communications activities. This approach is beginning to bear fruit and the results of recent years have been particularly rewarding. The progressively greater acceptance by the media of the products generated through projects funded by DIP, the growing number of partners, including other government

departments and parliamentarians, supporting CIDA's communications efforts, the increase in positive development stories in the national and, in particular, the community media and the escalating interest of CIDA program staff in communications activities all suggest that the Agency's ongoing investment in communications is both necessary and worthwhile.

Expected Results and Some Achievements

Expected result: Greater awareness and understanding of international co-operation issues, leading to informed action, is demonstrated by key target audiences.

- Over 10 million Canadians were reached by DIP's top 16 program activities. Two half-hour documentaries featuring Save the Children Canada's work in the slums of Lima, Peru, represented DIP's first breakthrough broadcast on English CBC television. Over a million viewers were reached. Two other DIP documentaries were aired on David Suzuki's show, "The Nature of Things." One, featuring CIDA forestry initiatives in Honduras and entitled "Good Wood," has been nominated for an international award.
- The first theatre production funded by DIP was seen by 23,000 high school students in British Columbia. Entitled Crusader of the World and nominated for two Jessie awards, the play challenges young audiences to re-examine their international development beliefs, prejudices and aspirations.
- National Child Day saw the unveiling of the Children of the Wind exhibit on Parliament Hill. The creative works by 10- to 15-year-olds, mainly from developing

countries, focused on child labour, child security and child survival needs. With DIP's help, a children's magazine distributed in English at Blue Jays games, and a French version tied to the Montreal Canadiens hockey team, introduced its three million readers to international development. And *Homemaker's Magazine*, one of Canada's top-selling magazines, featured on its cover "What Child is This?", six mini-profiles of young teenage girls in developing countries.

- The Communications Branch mounted and maintained a dynamic, relevant and up-to-date Internet site during hurricane Mitch and during the war in Kosovo. The Internet was also used successfully to highlight the link between global and domestic health issues and to provide resources for partners to communicate key messages to other groups.

Expected result: Greater support is garnered for Canada's aid and co-operation program among key target audiences.

- Members of Parliament across Canada have shown a keen interest in participating in planned regional announcements and in such events as World Population Day and World Food Day. In part, this increased interest can be attributed to the quality and regular distribution of *Developments*, CIDA's monthly newsletter to MPs.
- There is a measurable increase in the number of partners involved in joint communications activities to promote Canada's aid and co-operation program. The number of partners in International Development Week (IDW) in February 1999 more than doubled from the previous year. This made the event the most successful IDW to date.

- Extensive communications were undertaken to support visits to Canada by then South African President Nelson Mandela and Blaise Campaore, President of Burkina Faso and Chairman of the Organization of African Unity. Equally, Governor General Roméo LeBlanc's Africa visit provided an excellent opportunity to showcase CIDA's efforts in a number of countries.
- CIDA participates on an ongoing basis in employment and training fairs organized on various university campuses by Human Resources Development Canada. These have included campuses in Ottawa, Montreal and Saint John, New Brunswick. The Agency also takes part in similar fairs organized by individual universities.

Expected result: Key target audiences increasingly regard CIDA as an effective aid agency that supports government priorities.

- CIDA's efforts in the Middle East peace process helped earn support among selected target audiences. Initiatives such as a video production, a photographic series and strategically delivered announcements all demonstrated the importance of CIDA's contribution to the process.
- In January 1999, ethnic media were effectively targeted regarding the Prime Minister's mission to Poland and the Ukraine. Well co-ordinated efforts resulted in coverage of CIDA projects which underlined the interdependence between Canadian and CEE organizations, companies and individuals. An article on a CIDA project to help set up co-operatives in the Ukraine was printed in the annual report of the Ukrainian Canadian Credit

Union Association and sent to over 6,000 Canadians who bank with Ukrainian Canadian credit unions.

- A member of Parliament travelled to Bosnia to visit Queens University projects. He put a summary of his impressions of the results of the CIDA-funded initiatives on his Internet site for constituents. His trip attracted positive coverage in the print and electronic media.
- Several health-related development organizations responded favourably to CIDA for making information and resources on health and development co-operation available on the Internet. The organizations encouraged the Agency to develop additional web-based products.

Expected result: Increased number of "ambassadors" are effectively communicating and engaging key target audiences on development and co-operation issues.

- The Speakers' Program's network of effective speakers continued expanding and reaching more and more Canadians in all regions of the country. The program supported at least two visits by each Vice President and up to 24 presentations by CIDA staff. It continued to focus on reaching groups and individuals throughout Canada who are unfamiliar with international development issues.

Expected result: Increasing number of CIDA employees recognize the importance of, and contribute to, CIDA's communications and engagement activities.

- Media training received by key Agency spokespersons greatly increased recognition of the importance of maintaining a strategic approach to media relations and of the value of providing timely and professional responses to media enquiries and interviews. By working with the Communications Advisers, CIDA program staff are now better informed about the various mechanisms for announcing projects.

Corporate Services

Planned Spending (1998-99 RPP)	. . .	\$37.8 million
Total Authorities (Public Accounts)	. .	\$58.0 million
1998-99 Actual Expenditures	. . . . .	\$53.9 million

Note: These amounts include program and operating expenditures. For more details, see Table 2 on Page 57.

Objective

To ensure that the Agency has the necessary support services for the efficient and effective achievement of the international development assistance program objectives within the framework of federal government policies, procedures and controls.

