

2004



Report of the
**Commissioner of the
Environment and
Sustainable Development**
to the House of Commons

Chapter 2
Canadian International Development Agency—
Development Assistance and the Environment



Office of the Auditor General of Canada

The 2004 Report of the Commissioner of the Environment and Sustainable Development comprises six chapters, and The Commissioner's Perspective—2004. The main table of contents is found at the end of this publication.

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Chapter

2

**Canadian International Development
Agency**

Development Assistance and
the Environment

The audit work reported in this chapter was conducted in accordance with the legislative mandate, policies, and practices of the Office of the Auditor General of Canada. These policies and practices embrace the standards recommended by the Canadian Institute of Chartered Accountants.

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Canadian International Development Agency

Development Assistance and the Environment

Main Points

2.1 Access to safe and adequate water is one of the most pressing needs faced by people in developing countries. The Canadian International Development Agency (CIDA) has a number of projects and activities related to meeting this need. The projects we reviewed are changing the lives of beneficiaries for the better and are responding to identified community needs. Throughout our fieldwork, many people told us that CIDA was responsive to countries' needs. We found that CIDA programming documents reflect the expressed environment and sustainable development needs and priorities of the countries we visited.

2.2 CIDA is experimenting with different ways to ensure the long-term sustainability of its projects. It is seen to use a participatory approach to designing and implementing projects that emphasize local ownership and capacity development. The Agency now needs to monitor the long-term success of these experiments.

2.3 CIDA's overall approach to water issues lacks coherence. The Agency has not set out specific expectations and guidance for what it wants to accomplish, particularly in relation to water-related commitments contained in international agreements. There is little evidence that these commitments have had an explicit influence on country programming. Field personnel are unclear about which of the many, varied CIDA policy commitments they are expected to reflect in country programs and in projects. CIDA needs to update and rationalize its priorities and expectations and direct its efforts toward producing tangible results.

2.4 CIDA has made efforts to integrate environmental sustainability into its decision making, but it has not taken sufficient action to achieve its policy objectives. The processes and documentation we reviewed did not provide assurance that the projects we reviewed were designed in an environmentally responsible way. We observed examples of CIDA personnel doing a good job of incorporating environmental considerations into their projects. However, the Agency needs to develop tools and guidance to examine the environmental sustainability of all its projects and country programs.

2.5 CIDA lacks the performance measurement and reporting framework to reliably measure its overall progress on commitments related to water and environmental sustainability. The projects we reviewed identify indicators to measure immediate and long-term results and benefits, but there is no provision for actually doing the long-term measuring. Thus, the Agency cannot be sure of the sustainability of project results.

Background and other observations

2.6 As Canada's aid agency, the Canadian International Development Agency gave almost \$2 billion in official development assistance to developing countries and multilateral organizations in 2002. These funds were targeted in a broad range of sectors, such as education, health, transport, energy, agriculture, and forestry. Sustainable development is at the core of CIDA's mandate.

2.7 CIDA operates in an international context, contributing to and working in collaboration with many other aid agencies, non-governmental organizations, international financial institutions, and UN agencies. The audit focussed on its country-based programming. The Agency has made and endorsed many commitments in support of environment and sustainable development through various conventions, protocols, declarations, and summits. These have established broad environmental goals and, in many cases, imposed obligations on developed countries such as Canada to assist developing countries.

2.8 Water concerns are prominent in several agreements, including Agenda 21 from the 1992 United Nations Conference on the Environment and Development, the Convention to Combat Desertification, and the Millennium Development Goals. These called for concerted action in the areas of drinking water supply, sanitation, water conservation, and integrated water resource management. Water issues have been a long-standing area of programming within CIDA.

2.9 The environment is a crucial part of development assistance. Within CIDA, the environment is both a sector of programming (for example, addressing biodiversity and pollution) and a formal cross-cutting theme. In its 1992 Policy for Environmental Sustainability, CIDA committed to integrating environmental considerations in all of its decision making and activities. Aid projects of all types have the potential to cause unintended harm and must therefore be properly planned and delivered. Moreover, aid projects and country programs present opportunities to advance other project goals through close attention to interactions between the environment, local economies, and societies.

The Agency has responded. The Agency has agreed with our recommendations. The Agency's responses, including the actions it is taking or intends to take to address the recommendations, are set out in the chapter.

Introduction



Fajima at school. Zogu, Northern Region, Ghana.

Source: Christian Children's Fund of Canada (Ghana Office)



Agro-forestry—cocoa growing among trees. CADETH Agro-forestry Centre, Atlantida, Honduras.



Sama and a project poster that teaches proper hygiene. Sulawesi, Indonesia.

2.1 Providing assistance to developing countries has long been a cornerstone of Canada's foreign policy in order to reduce poverty and contribute to a more secure, equitable, and prosperous world. Three of the Canadian International Development Agency (CIDA) projects we visited demonstrate how the Agency has helped people around the world to fight poverty and achieve a better life.

2.2 Providing water to a village in Ghana. Five years ago, Fajima would rise early and, in great pain, hobble the three kilometres each way to and from the nearest source of water with a water bucket on her head. Fajima was a victim of guinea worm, a debilitating water-borne parasite. There was no time for school, even if she had been well enough to attend. Now a hand-dug well, built by CIDA, is just steps from Fajima's home and provides clean water to her family and the whole village of Zogu in the Northern Region of Ghana. The chief of the village told us that the incidence of guinea worm has dropped to almost zero since the well was dug. Most children, including Fajima and her girlfriends, now go to school daily.

2.3 Protecting the watershed in Honduras. Saul was a farmer who migrated from the unproductive low lands of Honduras' north coast to the forested mountains. He had to slash and burn the tropical rainforest in order to clear the land he needed for the crops to feed his family. This led to degradation of the upper watershed. CIDA's Broadleaf Agro-forestry project changed that by teaching Saul how to optimize and diversify his crops while protecting the surrounding forest and watershed. Saul now takes pride in his fruit farm and enjoys the stability of a real home, while water continues to flow for him and others downstream in the watershed.

2.4 Provision of water, sanitation, and hygiene education in Indonesia. For many years, rural villagers on the Island of Sulawesi have relied on donkey carts and walking to collect water. Sama, a young woman living in the remote village of Batu, had no running water until CIDA's Sulawesi Rural Community Development project built a gravity-fed water supply system for her village. Sama volunteered to receive training in health and sanitation so that she could teach other villagers the importance of washing, using soap, and disposing of garbage properly. Villagers indicated to us that as a result of the new water system and hygiene education, there is far less diarrhea and skin disease in the village.

Making development assistance sustainable and environmentally responsible

2.5 Development assistance is a complex and challenging business, and many external factors affect CIDA programming (see Challenges in development assistance, page 4). Canada and other countries have firmly established the concept of sustainable development as a key guiding principle of international aid and assistance. Donors, financial institutions, and recipients of aid recognize that economic growth, social prosperity, and environmental conservation go hand in hand.

Challenges in development assistance

Focus has shifted. Canada and numerous other countries have been providing development assistance for over 50 years. During this time, donors have learned from their experience and changed how they deliver aid. The emphasis has shifted from projects that create significant physical impact to projects geared more toward capacity development and institutional governance.

CIDA is not alone. A wide variety of organizations provide development assistance. These include aid agencies from donor countries, financial institutions such as the World Bank and regional development banks, UN agencies such as the United Nations Development Programme, non-governmental organizations, and universities. Each organization has its own area of specialization and its own approach and rules. CIDA supports and co-operates with many of these organizations.

Recipient countries are sovereign. Donors are there by invitation. Country programming and project implementation must be respectful of a country's political system; the formal and informal rules that govern decision-making; and, most important, the country's needs and priorities. CIDA may have difficulty complying with provisions of the *Canadian Environmental Assessment Act* due to restrictions on conducting public consultation and obtaining information in recipient countries.

A lack of capacity. In many developing countries, institutional infrastructure does not exist in governments, non-governmental organizations, and the private sector, as it does in developed countries. Ministries are not well staffed, laws and regulations are not enforced, and technical knowledge may be lacking.

Development assistance is a long-term process. Projects generally take one or two years to plan and many more years to realize their expected benefits and achieve their full impact. The challenge is to understand why and when aid works—and then to make it work consistently.



Water from a treated system (left) and community drinking water (right). Digma, Northern Region, Ghana.

Did you know?

- Number of deaths every year from water-related diseases: **5 million**
- Percentage of illnesses and deaths in the developing world from water-related diseases: **80**
- Percentage of the world's hospital beds occupied by people suffering from water-borne diseases: **50**
- Percentage of the world's irrigated land degraded by salinization due to poor management of water for agricultural irrigation: **20**

2.6 A significant factor that limits progress is environmental deterioration. Most developing countries are still overwhelmingly rural. Their economies are highly dependent on natural resources, which are increasingly under threat from desertification, deforestation, air and water pollution, climate change, and population pressures. Development that degrades natural ecosystems and resources will ultimately undermine the long-term economic or social development measures taken to sustain poverty reduction. Aid projects need to be planned and delivered in a manner that avoids environmental harm now and for future generations.

2.7 Water is vital to life and a pressing problem in developing countries.

Water is an economic resource, a mode of transportation, a necessity for agriculture, and an integral part of natural ecosystems. Clean or potable water is a basic human need, and CIDA recognizes that many developing countries have already been facing shortages of water for a long time.

CIDA and development assistance

2.8 The Government of Canada has established six program priorities for Canadian official development assistance: basic human needs; gender equality; infrastructure; human rights, democracy, and good governance; private sector development; and the environment. As Canada's aid agency,

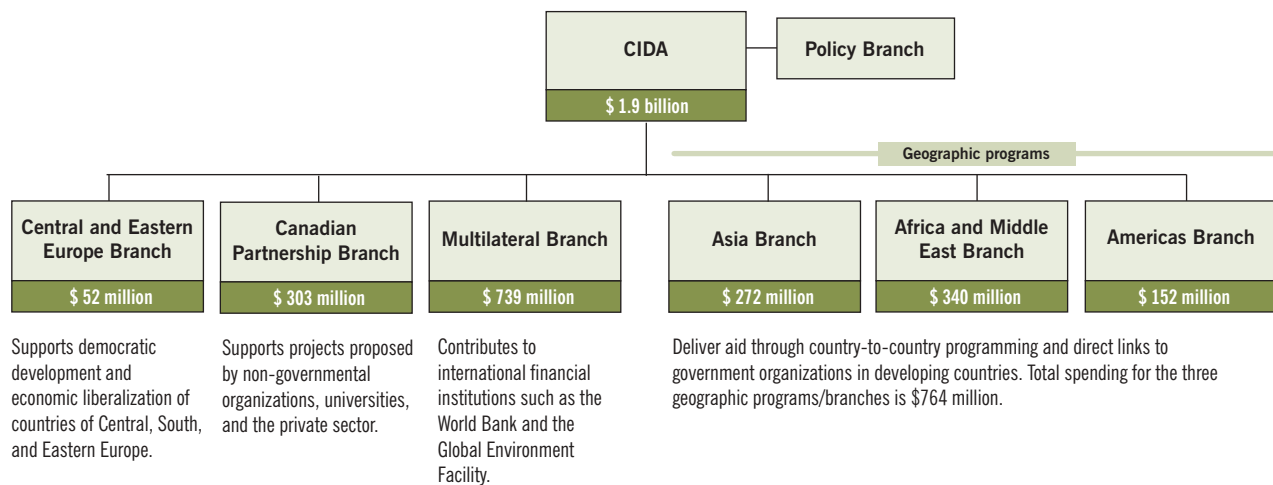
CIDA gave almost \$2 billion in official development assistance to developing countries and multilateral organizations in 2002. Sustainable development is at the core of CIDA’s mandate. A profile of CIDA is presented in Exhibit 2.1 and includes an organization chart with funding levels. These funds were targeted at a broad range of sectors, including education, health, transport, energy, agriculture, and forestry.

2.9 CIDA has made commitments to achieving long-term project sustainability. The Agency’s 2002 policy statement titled Strengthening Aid Effectiveness signalled a shift from a project-by-project approach to aid delivery to a focus on the country level, based in part on the recipient country’s needs and priorities. The policy was shaped around several principles of effective development, including local ownership, stronger partnerships with recipient countries, and a results-based approach to project and program design and delivery.

2.10 CIDA has also made commitments to achieving environmental sustainability. Decades ago, the Agency set out to ensure that consideration was given to the environment at the design stage of projects. CIDA has since designated the environment as a “cross-cutting theme.” CIDA’s 1992 Policy for Environmental Sustainability (still in effect today) and its sustainable development strategies require environmental considerations to be integrated into all decision making and activities of the Agency.

2.11 In recent years, CIDA’s funds for environmental issues, such as biodiversity, climate change, and pollution prevention and control, have averaged about nine percent of its budget. These funds support a range of country-to-country projects and contribute to non-governmental organizations, international financial institutions, and United Nations agencies.

Exhibit 2.1 CIDA’s spending on official development assistance, 2002–03



Source: CIDA

2.12 The Government of Canada has also made environmental and sustainable development commitments that are specified in various international conventions, protocols, declarations, and summits. In this chapter, we refer to these documents collectively as agreements. The articles and provisions contained in the agreements range from statements of principle through to quantifiable targets. Not all of these agreements have the same legal status. Normally, formal conventions and protocols are considered legally binding under international treaty law, while summits and declarations are not considered legally binding.