Putting it in Context

The Corporate Services business line covers the work of the Agency Executive, the Performance Review Branch and the Human Resources and Corporate Services Branch. The Corporate Services activity provides the Agency with support services that are not specific to any individual channel of program delivery. The costs of these services are classified as indirect administration, as opposed to direct administration which can easily be identified with a particular channel of delivery.

Although not directly linked to international co-operation programs and projects, the work of the Corporate Services business line nonetheless affects the entire Agency. Corporate Services provides the infrastructure of management and information systems, support to Agency leadership, and human, legal and other resources needed to ensure that

the Agency operates efficiently and cost-effectively. Corporate Services activities routinely involve staff from the rest of the Agency whether in planning, in execution or as end-users.

Human Resources and Corporate Services (HRCS) is implementing the Phoenix Project which involves a total renewal of the Agency's information systems. It has an impact on each CIDA employee and on the way the Agency does business. To ensure a smooth transition after January 1, 2000, HRCS has been working on the preparation of a Year 2000 continuity plan. The plan will ensure ongoing corporate services in the areas of finance, contracts, information management and technology, human resources, administration and security and legal services.

The work of the Performance Review Branch (PRB) also has an impact on the activities of the entire agency. PRB helps maximize CIDA's impact in support of sustainable development by providing advice to Branches on the application of Results-based Management and tools for monitoring and performance measurements. PRB also provides: independent and objective advice on the continued relevance, success and cost-effectiveness of key CIDA policies, programs, partnership arrangements and delivery mechanisms; assurances on the performance of the management framework, the integrity of performance information, and probity and diligence in the use of public funds; and liaison and co-ordination with regard to audits initiated by the Office of the Auditor-General, Treasury Board Secretariat and other agencies.

Expectations and Examples of Achievement

Expected result: Strengthening the strategic management of human resources.

- By the end of 1998-99, 94% of CIDA staff had submitted completed job descriptions under the new Universal Classification Standard (UCS) to the Agency's UCS Project Team. Information was transmitted regularly through various channels to help employees understand the new classification standard.
- During 1998-99, 70 CIDA employees were promoted as part of the steps to address the Agency's succession needs. These succession efforts respond to the fact that 27% of CIDA staff is at least 50 years old. So far, 52 new staff members have been recruited from across Canada under a five-year program, started in 1996, to attract recent graduates into the officer category.

Expected result: Delivering efficient, effective and high-quality services.

- At year's end, CIDA reported to Treasury Board that its information systems were at 98.1% readiness to deal with Year 2000 issues. In addition, an inventory of all systems dependent on embedded computer chips, and which may be date-sensitive, is ongoing. All implementation of Y2K compliance measures on CIDA's one mission critical system, the Aid Information System (AIDIS), has been successfully completed.

- Phase 1 of CIDA's Intranet network (Entre-Nous) was successfully launched in May 1998. Phase II was put into operation in March 1999. Two immediate results of the implementation of this new network have been better dissemination of information to overseas and headquarters staff and a reduction in printing costs for internal communications.
- The Phoenix Project, which is CIDA's initiative to upgrade and replace all of its outdated information technology platform and of which the Year 2000 and Intranet initiatives are part, provided a range of other deliveries during the year which enhanced CIDA's ability to efficiently conduct its business. New technology was acquired and deployed. The underlining technical infrastructure of CIDA's informatics environment was completely replaced with state of the art servers and cabling. Configuration of the SAP (Systems, Applications and Products) software package, acquired earlier in the year, was concluding at yearend with system roll-out scheduled for the first quarter of the new fiscal year.
- The importance assigned by the Agency to enhancing its contracting regime was demonstrated by the creation of a Special Committee on Contracting chaired by the President. A number of tools were put in place during the year. These include an Agency Aboriginal Procurement Strategy, a guide to CIDA's Bilateral Responsive Mechanism (available on the Internet) and a chapter on "Contracts Over \$100,000," added to the *Contracting Guide for Managers in CIDA*.

Expected result: Strengthening partnerships with internal and external clients.

- The "for profit" and "not-for-profit" sectors have a greater shared understanding of the issues arising from the pilot project which provides for both sectors to compete for CIDA projects on an open basis. This new understanding resulted from their joint evaluation of the results of the project. The joint exercise also enhanced collaboration on the development and recommendation of corrective measures. It reinforced the need to maintain open competition between sectors. This was only one example of CIDA's frequent consultations with its partners during the year.
- CIDA and Agriculture and Agri-Food Canada have entered into an innovative partnership which allows the two organizations to share the technical infrastructure on which they run their SAP implementations. This partnership allows the two organizations to share knowledge and working experience on this complex system and has the downstream potential of providing greater economies of scale than could be achieved by either department individually.

Expected result: Promoting integrity and transparency in Agency operations.

- Close links between the Contracts and Legal Divisions reinforce the value of the service they provide. One result of this collaboration is *Contractus*, a new publication which disseminates and popularizes concepts and practices concerning contracting arrangements. It informs Agency staff of interpretations and legal opinions on CIDA and Treasury Board contracting policies and directives as well as national and international commercial agreements that influence the way CIDA delivers Canadian aid.
- Internal Audit has developed a self-assessment tool and tested it in both the Americas and Africa and Middle East Branches. The CEE Branch has decided to use it as part of its ongoing monitoring of activities under the Canada Fund for Local Initiatives program. Meanwhile about 20% of Internal Audit resources were devoted to Canada Fund audits in 1998-99, down from about 50% previously. This reduction responds to the criticism in a recent report that putting that level of resources into the audit of a single program was not the best use of audit resources from a corporate perspective.

Key Reviews

Performance reviews provide independent, objective advice on the success, the cost-effectiveness and the relevance of key policies, programs and projects. These reviews also provide advice on the effectiveness of management systems, processes and practices.

Basic Human Needs Review (completed): A summary and highlights of the report are outlined in pages 10-11 of this Section.

Review of Year 2000 Readiness (completed): Considerable work has been done to prepare the Agency for the Y2K, but continued effort is required to ensure full readiness by January 1, 2000. All significant applications are approaching Y2K compliance and no major obstacles are foreseen. It was noted that efforts to review Y2K issues with respect to development projects were just beginning, and that no Agency-wide contingency planning was being done. These issues have been addressed or are being addressed.

Policy Function Preliminary Audit Report (completed): A description of the policy function in CIDA was provided and five issues were raised. These included the management accountability framework, the relationship between international and domestic policies, the linkages between the policy priorities and the country programming frameworks, the level of resources spent on policy development and update, and the allocation of resources. These issues are being reviewed by the Agency.

Review of Infrastructure Services (in progress): This is a corporate review of CIDA's investments in infrastructure services which include energy, telecommunications, information, transportation, water, irrigation and sanitation. The scope and issues for the review were approved and 22 case studies are in progress. The findings of this review will be outlined in next year's Performance Report.

Audit of the Industrial Co-operation Program (in progress): A preliminary audit survey of the Industrial Co-operation program identified a need to focus on the following main audit issues: accountability framework, roles and responsibilities; management framework; and project management practices. A report will be completed this fall.

Implementation of the Canadian Environmental Assessment Act (CEAA) (in progress): A preliminary survey of CIDA's implementation of the CEAA, conducted during 1998, identified the following lines of enquiry for audit work: management; planning and accountability; implementation; controls; communication; and achievement of results. Audit fieldwork revealed that CIDA is still working toward full compliance with the *Act* and more effort is required across CIDA branches to achieve the desired level of compliance. The report, which will be issued in the fall of 1999, will also document new initiatives CIDA is undertaking to improve compliance.

Section IV - Consolidated Reporting

Sustainable Development

As required by the Auditor General Act, CIDA has begun preparations for updating and revising its Sustainable Development Strategy, to be tabled in Parliament in December 2000. Based on the experience gained during the implementation of the Strategy over the past three years, CIDA intends to produce a results-focused Strategy which meets the requirements of the law and the needs of the Agency.

CIDA is the Canadian Government agency mandated to promote sustainable development in the developing world. The fulfilment of this mandate is founded on the knowledge and commitment of staff, the support and engagement of CIDA's Canadian and international partners, and the energy, drive and vision of developing countries themselves. For CIDA, sustainable development is not simply about introducing new programs and projects to reduce any negative environmental impact. Rather it involves the iterative improvements to the ways in which we conduct our business on behalf of the people of Canada, integrating environmental, social and economic factors into decision-making to advance the well-being of the poor around the world while securing the future of Canada.

CIDA is continuously improving its collaboration with developing-country partners to ensure that they take the lead in moving sustainable development projects and programs forward. CIDA is a leader among aid agencies in the paradigm shift towards

developing-country ownership and responsibility which is greatly enhancing the sustainability of the Agency's development investments by ensuring that its partners are committed to continuing the work initiated with its support. Whether through microcredit for women, education for children, or the introduction of improved cultivation techniques for farmers, CIDA is ever sharpening its focus on building technical, managerial and institutional capacity to help the world's poor get themselves on the path to sustainable development.

In its 1999-2000 Report on Plans and Priorities (RPP), CIDA recognized the importance of making greater efforts to achieve its objectives for greening its internal operations. Since January 1999, the Agency has worked to strengthen current greening initiatives and to establish an Environmental Management System (EMS). CIDA has developed an EMS Implementation Strategy that, among other things, calls for the formation of a standing working group to co-ordinate activities related to EMS and the greening of internal operations. A major element of EMS is *the Environmental Policy on CIDA's Internal Operations*, which is currently the focus of a consultation process. An awareness and communication process regarding EMS and the greening of CIDA's internal operations has also been approved.

The short- and long-term environmental targets of CIDA's Greening Program have been validated in accordance with staff accountable for these activities. CIDA's Greening Program has been updated three times (March 1998, August 1998, March 1999), as outlined in *CIDA's Sustainable Development Strategy*.

Y2K Readiness

The Agency was not identified amongst those organizations responsible for functions critical to the government or to services essential to the Canadian population. CIDA's priorities in a crisis situation cannot be established according to the government-wide critical functions and essential services but rather by the nature, scope and severity of the crisis and the degree to which CIDA may be involved, directly or indirectly, in the crisis. Thus, the importance for CIDA is to carry on its critical functions to be able to maintain its support to international development. Responding to, or helping to reduce, loss of life, personal injury or damages to development project objectives and assets constitutes the highest priorities for CIDA in its response to possible Y2K incidents or crises.

Early in 1999, CIDA started the development of a Y2K Continuity Plan. The Agency's critical functions and essential services were identified on the basis that it will eventually have to maintain a minimum level of operation to fulfil its international responsibilities and maintain its credibility on the national and international scenes. Risk assessments have been focussed on the following aspects:

- Risks directly associated with CIDA's critical functions and essential services assessed further to the Business Impact Analysis carried out in March 1999.
- Specific risks associated with bilateral projects implemented or being implemented in developing countries and countries in transition; this exercise was initiated in July 1998; the report was

issued in October 1998 and the assessment is updated on a quarterly basis.