2.13 There is no multinational environmental agreement that deals solely with water. Rather, water concerns are reflected in numerous agreements, including the following:

- Agenda 21 from the 1992 United Nations Conference on Environment and Development;
- the 1994 Convention to Combat Desertification (legally binding—entered into force in 1996);
- the Millennium Declaration, which includes the Millennium Development Goals (2000); and
- the World Summit on Sustainable Development (2002).

2.14 These agreements reaffirmed previously stated goals, set new directions for development assistance, and identified areas where more emphasis was needed. In Canada, several federal departments may have a role in implementing them. These four agreements impose obligations on developed countries to assist developing countries, and therefore CIDA has a significant role in implementing them. In our view, whether or not these agreements and the water-related commitments they contain are legally binding, CIDA has the management responsibility to

- define the performance expectations and means necessary to achieve the objectives of the agreement,
- measure and report performance toward achieving the objectives, and
- review performance and take appropriate measures or corrective action to ensure that the objectives are achieved.

2.15 In response to a 1993 audit by the Office of the Auditor General, the Agency committed to improving accountability for achieving results. In 1996, it announced its Policy Statement on Results-based Management. The period between 1993 and 1996 was an opportunity to develop performance measures throughout the Agency arising from commitments contained in international agreements such as Agenda 21 and the Convention to Combat Desertification, as well as in CIDA's Policy for Environmental Sustainability.

Focus of the audit

2.16 The overall audit objective was to determine the extent to which CIDA is meeting and measuring its environmental and sustainable development commitments through its policies, programs, and projects in developing countries.

Did you know?

- Year that CIDA was created: **1968**
- Number of countries where CIDA provides foreign aid: **about 150**

2.17 We examined the extent to which CIDA management has set measurable, specific, and consistent direction for water-related commitments and its environmental and sustainable development commitments.

2.18 In the Agency's Geographic branches, we reviewed whether country programming reflects the directions set for these commitments. We considered how the needs and priorities of developing countries are integrated into CIDA's country programming. In addition, we examined whether selected projects are designed and delivered in an environmentally responsible and sustainable manner and are achieving expected results.

2.19 For the purposes of this audit, we divided the various commitments into three broad categories related to water, to environmental sustainability, and more generally to long-term sustainability. These are listed in Exhibit 2.2. Our audit approach to examining these commitments is shown in Exhibit 2.3.

Exhibit 2.2 CIDA commitments we audited

Water commitments

Providing access to safe drinking water
 Providing sanitation
 Managing water resources in an integrated manner
 Combating desertification

Environmental sustainability commitments

Integrating environment in all programs and projects as a cross-cutting theme
 Providing environmental assessments

- Consider scope, cumulative effects, alternatives, mitigation, and public consultation
- Integrate environment early into planning and decision making

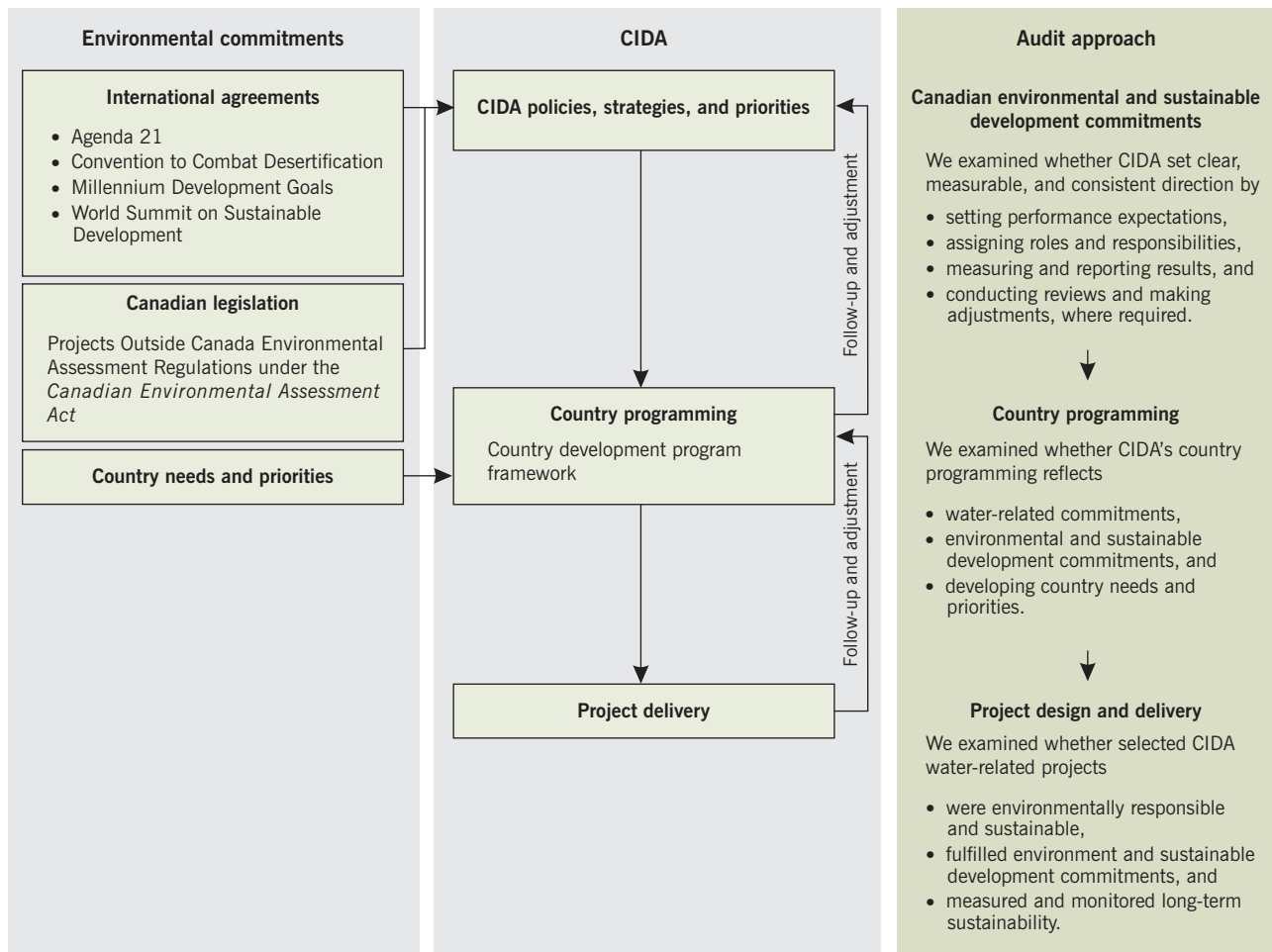
Long-term sustainability commitments

Local ownership
 Participatory approach
 Partnerships
 Donor co-ordination
 Monitoring and measuring long-term impacts of projects
 Examining lessons learned and applying them in future programming

2.20 We selected nine projects for examination: three in each of Ghana (see Ghana map, page 9), Honduras (see Honduras map, page 10), and Indonesia (see Indonesia map, page 11). CIDA has a history of providing development assistance in these countries, including activities related to water issues. All nine projects we examined were water-related, dealing with matters such as supply, sanitation, food production, watershed management, and irrigation systems. Since 2003, CIDA has designated Ghana and Honduras, among others, as countries of focus.