- IT risk -- an IT risk analysis was carried out in April 1998 and Y2K preparedness reports are submitted on a quarterly basis; as of March 31, 1999, the current readiness rating for CIDA's informatics and technology is estimated at 98.1%. As to the level of risk associated with developing countries and countries in transition, there is unfortunately limited information available with regards to the respective rate of preparedness. CIDA is monitoring the situation closely on the basis of the information provided by its field staff and DFAIT.

As of March 31, 1999, the first two versions of the plan (Outline, Introduction and Organization, Governance Structure and Exposure Analysis) were completed and approved. Sound and reliable communication channels have been established with Government of Canada Central Agencies, such as Treasury Board Secretariat (TBS), other Government departments and organizations, particularly DFAIT, PWGSC, Agriculture and Agri-Food Canada and GTIS.

CIDA's Year 2000 program continues to be on track. Internal Audit Division had an independent review of the Agency's Year 2000 state of readiness carried out in the fall of 1998 and was planning for a follow-up in early July 1999. Legal Services continues to monitor the situation and any concern expressed is taken into consideration. There are currently no major areas of concern. In the end, simultaneous crises occurring abroad may well be the actual Y2K challenge with which CIDA is required to cope.

Section V - Financial Performance

Financial Performance Overview

In February 1998, after several years of cutbacks, the federal budget allowed a one-time increase of \$50 million in the International Assistance Envelope. It also permitted greater flexibility by making an early payment of \$90 million in 1997-98 on Canada's contributions to key UN agencies. These measures enabled CIDA to identify resources in 1998-99 to support initiatives related mainly to health and governance, but also to youth and the environment.

The Government implemented several other measures in fiscal year 1998-99 that increased funding available to CIDA. The following measures affected the operating budget (Vote 20):

- \$4.6 million in funding to pay employee salary increases as a result of new collective agreements;
- \$2.0 million carried over from the 1997-98 operating budget.

The following measures affected the grants and contributions budget (Vote 25):

- CIDA's International Humanitarian Assistance program was allocated an additional \$66 million to assist victims of natural disasters, such as Hurricane Mitch in Central America and the earthquake in Colombia.
- In its 1999 budget, the Government announced that it was injecting \$68 million into the 1998-99 budget to renew its measure of making early payments to key UN agencies, allowing greater flexibility for its business plan for fiscal year 1999-00.

It should also be noted that a capital expenditures vote (Vote 22c) was created during the fiscal year. This vote is essentially used to cover the expenditures of the Phoenix Project to renew the Agency's information systems to handle problems related to the Year 2000 and to implement the Financial Information Strategy, among other things. In addition, this project should enable CIDA to become a more knowledge-based organization.

The sum of \$24,580,000 for Vote 26, Forgiveness of Certain Debts and Obligations, represents the cost, for fiscal year 1998-99, of the Latin American Debt Conversion Initiative announced at the Rio Summit in 1992.

Finally, statutory payments to the funds of international financial institutions were higher than originally anticipated, as a result of the financial crisis that affected several parts of the world, necessitating accelerated loan disbursements to developing countries.

Financial Summary Tables

The summary financial information provided in the following tables includes three figures. These are intended to show the following:

- what the plan was at the beginning of the year (Planned Spending as shown in Table 15 of CIDA's 1998-99 RPP);
- what additional spending Parliament has approved through Supplementary Estimates to reflect changing priorities and unforeseen events (Total Authorities); and
- what was actually spent (1998-99 Actuals as presented in Public Accounts).

Table 1: Summary of Voted Appropriations

Vote	(thousands of dollars)	Planned Spending 1998-99	Total Authorities 1998-99	Actual 1998-99
Canadian International Development Agency				
Budgetary				
20	Operating expenditures	96,498	103,489	98,649
22c	Capital expenditures	0	19,200	18,133
25	Grants and contributions	1,336,762	1,464,883	1,463,940
26	Forgiveness of certain debts and obligations	0	24,580	24,257
(S)	Minister for International Cooperation - Salary and motor car allowances	49	50	50
(S)	Payments to the International Financial Institution Fund Accounts	186,100	238,956	238,956
(S)	Contributions to employee benefit plans	13,825	14,344	14,344
(S)	Spending of proceeds from the disposal of surplus Crown assets	0	12	8
(S)	Collection Agency fees	0		0
Total Budgetary		1,633,234	1,865,514	1,858,337
Non-budgetary				
L30	Issuance of notes to the International Financial Institution Fund Accounts	0	137,800	137,708
L35	Payment and issuance of notes to International Financial Institutions - Capital Subscriptions	3,250	14,534	14,534
(S)	Payments to International Financial Institutions - Capital Subscriptions	30,134	8,498	8,498
Total Non-budgetary		33,384	160,832	160,740
Total Agency		1,666,618	2,026,346	2,019,077

Table 2: Comparison of Total Planned to Actual Spending in 1998-99

(millions of dollars)									
	FTEs	Operating	Capital	Voted Grants & Contributions	Subtotal: Gross Voted Expenditures	Other Transfer Payments	Total Gross Expenditures	Less: Respendable Revenue (1)	Total Net Expenditures
Business Lines									
Geographic Programs	519	41.0		672.8	713.8		713.8		713.8
<i>(Total Authorities)</i>	<i>519</i>	<i>69.5</i>		<i>648.2</i>	<i>717.7</i>		<i>717.7</i>		<i>717.7</i>
(Actuals)	511	68.5		647.3	715.8		715.8		715.8
Multilateral Programs	55	4.7		306.5	311.2	186.1	497.3		497.3
<i>(Total Authorities)</i>	<i>55</i>	<i>5.2</i>		<i>458.9</i>	<i>464.1</i>	<i>239.0</i>	<i>703.1</i>		<i>703.1</i>
(Actuals)	62	5.2		458.9	464.0	239.0	703.0		703.0
Canadian Partnership	142	10.8		258.7	269.5		269.5		269.5
<i>(Total Authorities)</i>	<i>142</i>	<i>11.8</i>		<i>260.8</i>	<i>272.6</i>		<i>272.6</i>		<i>272.6</i>
(Actuals)	145	11.4		260.8	272.2		272.2		272.2
Countries in Transition	85	6.4		90.8	97.2		97.2		97.2
<i>(Total Authorities)</i>	<i>85</i>	<i>7.1</i>		<i>89.2</i>	<i>96.3</i>		<i>96.3</i>		<i>96.3</i>
(Actuals)	82	7.0		89.2	96.1		96.1		96.1
Communications	38	6.1		3.7	9.8		9.8		9.8
<i>(Total Authorities)</i>	<i>38</i>	<i>6.0</i>		<i>3.4</i>	<i>9.4</i>		<i>9.4</i>		<i>9.4</i>
(Actuals)	37	5.6		3.5	9.0		9.0		9.0
Policy	81	7.8		0.0	7.8		7.8		7.8
<i>(Total Authorities)</i>	<i>81</i>	<i>8.4</i>			<i>8.4</i>		<i>8.4</i>		<i>8.4</i>
(Actuals)	82	8.2		0.0	8.2		8.2		8.2
Corporate Services	291	33.5		4.3	37.8		37.8		37.8
<i>(Total Authorities)</i>	<i>291</i>	<i>34.5</i>	<i>19.2</i>	<i>4.3</i>	<i>58.0</i>		<i>58.0</i>		<i>58.0</i>
(Actuals)	274	31.4	18.1	4.4	53.9		53.9		53.9
Total (Budgetary)	1,211	110.3	0.0	1,336.8	1,447.1	186.1	1,633.2	0.0	1,633.2
<i>(Total Authorities)</i>	<i>1,211</i>	<i>142.5</i>	<i>19.2</i>	<i>1,464.8</i>	<i>1,626.5</i>	<i>239.0</i>	<i>1,865.5</i>	<i>0.0</i>	<i>1,865.5</i>
(Actuals)	1,193	137.3	18.1	1,463.9	1,619.4	239.0	1,858.3	0.0	1,858.3
Other Revenues and Expenditures									
Non-Respendable Revenues (2)									0.0
<i>(Total Authorities)</i>									<i>0.0</i>
(Actuals)									11.7
Cost of services provided by other departments									15.6
<i>(Total Authorities)</i>									<i>15.4</i>
(Actuals)									15.4
Net Cost of Program									1,648.8
<i>(Total Authorities)</i>									<i>1,880.9</i>
(Actuals)									1,885.4

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

Table 3: Historical Comparison of Total Planned to Actual Spending

(millions of dollars)	Actual 1996-97	Actual 1997-98	Planned Spending 1998-99	Total Authorities 1998-99	Actual 1998-99
Budgetary					
Geographic Programs	784.7	736.8	713.8	717.7	715.8
Multilateral Programs	613.1	651.7	497.3	703.1	703.0
Canadian Partnership	291.4	272.6	269.5	272.6	272.2
Countries in Transition	104.0	86.5	97.2	96.3	96.1
Communications	8.7	9.8	9.8	9.4	9.0
Policy	7.2	7.5	7.8	8.4	8.2
Corporate Services	40.4	38.8	37.8	58.0	53.9
Total Budgetary	1,849.5	1,803.7	1,633.2	1,865.5	1,858.3
Non-budgetary					
Multilateral Programs (1)	8.0	14.4	33.4	11.8	11.8
Total Agency	1,857.5	1,818.1	1,666.6	1,877.3	1,870.1

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

Table 4: Resource Requirements by Organization and Business Line in 1998-99

(millions of dollars)	Geographic Programs	Multilateral Programs*	Canadian Partnership	Countries in Transition	Communications	Policy	Corporate Services	Total
CIDA								
VP Africa & Middle East	318.4							318.4
<i>(Total Authorities)</i>	<i>301.1</i>							<i>301.1</i>
(Actuals)	300.5							300.5
VP Asia	255.3							255.3
<i>(Total Authorities)</i>	<i>246.0</i>							<i>246.0</i>
(Actuals)	245.4							245.4
VP Americas	140.1							140.1
<i>(Total Authorities)</i>	<i>170.6</i>							<i>170.6</i>
(Actuals)	169.9							169.9
VP Multilateral Programs		497.3						497.3
<i>(Total Authorities)</i>		<i>703.1</i>						<i>703.1</i>
(Actuals)		703.0						703.0
VP Canadian Partnership			269.5					269.5
<i>(Total Authorities)</i>			<i>272.6</i>					<i>272.6</i>
(Actuals)			272.2					272.2
VP Central and Eastern Europe				97.2				97.2
<i>(Total Authorities)</i>				<i>96.3</i>				<i>96.3</i>
(Actuals)				96.1				96.1
DG Communications					9.8			9.8
<i>(Total Authorities)</i>					<i>9.4</i>			<i>9.4</i>
(Actuals)					9.0			9.0
VP Policy						7.8		7.8
<i>(Total Authorities)</i>						<i>8.4</i>		<i>8.4</i>
(Actuals)						8.2		8.2
Agency Executive							4.2	4.2
<i>(Total Authorities)</i>							<i>4.0</i>	<i>4.0</i>
(Actuals)							3.8	3.8
VP Human Resources and Corporate Services							27.5	27.5
<i>(Total Authorities)</i>							<i>47.9</i>	<i>47.9</i>
(Actuals)							44.0	44.0
DG Performance Review							1.8	1.8
<i>(Total Authorities)</i>							<i>1.8</i>	<i>1.8</i>
(Actuals)							1.8	1.8
ICHRDD							4.3	4.3
<i>(Total Authorities)</i>							<i>4.3</i>	<i>4.3</i>
(Actuals)							4.3	4.3
Total	713.8	497.3	269.5	97.2	9.8	7.8	37.8	1,633.2
<i>(Total Authorities)</i>	<i>717.7</i>	<i>703.1</i>	<i>272.6</i>	<i>96.3</i>	<i>9.4</i>	<i>8.4</i>	<i>58.0</i>	<i>1,865.5</i>
(Actuals)	715.8	703.0	272.2	96.1	9.0	8.2	53.9	1,858.3
% of Total (Actuals)	38.5%	37.8%	14.7%	5.2%	0.5%	0.4%	2.9%	100.0%