2.21 More information on the audit is found in **About the Audit** at the end of the chapter.

Exhibit 2.3 Our audit approach to examining CIDA's commitments



Ghana

Population:	19.9 million
Population growth each year:	1.7%
Gross national income (per person):	US\$290
Percentage of Ghanaians that make less than US\$1 a day:	44.8%
Percentage of Ghanaians that do not have access to an improved water source:	27%
Percentage of Ghanaians that do not have access to improved sanitation:	28%

Issues affecting the environment:

recurrent drought in the north, deforestation, overgrazing, soil erosion, habitat destruction, water pollution, inadequate supply of potable water

Source: World Bank (2001 data)

Selected communities we visited



Community Water Project

1991–2000
\$15.9 million

The goal of the project was to improve the health of rural communities in the upper east and west regions of Ghana and their ability to sustain water supply systems.

The project restored 2,600 boreholes and hand pumps that CIDA and its Ghanaian partner had installed in the 1970s and, where restoration was not possible, replaced non-functioning boreholes. The project transferred responsibilities to the rural communities to plan, manage, and maintain the new or restored water systems.

Northern Region Water and Sanitation Project

1998–2007
\$16.4 million

The project is designed to improve the health of about 420 rural communities in northern Ghana that are affected by the inadequate supply of potable water and sanitation facilities.

The project will construct 720 water points (650 boreholes and 70 hand-dug wells) and up to 14,000 household latrines. It is designed to help local governments and communities strengthen their capacity to manage rural water supplies and sanitation services sustainably.

Tuma Water and Sanitation Project (Hand-dug Well project)

1999–2001
\$202,000

This project, done in partnership with Canadian and Ghanaian non-governmental organizations, was established to improve the quality of life of people in 15 communities in the Savelugu/Nanton District, Northern Region, Ghana. The project installed protected hand-dug wells and sought to

- enable people to acquire access to safe drinking water and to practice good sanitation,
- reduce guinea worm disease by 50 percent,
- reduce women's workloads and create better conditions for female children, and
- create a better environment to retain qualified people for sustainable development of the communities.

Honduras

Population:	6.6 million
Population growth each year:	2.6%
Gross national income (per person):	US\$910
Percentage of Hondurans that do not have access to an improved water source:	12%
Percentage of Hondurans that do not have access to improved sanitation:	25%

Issues affecting the environment:

increasing urban population, deforestation from logging and clearing land for agriculture, soil erosion, water pollution from mining

Source: World Bank (2001 data)

Selected communities we visited



Guayape Valley Agricultural Development Project (Guayape Agriculture and Irrigation project)

1996–2001
\$12.1 million

The aim of this project, the last phase of three, was to improve the sustainable productivity of 300 small farms in the Guayape Valley, reduce deforestation, and protect biodiversity. The project also trained local partners to manage water resources in the Valley and provide environmental education to children.

The project installed about 50 irrigation systems and used agro-forestry techniques to diversify and intensify the production of fruits and coffee. It also helped producers find a market for their products to ensure long-term sustainability.

Sustainable Water and Sanitation Project (Microwatershed and Sanitation project)

1996–2001
\$4.3 million

The goal of the project was to improve the health and quality of life of the rural population in four departments (regions) of northern Honduras. The project provided sustainable potable water systems and basic sanitation to 14,000 inhabitants.

Project activities included fencing protected upstream watersheds and constructing water dams and distribution systems to downstream beneficiaries. The project also trained local communities and Honduran government agencies in sustainable system operation, maintenance, and administration.

Broadleaf Forest Development Project (Broadleaf Agro-forestry project)

1996–2001
\$6.9 million

This was the last phase of a 12-year initiative. It was designed to reduce the deforestation rate in the Atlantic coastal region of Honduras by promoting management of woodlots by foresters and increased use of agricultural land. The project trained and provided technical assistance to government employees involved in the protection and conservation of the broadleaf forest.

The project helped families in 81 communities in the tropical forest to stay on their land and improve their quality of life. It taught the communities different agricultural and forestry techniques that do not damage the forests (for example, how to diversify crops and grow wood for cooking).

Indonesia

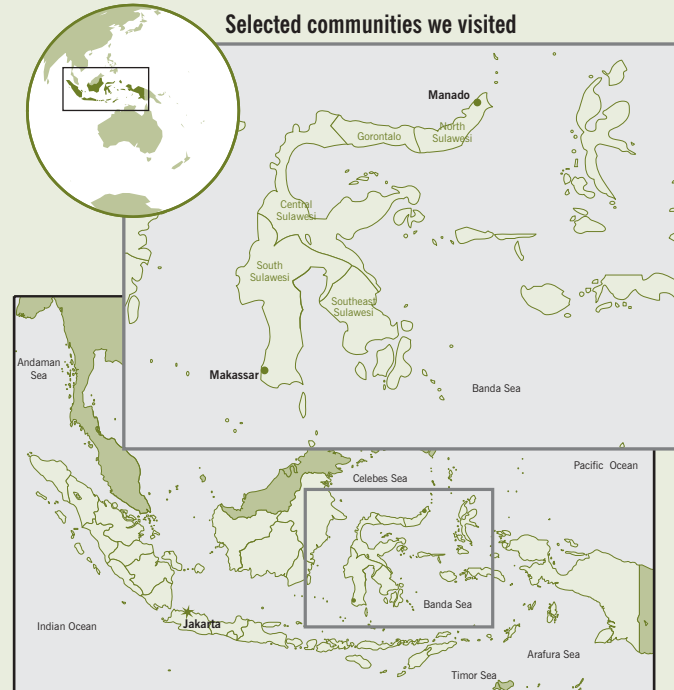
Population:	209 million
Population growth each year:	1.3%
Gross national income (per person):	US\$680
Percentage of Indonesians that make less than US\$1 a day:*	7.5%
Percentage of Indonesians that do not have access to an improved water source:	22%
Percentage of Indonesians that do not have access to improved sanitation:	45%

Issues affecting the environment:

deforestation, water pollution from industrial waste and sewage, air pollution in urban areas, smoke and haze from forest fires

Source: World Bank (2001 data)

*(2002 data)



North Sulawesi Water Resources Institutional Development Project (Capacity Development Irrigation project)

1989–2000
\$17.8 million

The goal of the project was to improve the development and use of water resources in the province of North Sulawesi by strengthening the capabilities of the Ministry of Public Works and affiliated local units in management, planning, design, construction, and maintenance of water resource works. The project

- provided technical training and assistance;
- provided buildings, vehicles, and instrumentation;
- conducted long-term planning of the river basin, irrigation, and other water infrastructures; and
- helped develop local water-user associations among rice farmers.

Sulawesi Rural Community Development Phase 4 (Rural Water and Sanitation project)

1999–2001
\$1.575 million

The goal of the project was to improve basic human needs by enhancing the health of 33,000 residents in 44 villages on the island of Sulawesi. The executing agency assisted villagers whose access to water and sanitation was inadequate. Project activities involved

- construction of gravity-fed water systems to serve individual households,
- hygiene and health education programs, and
- creation of water maintenance committees in the villages.

The health and sanitation benefits included a decrease in the incidence of diarrhea and skin disease.

UNICEF Participatory Development Project (Maternal Water and Sanitation project)

1995–2001
\$13.3 million

The goal of the project was to improve maternal health and women's access to safe water supply and environmental sanitation facilities.

The project delivered assistance for selected components of the Government of Indonesia/UNICEF Program of Cooperation in three provinces, including South Sulawesi. The CIDA portion supported maternal and neonatal health care, water supply and environmental sanitation, and capacity building at the community level.

The project was expected to contribute to a reduction in the incidence of water and airborne diseases, particularly among women and children, through access to, and community control over, safe drinking water.

Observations and Recommendations

Implementing water-related commitments

2.22 A broad policy agenda developed over time. In response to international agreements and to address its own priorities, CIDA has adopted many commitments over time. These comprise a mix of policies, guidelines, statements, and strategies, some of which are listed in Exhibit 2.4. They are varied and wide-ranging, dealing with such topics as gender, agriculture, biodiversity, and human rights. Some have resources specifically targeted to them; others do not.

2.23 Water issues have been a central focus of development in CIDA for the past several decades. Although CIDA does not have a policy or framework specific to water, water issues are reflected in various priorities and policies, such as CIDA's Policy on Meeting Basic Human Needs and its Social Development Priorities.

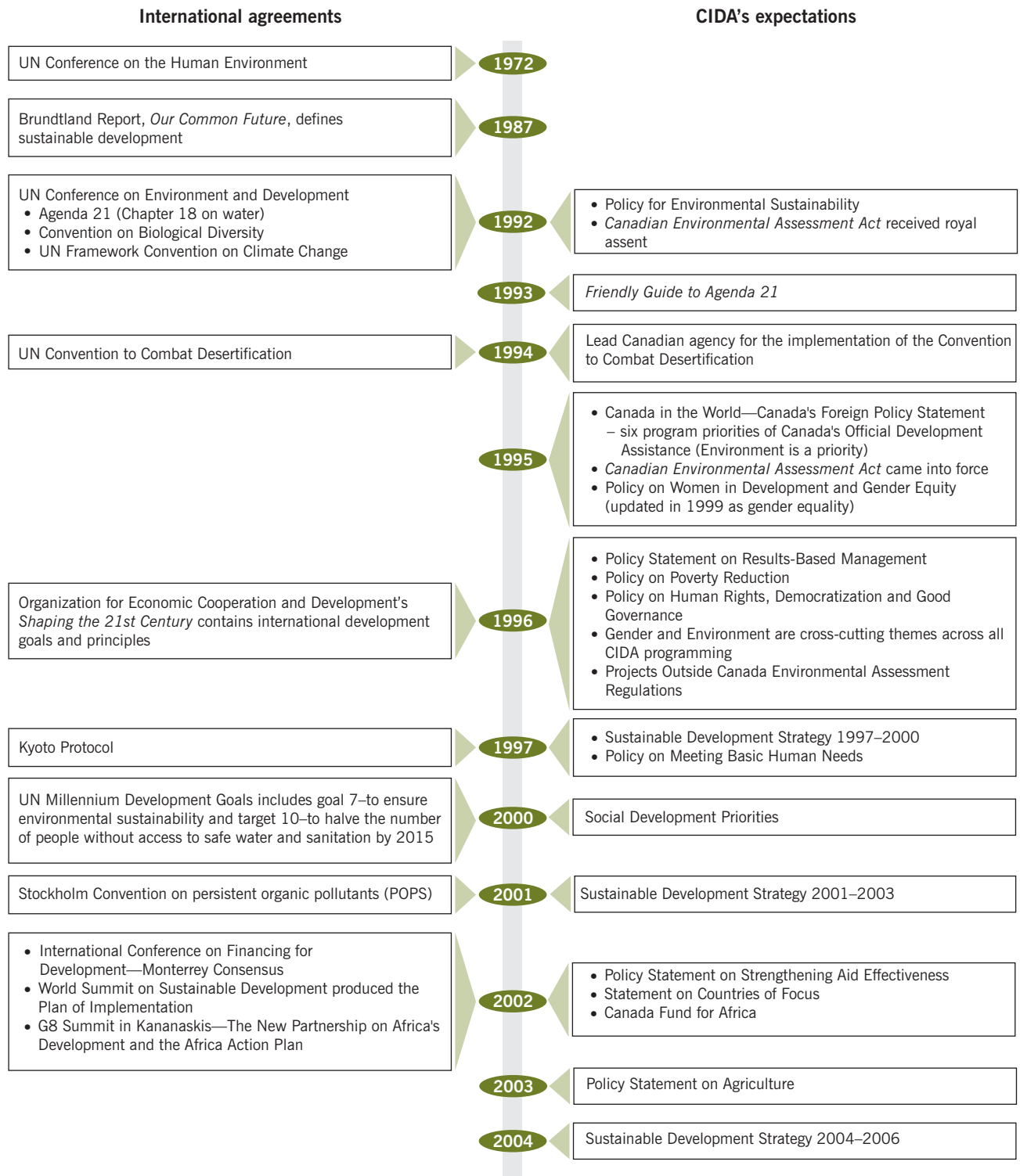
2.24 CIDA has accepted water-related commitments contained in Agenda 21, the Convention to Combat Desertification, the Millennium Development Goals, and the World Summit on Sustainable Development. Among other things, the commitments address drinking water supply, sanitation, water conservation, and adoption of an integrated approach to water resource management. We wanted to know whether CIDA had set specific goals and targets for itself and whether country programming and project selection had changed as a result. We examined some of the actions that CIDA has taken in response to these agreements.

Specific direction not set

2.25 Agenda 21. The 40-chapter Agenda 21 from the 1992 United Nations Conference on Environment and Development addresses a large range of issues for sustainable development. One of the chapters is on water. In 1993, CIDA issued its *Friendly Guide to Agenda 21*, announcing that water issues would be key for future programming. This is the only guidance issued, and it is still applicable today. The Guide was intended to make Agenda 21 functional for CIDA officials; however, it did not establish any specific responsibilities or identify specific performance expectations at the project, country, branch, and Agency-wide levels. CIDA could not provide us with evidence that it had assessed the level of resources it would need to implement these water-related commitments.