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

Table 5: Non-Respendable Revenues(1)

(millions of dollars)	Actual 1996-97	Actual 1997-98	Actual 1998-99
Unplanned	15.4	15.2	11.7

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

Table 6: Statutory Payments

(millions of dollars)	Actual 1996-97	Actual 1997-98	Planned Spending 1998-99	Total Authorities 1998-99	Actual 1998-99
Multilateral Programs	161.6	133.1	186.1	239.0	238.9

Table 7a: Transfer Payments by Class of Grants and Contributions

CIDA grants, contributions and other transfer payments of \$1,702.9 million account for 91.6% of CIDA's total expenditures. Further information is given below.

Details of Transfer Payments

(thousands of dollars)	Actual 1996-97	Actual 1997-98	Planned Spending 1998-99	Total Authorities 1998-99	Actual 1998-99
Grants					
Grants for cooperation with countries in transition in Central and Eastern Europe and the former Soviet Union	0	0	250	0	0
Development assistance to international development institutions and organizations for operations and general programs as well as specific programs and projects, to international financial institutions and for special program and project expenses directly related thereto	124,605	185,829	43,855	134,293	134,268
Programming against hunger and malnutrition through international development and nutritional institutions, international non-governmental organizations or the International Development Research Centre for the benefit of recipients in developing countries and for special program and project expenses directly related thereto	98,558	75,573	92,958	110,208	110,208
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 and for special program and project expenses directly related thereto	73,501	97,593	54,310	87,922	87,913
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 cooperation and development education programs and to international non-governmental organizations in support of development assistance programs, projects and activities and for special program and project expenses directly related thereto	67,237	62,750	75,092	62,231	62,231
Grant to the North South Institute	1,000	962	924	962	962
Development assistance as education and training for individuals and for special program and project expenses directly related thereto	8,605	8,400	8,288	8,272	8,273
Grant to the International Centre for Human Rights and Democratic Development	5,000	4,586	4,359	4,359	4,359
Total Grants	378,506	435,693	280,036	408,247	408,214

Details of Transfer Payments (cont'd)

(thousands of dollars)	Actual 1996-97	Actual 1997-98	Planned Spending 1998-99	Total Authorities 1998-99	Actual 1998-99
<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, 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 projects, programs and activities, and for special program and project expenses directly related thereto	720,242	670,178	670,818	635,826	635,062
Contributions for cooperation with countries in transition in Central and Eastern Europe and the former Soviet Union	97,361	80,233	90,511	86,751	86,681
Development assistance to international development institutions and organizations for operations and general programs as well as specific programs and projects, to international financial institutions and for special program and project expenses directly related thereto	705	1,855	100	754	754
Programming against hunger and malnutrition through international development institutions, international non-governmental organizations or the International Development Research Centre for the benefit of recipients in developing countries and for special program and project expenses directly related thereto	66,279	20,743	100	24,057	24,057
Contribution to the Inter-American Development Bank	2,343	11,400	2,500	1,857	1,857
Programming against hunger and malnutrition 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 and for special program and project expenses directly related thereto	84,741	120,739	114,550	109,542	109,540
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 and for special program and project expenses directly related thereto	415	1,878	100	6,917	6,884
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 cooperation and development education programs and to international non-governmental organizations in support of development assistance programs, projects and activities and for special program and project expenses directly related thereto	143,959	136,748	114,025	140,910	140,872

Details of Transfer Payments (cont'd)

(thousands of dollars)	Actual 1996-97	Actual 1997-98	Planned Spending 1998-99	Total Authorities 1998-99	Actual 1998-99
Incentives to Canadian, international and developing country private investors, institutions, organizations, and governments in support of industrial cooperation programs, projects and activities as well as special program and project expenses directly related thereto	60,148	53,466	60,322	46,945	46,945
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	3,017	3,386	3,700	3,077	3,075
Total Contributions	1,179,210	1,100,626	1,056,726	1,056,636	1,055,727
<u>Other Transfer Payments</u>					
(S) Encashment of notes issued to the development assistance funds of the international financial institutions in accordance with the International Development (Financial Institutions) Assistance Act	161,604	133,060	186,100	238,956	238,956
Total Other Transfer Payments	161,604	133,060	186,100	238,956	238,956
Total	1,719,321	1,669,379	1,522,862	1,703,839	1,702,896

Table 7b: Transfer Payments by Activity

(millions of dollars)	Actual 1996-97	Actual 1997-98	Planned Spending 1998-99	Total Authorities 1998-99	Actual 1998-99
Grants:					
Geographic Programs	4.0	2.0	2.0	11.3	11.3
Multilateral Programs	292.7	356.9	189.1	321.1	321.1
Canadian Partnership	76.8	72.2	84.3	71.5	71.5
Countries in Transition	0.0	0.0	0.3	0.0	0.0
Corporate Services	5.0	4.6	4.4	4.4	4.4
Total Grants	378.5	435.7	280.1	408.3	408.2
Contributions:					
Geographic Programs	720.2	670.2	670.8	636.8	636.0
Multilateral Programs	154.5	157.2	117.4	137.8	137.8
Canadian Partnership	204.1	189.6	174.3	189.3	189.3
Countries in Transition	97.4	80.2	90.5	89.2	89.2
Communications	3.0	3.4	3.7	3.5	3.5
Total Contributions	1,179.2	1,100.6	1,056.7	1,056.6	1,055.7
Other Transfer Payments:					
(S) Multilateral Programs	161.6	133.1	186.1	239.0	239.0
Total Other Transfer Payments	161.6	133.1	186.1	239.0	239.0
Total Transfer Payments	1,719.3	1,669.4	1,522.9	1,703.9	1,702.9

Table 8: Capital Spending by Business Line

(millions of dollars)	Actual 1996-97	Actual 1997-98	Planned Spending 1998-99	Total Authorities 1998-99	Actual 1998-99
Corporate Services:					
Implement New Informatic Systems (S-EPA)	0.0	0.0	0.0	19.2	18.1

Table 9: Loans, Investments and Advances

(millions of dollars)	Actual 1996-97	Actual 1997-98	Planned Spending 1998-99	Total Authorities 1998-99	Actual 1998-99
Multilateral Programs:					
Payments to International Financial Institutions - Capital Subscriptions (L35)	3.1	6.3	3.3	3.3	3.3

Table 10: Contingent Liabilities

(thousands of dollars)	Amount of Contingent Liability		
	March 31	March 31	Current as of
	1997	1998	March 31
Claims for demurrage charges and losses			
- Zamcargo Ltd.	74	74	0
- Scandia Shipbrokering	154	0	0
Claims for damages			
- Perera and Ors	1,300	1,300	1,300
- Alberti	0	300	0
- Pakistan National Shipping Corporation	1,266	1,266	0
- Forage St-Lambert International Canada Inc. vs Kilborn & Associés Ltée et l'ACDI	817	817	0
Contract claims			
- Cyclone Engineering Sales Ltd.	368	0	0
- Amtron Construction International Inc. (El Azab)	50	50	50
- Barber Water Products	225	225	325
- Edmonton Irrigation Specialists	0	184	0
Claim for general average			
- Prekookeanska Plovidba	748	748	748
Claim for negligence and breach of fiduciary duties			
- L. Larose and P. Hurd and D. Pankhurst	0	100	1,200

Section 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>

or contact:

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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.

Other Information

International Financial Institutions (IFIs) and Instruments

The IFIs are comprised of the following institutions: the Bretton Woods institutions; the four regional development banks or RDBs (African, Asian, Inter-American and Caribbean); and other development institutions such as the International Fund for Agricultural Development, the GEF and the Multilateral Fund for the Implementation of the Montreal Protocol.

Ordinary Capital Resources: The IFIs' main instruments (with the exception of the International Monetary Fund) for carrying out their lending programs are the Ordinary Capital Resources (OCR), the concessional funds of the respective banks, and technical assistance funds. Member countries subscribe to the shares of the ordinary capital of the IFIs, providing both paid-in capital (in the form of cash or demand notes) and callable capital. Callable capital, which represents the vast bulk of IFI share capital, is composed of resources that are not paid to the IFIs but, in essence, act as a "guarantee" to allow the banks to issue bonds on international capital markets to finance their lending programs. Callable capital, which has never been drawn on by the banks, would only be used in extreme circumstances to repay the bonds, should the IFIs' liquidity and reserves not be sufficient to meet their financial obligations. Loans to developing member countries from ordinary capital resources normally are made at a rate of interest that is slightly above its costs of borrowing (i.e. market rates), but on terms far better than could be achieved if the borrower approached the market directly. Earnings from operations normally are used to finance reserves, to protect the banks' financial status, and, in some cases, to help fund their concessional lending facility. As institutions mature and become more creditworthy on international capital markets, the proportion of paid-in to callable capital declines.

In addition to their lending programs, the IFIs possess valuable research and analytical capacities and are at the forefront of policy dialogue in areas of economic and environmental sustainability, poverty reduction and, increasingly, good governance.

The following table provides information on CIDA's position related to Ordinary Capital Resources.

Table 11: Ordinary Capital Resources, as of March 31, 1999

(thousands of dollars)	Paid-in Capital (1)			Callable Capital (3) (Contingent Liabilities)
	Notes issued		Notes to be issued (commitment) (2)	
	encashed	not encashed		
African Development Bank	96,771.0	0.0	0.0	677,396.0
Asian Development Bank	203,965.0	20,213.0	0.0	2,910,131.0
Caribbean Development Bank	18,292.0	7,345.0	0.0	73,929.0
Inter-American Development Bank	247,071.0	15,716.0	6,097.0	5,832,949.0
Total	566,099.0	43,274.0	6,097.0	9,494,405.0

Source: *Public Accounts of Canada 1998-99, Volume 1.*

1. Paid-In Capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Canada's subscriptions to the Paid-In Capital are reported as a non-budgetary asset.
2. These amounts represent a commitment for the portion of the Paid-In Capital to be subscribed to by Canada in future years.
3. These amounts are reflected in US dollars in the annual report of each Bank. For illustrative purposes, these are shown in Canadian dollars, therefore the amounts will fluctuate with the foreign exchange rate. These amounts would result in future disbursement of funds only in extreme circumstances, to repay loans should the IFI liquidity and reserves be insufficient.