2.26 Convention to Combat Desertification. It is generally recognized that combating desertification includes, but is not limited to, sustainable management of water resources. CIDA is the official lead agency, on behalf of the Government of Canada, for this legally binding Convention. The government reviewed CIDA's existing programming in relation to the new commitments contained in the Convention, and it concluded that the Agency's commitments could be met within existing budgetary allocations. In fact, for the five years following ratification of the Convention, CIDA projected a substantial decline in allocated resources. According to the Agency, in 2001–02 it spent over \$640 million on projects that contribute, directly or indirectly, to combating desertification.

Exhibit 2.4 Selection of international agreements and CIDA's expectations



2.27 CIDA has undertaken various activities to promote programming related to desertification. In particular, it has produced a Desertification Toolkit to guide CIDA officials on how to address related issues during project design. Use of the Toolkit is discretionary. The Agency has yet to identify specific goals or targets for programming. CIDA reports biennially to the United Nations on its implementation of the Convention. These reports are illustrative, describing activities related to individual projects and programs, but they do not summarize overall results. Thus, the Agency does not know the extent to which it is making a difference.

2.28 Millennium Development Goals and World Summit on Sustainable Development. CIDA has accepted the Millennium Development Goals (see Appendix). The goal (goal 7) of ensuring environmental sustainability includes a global target (target 10) to halve the number of people without access to safe water and sanitation by 2015. This target was reaffirmed at the World Summit on Sustainable Development. We found that CIDA has started to put in place mechanisms for country programming to report on the Agency's contribution to this target. However, it could not provide us with evidence that measurable performance expectations have been set; nor has it established specific roles and responsibilities for meeting this goal.

Did you know?

- Number of people worldwide who lack access to safe drinking water: **1 billion**
- Number of people who do not have access to proper sanitation: **2.4 billion**

2.29 Little attention paid to results management. Overall, for the commitments we reviewed, CIDA has not set specific corporate performance expectations or assigned explicit roles and responsibilities. It is not able to measure and report on overall results. In all but one of the agreements, CIDA could not provide evidence that it had conducted a subsequent review to determine whether programming needed to be adjusted to achieve the water-related commitments. In our view, this lack of stated expectations is a serious shortcoming in the design of water programming, and it has significant implications. First, CIDA does not know the extent to which it is making progress against its water-related commitments. Second, and equally important, this shortcoming affects CIDA's preparation of country programs and its design and delivery of projects.

Missing links to water-related commitments in country programming and projects

2.30 CIDA states that its policies and priorities are linked to country programming through country development programming frameworks or their equivalent. Throughout our fieldwork, many people told us that CIDA was responsive to countries' needs. We found that CIDA's country programming documents, which define how aid is delivered country to country, reflect the expressed environmental and sustainable development needs and priorities of the recipient countries.

2.31 We examined whether country programming in Ghana, Honduras, and Indonesia reasonably reflected CIDA's water-related commitments in the four agreements we reviewed. We found that the programming documents for all three countries identify water issues as an area of programming and make general references to water-related topics addressed by the agreements. Yet, even where it would have been appropriate to do so, the documents do not

set performance expectations for CIDA's water-related commitments. There is little evidence that Agenda 21, for example, has had or is having an explicit influence on country programming.

CIDA needs to rationalize its expectations

2.32 CIDA has established a large body of expectations that CIDA officials are expected to integrate into country programming and projects, where appropriate. To help them understand these expectations, the Agency has developed a complex "RoadMap." Among other things, it identifies 6 program priorities, 12 program principles, and 10 or more major policies, as well as analyses to undertake, management tools to use, and a host of procedures to be followed.

2.33 At CIDA headquarters and in the countries we visited, some CIDA officials expressed concern about the large number of commitments, in a range of policy areas, that they are expected to accommodate. Several remarked on the lack of available tools to focus and integrate their efforts. In effect, there are so many priorities and expectations, and their collective scope is so broad, that the real expectations of management are not clear.

2.34 CIDA lacks documentation on how its water-related commitments are to be addressed and the results measured. While individual projects have contributed to sustainable development, CIDA is not able to measure and report its success in addressing these commitments. The Agency's overall approach to water issues lacks coherence. CIDA reports that it has been working on, but has not completed, its first formal water policy framework.

2.35 Recommendation. The Canadian International Development Agency should review its water-related commitments in relation to its broader environmental and sustainable development commitments, with a view to updating and rationalizing them. On the basis of this review, the Agency should

- establish clear direction by setting priorities, objectives, and performance expectations;
- develop tools and guidance that simplify and link expectations to commitments in the context of Agency-wide policies and priorities, for use by personnel who prepare and support projects and country programs;
- emphasize an integrated approach to water resource management at both the project and country program levels;
- assign roles, responsibilities, and resources for action;
- implement practices to periodically review progress against established expectations and international commitments; and
- report overall progress against established expectations.

CIDA's response. The Agency accepts the recommendation. CIDA will review the nature and scope of its water-related commitments in the context of the renewal of its environmental policy framework and broader

Government of Canada commitments. Based on this review process, it will identify priorities for programming. Appropriate tools and guidance will be put in place by December 2005. Monitoring and reporting on progress will commence once the water policy framework is in place.

Building environmental sustainability into programs and projects

2.36 The second category of commitments we examined relates to ensuring the environmental sustainability of projects and programs (Exhibit 2.2). The environment is a program priority for CIDA. In recent years, CIDA's funds for environmental issues, such as biodiversity and pollution prevention and control, have averaged about nine percent of its budget. CIDA has also designated the environment as a cross-cutting theme, meaning it will assess the environmental impacts and opportunities in all projects, programs, and policies, and use this information in its decision making. This is because aid projects have the potential to cause unintended harm and must therefore be properly planned and delivered. Furthermore, paying proper attention to the environment also supports and enhances development goals in areas such as human health, agriculture, and economic development.

Limited progress in implementing the Policy for Environmental Sustainability

2.37 CIDA's 1992 Policy for Environmental Sustainability set direction for the Agency and had the potential to substantially influence its decision making. CIDA intended to apply this policy through a series of commitments as part of an implementation strategy. These commitments included detailing priorities at the branch and sector levels; reallocating funds; ensuring local expertise; providing guidance, tools, and training for staff; analyzing and disseminating information on environmental issues; and monitoring the environmental performance of its programs and projects.

2.38 The implementation strategy was never developed. Instead, CIDA decided in 1993 to prepare progress reports and identify priority action for environmental sustainability to be included in its regular corporate planning process. In its 1997 Sustainable Development Strategy, CIDA committed to updating its Policy for Environmental Sustainability; it has not done so.

2.39 CIDA prepared only two internal progress reports on corporate achievements related to the policy, one in 1993 and the other in 1995. Both raised concerns about inconsistent implementation. The 1995 report in particular called for more systematic monitoring of environmental performance in the field. The Agency has not reported on the progress of the policy since 1995.