Concessional Funds: More than 90 percent of Canada's payments to the RDBs are allocated to their concessional funding windows for lending to the poorest developing countries. Lending occurs at very low interest rates, with longer grace and repayment periods. The concessional funds are normally replenished every three to four years as resources become fully committed. CIDA also administers technical assistance funds with some of the RDBs and the World Bank Group to promote Canadian development objectives in areas such as poverty reduction, the environment, and social sectors, and to support Canadian consultants seeking a commercial relationship with the IFIs.

The following table provides information on the Agency's position related to concessional funds advanced by Canada through IFIs.

Table 12: Concessional Funds, as of March 31, 1999

(thousands of dollars)	Notes issued (1) (not encashed)	Notes to be issued (2)	Total (3)
African Development Bank	291,199.0	0.0	291,199.0
Asian Development Bank	346,422.0	86,129.0	432,551.0
Caribbean Development Bank	40,764.0	4,065.0	44,829.0
Inter-American Development Bank	12,665.0	4,007.0	16,672.0
International Fund for Agriculture Development	35,118.0	9,096.0	44,214.0
Global Environment Facility Trust Fund	80,705.0	0.0	80,705.0
Total	806,873.0	103,297.0	910,170.0

Source: *Public Accounts of Canada 1998-99, Volume 1.*

1. These notes represent the portion of the concessional funds advanced by Canada to these international organizations which has not yet been encashed by them. Payable on demand, these notes are encashed subject to the financial requirements of these organizations.
2. These notes represent a commitment for the portion of the concessional funds to be advanced by Canada to these organizations which will be issued as stipulated in the agreements with the IFI.
3. These amounts may vary due to fluctuation in foreign exchange rates.

Capital increase negotiations were completed in May 1998 for the Fifth General Capital Increase (CGI-V) of the African Development Bank. Negotiations relating to the African Development Fund (AfDF VIII) started in May 1998 and were completed in January 1999 after only eight months of negotiations.

Understanding and mitigating the Asian financial crisis continued to be a critical Canadian priority in 1998-99, and active membership in the Asian Development Bank (AsDB) has constituted a primary line of defence. Largely due to the demands created by the financial crisis, the total value of outstanding loans from OCR, which had been virtually unchanged from 1994 to 1996, grew from US\$16.4 billion in 1996 to US\$24.7 billion at the end of 1998. With the strong support of Canada and other member countries, the AsDB is taking measures to address the pressures on its capital base and prudential indicators created by this 50% increase in lending over two years. The concessional Asian Development Fund (AsDF) also faced funding shortfalls due to the major depreciation of most donor currencies, shortfalls in assumed supplementary contributions and demands arising from new members from the Central Asian Republics. In May 1999 the AsDB launched Replenishment negotiations for AsDF VIII.

Protracted negotiations to meet the shortfall in the Inter-American Development Bank concessional resources were concluded in 1998-99, making over US\$ 2 billion of new funds available for existing contributions for programs in the poorest member countries. The Bank also approved a US\$ 9 billion short-term emergency lending program to respond to the impacts of financial market volatility in regional member countries.

During the course of the year, a strategic review of the Caribbean Development Bank and its operations continued, in consultation with Bank member countries and other stakeholders, to reinforce the Bank's role in the region

In 1998-99, the newly-replenished GEF expanded its range of operations and partnerships. The groundwork was also laid for replenishment of the Multilateral Fund for the Implementation of the Montreal Protocol.

Also in that year, Canada participated in the initial stages of Replenishment negotiations for International Fund for Agricultural Development, which included reviewing the strategic vision of the organization.

Bretton Woods Institutions

The Department of Finance has the lead for Canada's relationship with the Bretton Woods Institutions. CIDA's role focuses on the development aspects of the activities of these institutions. CIDA's interest is to ensure that the positions taken by Canada at the Bretton Woods Institutions reflect Canada's development objectives and strategies.

World Bank Group: This Group is composed of the International Bank for Reconstruction and Development and its associated institutions -- the International Finance Corporation, the International Development Association and the Multilateral Investment Guarantee Agency. The World Bank Group's funding is reported to Parliament through the Main Estimates of the Department of Finance.

CIDA seeks to work with the World Bank in a variety of ways. CIDA plays a large role in developing Canadian interventions at the Board on developmental policy issues and country strategies, in working directly with policy and operational counterparts at the Bank, and in reaching out to Canadians who have an interest in the Bank. Over the past few years, CIDA has concentrated on a number of Bank issues including the ongoing development and implementation of policies and programs pertaining to poverty reduction, gender and economic development, and more generally the integration of social dimensions into policy and operational work.

CIDA has been highly supportive of the World Bank's Comprehensive Development Framework, which was launched in early 1999. This framework aims to improve ownership by developing countries of development programs; strengthen partnerships among donors, developing-country governments and civil society; and achieve a better balance between social and macro-economic considerations in development.

CIDA provides consultant trust funds to the World Bank Group which enable the Bank to hire Canadian consultants for work on the development of Bank programs and projects. Through a separate trust fund, CIDA supports the work of the World Development Institute (previously known as the Economic Development Institute), the World Bank's educational arm which provides training to key policy makers from developing countries, including parliamentarians, officials, non-governmental organizations and the media.

International Monetary Fund (IMF): The Department of Finance, through its Main Estimates, reports to Parliament on the IMF. The Enhanced Structural Adjustment Facility of the IMF provides concessional balance of payments assistance to highly indebted less-developed countries and its funding is provided for in the IAE.

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