Shortcomings of project environmental assessments

2.40 CIDA introduced environmental assessment in the 1970s as a key means to integrate environmental considerations into projects and to ensure that they are environmentally responsible. The 1992 *Canadian Environmental Assessment Act* (entered into force in 1995) provides the legislative requirement for environmental assessment of development projects. Properly done, an environmental assessment can help to avoid or mitigate damage and can be a powerful planning tool by identifying opportunities to improve

project design, enhance project benefits, and contribute to sustainable development. We examined nine water-related projects to determine the extent to which environmental assessments were done properly.

2.41 Environmental assessment was treated as a paper exercise in the projects examined. When an environmental assessment was done, as for eight of the projects we examined, it was treated simply as a process on paper to be complied with, rather than a project planning tool. We have some concerns (Exhibit 2.5). For example, CIDA's procedures require a preliminary environmental assessment to be completed prior to project approval to determine the need for and type of subsequent environmental assessment. In two of the projects we examined, preliminary environmental assessments were completed years after the projects began, and thus appropriate decisions were not made on a timely basis.



Women pumping water from a borehole. Dakpam, Nanumba District, Northern Region, Ghana.

2.42 Environmental assessment documents that we reviewed were generally weak sources of information on project-specific environmental impacts and measures to mitigate adverse impacts. In some cases, the environmental assessment screening reports were incomplete. For example, in the Northern Region Water and Sanitation project in Ghana, the scope of the environmental assessment failed to consider potential environmental and socio-economic effects associated with the construction of 14,000 household pit latrines. Notably, while CIDA described groundwater extraction as a likely adverse environmental effect, it ultimately dismissed the issue as not a significant concern. A more thorough assessment of this groundwater issue may have led to consideration of alternative ways to implement the project or to an alternative project (see *Assessing the impacts on groundwater*, page 19).

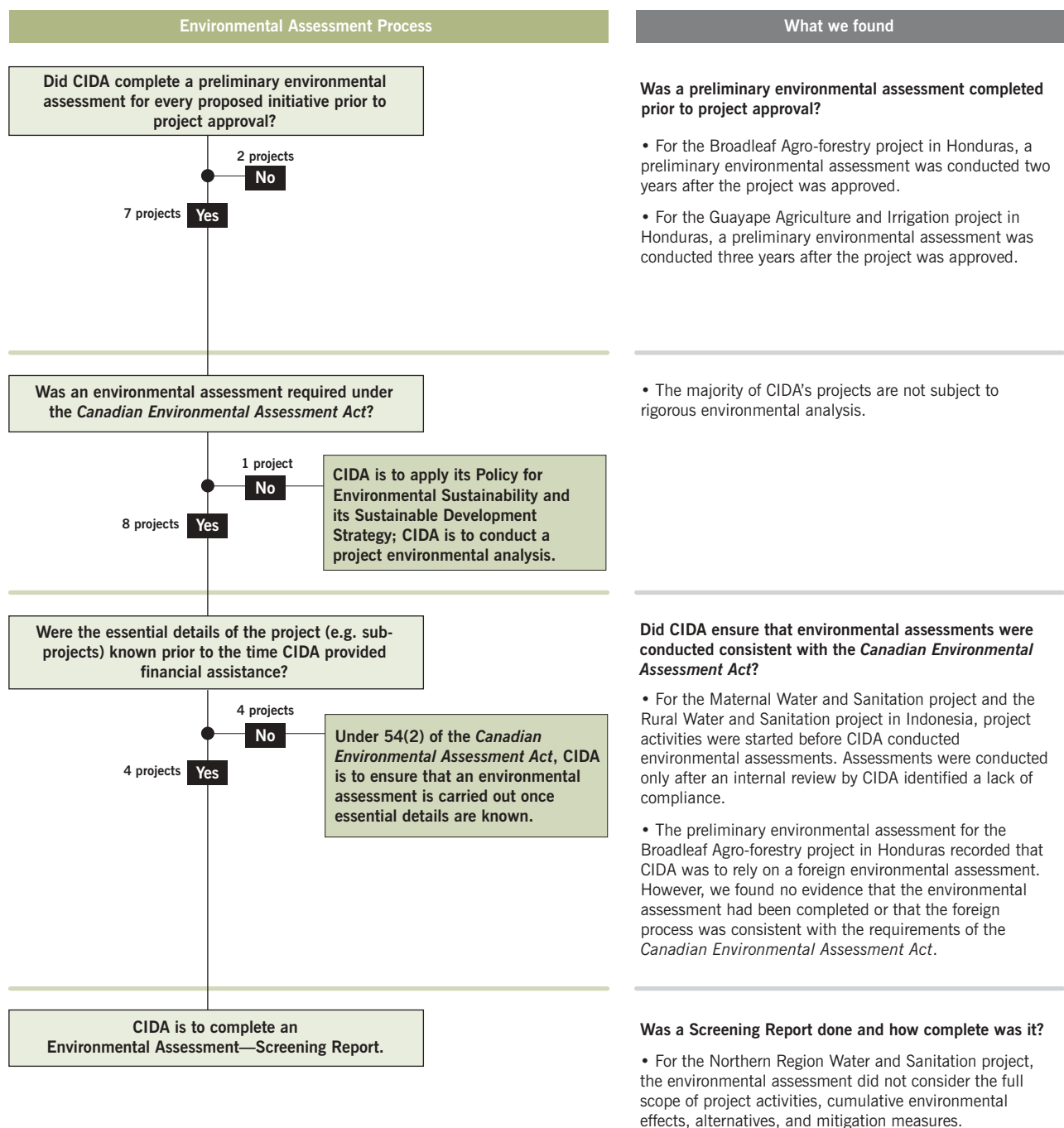
2.43 CIDA did not ensure that supplemental environmental assessments were properly completed. Where the “essential project details” (for example, location, nature of project activities, and sub-projects) are not known prior to project approval and financing, CIDA is obliged to ensure that a supplemental environmental assessment is done for the project or sub-projects as soon as the essential details become known. To conduct this supplemental assessment, CIDA may rely on another country's process, provided it is consistent with Canada's assessment process. We found that CIDA did not take adequate measures to ensure that the supplemental environmental assessments were properly completed in three of the projects we looked at.

2.44 In our view, the spirit of environmental assessment was missing. The processes and documentation we reviewed did not provide assurance that the projects were designed in an environmentally responsible way. CIDA reports that it has recently taken measures to ensure compliance with the *Canadian Environmental Assessment Act* in response to internal audits conducted in 2000 and 2003.

2.45 In addition to reviewing documents on file, we also examined the manner in which CIDA designed and delivered projects in the field. In each country, we encountered dedicated and knowledgeable CIDA personnel. The projects we examined illustrated a wide range of practices. Some, in our view,

effectively integrated environmental considerations. In Honduras, in particular, CIDA has taken an integrated watershed approach to its projects. In Ghana and Indonesia, we observed projects that were more limited in the extent to which they incorporated environmental considerations.

Exhibit 2.5 The environmental assessment process for CIDA projects and what we found



Source: CIDA

Key guidance is missing

2.46 Dealing with projects outside the *Canadian Environmental Assessment Act*. CIDA reports that about 90 percent of all its initiatives fall outside the requirements of the Act. This is partly because the nature of CIDA's projects has shifted away from physical works toward institutional strengthening and capacity development. In addition, some projects that have physical impacts are excluded from the Act. In these cases, CIDA urges its officials to conduct a project environmental analysis. This analysis is discretionary, however, and the Agency's guidance on how to perform it is limited in scope. Given these shortcomings, CIDA cannot ensure that any significant environmental effects associated with projects not covered by the Act would be mitigated in a timely manner.

2.47 The need for environmental sustainability in country programming. Beyond general policy direction, CIDA has not explained in detail how it will analyze and measure the environment across all its decision making and activities. In country programming, CIDA has not put in place some of the

Assessing the impacts on groundwater: The Northern Region Water and Sanitation project in Ghana

Water resources developments can be risky if they are planned without a thorough understanding of the long-term availability of the basic water resource. Wells and boreholes are unsuccessful when insufficient attention is paid in the planning stages to the quality and probable quantity of the groundwater in local aquifers. The acquisition and analysis of data on surface water and groundwater resources is . . . a necessary precondition for successful water projects—CIDA.

This case illustrates the importance of completing a thorough assessment of groundwater extraction projects, which can have serious negative environmental effects. The environmental assessment of the Northern Region Water and Sanitation project identified groundwater draw-down as a likely adverse environmental effect. The assessment concluded that there would be no significant negative impact on the groundwater table because there had been no observable change in groundwater levels in 50 observation wells. Yet these wells were not located in the same region as the Northern Region Water and Sanitation project.

There are limited data on and knowledge of the potential environmental impacts of the increasing exploitation of groundwater resources in northern Ghana. Water tables have also dropped drastically in some parts of northern Ghana. However, it is not clear whether this information was considered in the environmental assessment, given that it was completed in one day.

The potential cumulative environmental impacts on groundwater were also not considered. For instance, the impact on an aquifer from 700 water extraction points in one project can be significant. The impact can be more significant if there are more water points drilled by other projects in the region or if intense irrigation is drawing on the same aquifer.

The Project Implementation Plan noted that no groundwater monitoring programs are in place in the project districts and that this is a major constraint on assessing groundwater potential. While the project required that the quality and quantity of groundwater be measured, it did not identify mitigation measures if problems were found. The environmental assessment simply noted that "if difficulties arise the project will react accordingly."

basic definitions, guidance, and tools required to integrate environmental sustainability. The nature of the environmental analyses of country programs and the questions to ask about them differ from those of projects. For example, how does programming in one sector, such as water, affect another sector, such as agriculture, in the same country? In our view, existing guidance is insufficient to provide answers for critical planning and decision making at the country level.

Reporting on environmental performance is limited and inconsistent

2.48 While CIDA reports funding for aid under the category of environmental sustainability, it does not adequately report on how the environment is a cross-cutting theme through all its projects. The standardized project-reporting templates used by the Agency since 1999 to capture annual project results do not include a separate provision for reporting on the environment. Furthermore, project-level performance indicators for the environment as a cross-cutting theme have not been specified. Performance indicators for the environment could include, for example, the proportion of land area covered by forest, or the amount of land or water to be protected for biodiversity.

2.49 In the country-level reports that were prepared and in the majority of performance reports from the Geographic branches, we found limited information on environmental results. One Geographic branch stated that there was no requirement to report on the environment as a cross-cutting theme.

2.50 The Agency also considers gender equality while working on projects and treats it in a more structured way than the environment. For example, an analysis of the gender component of all CIDA projects is mandatory, and the Agency has developed gender-related performance indicators. The standardized templates for project reporting include a separate section for information on the contribution of gender equality to overall development results. We found regular reporting on this element in the country-level reports, where these were prepared, and in the majority of the Geographic branch performance reports. In short, CIDA has taken a deliberate and results-oriented approach to gender equality. We believe that the same diligence could have been applied to the environment.

2.51 Overall, despite some efforts, CIDA has made limited progress in implementing the environment as a cross-cutting theme and integrating environmental sustainability into its decision making. It is missing significant opportunities to fully examine the environment and reflect it in all decision making. Apart from projects subject to the *Canadian Environmental Assessment Act*, we found tools, measurement, and reporting to be weak. Important elements envisioned in the Policy for Environmental Sustainability have not been realized. CIDA could better ensure that environmental analysis is applied in a timely and robust manner to all projects.

2.52 Recommendation. The Canadian International Development Agency should update its existing policy framework for achieving environmental

sustainability in all decision making and activities, ensure that adequate environmental analysis is applied to all projects, and develop the new guidance and tools needed to assess environmental sustainability at the country program or regional level.

CIDA's response. The Agency accepts the recommendation. CIDA is currently conducting analysis and assessing options for renewal of its environmental policy framework, including updating its 1992 Policy for Environmental Sustainability and developing selected sectoral strategies and an implementation plan. CIDA has formalized the implementation of the Strategic Environmental Assessment process within the Agency (to be effective 1 September 2004), and is in the process of developing several tools for the integration of the environment into projects, for use when the *Canadian Environment Assessment Act* does not apply. CIDA uses a Guide for Preparing a Country Development Programming Framework to ensure that such plans are consistent with CIDA's policy and programming priorities and that the programming orientation, among other things, reflects the environment as a cross-cutting theme. The effectiveness of this tool will be analyzed to ensure that environmental analysis is being effectively integrated into country and regional programming. CIDA will develop and deliver training to facilitate the use of the proposed tools.

Policy renewal will be completed by December 2005. Monitoring and reporting on progress will commence once the environmental policy framework is in place.

Ensuring the long-term sustainability of projects

2.53 The third category of commitments we examined relates to achieving the long-term sustainability of projects. In the context of bilateral aid, this means continuing project benefits after assistance from a donor has ended. Measures taken during implementation of the project will determine how sustainable the benefits will be.

Key principles are reflected in projects

2.54 Through its policy statement *Strengthening Aid Effectiveness* and its sustainable development strategies, CIDA has communicated a series of development principles designed to ensure the long-term sustainability of projects. We assessed, largely at the project level, whether principles concerning local ownership, participatory approaches, partnerships, and donor co-ordination were effectively in place. Where possible, we also assessed whether measures reflecting those principles had been successful to date.

2.55 Local ownership. It is now widely accepted that countries need to lead their own development strategies. Local ownership may involve possession of land or investment in physical infrastructure produced by a project. It has a strong focus on building the capacity of communities (and of partner organizations) to maintain these infrastructure assets, sustain their own social and economic progress, and replicate project activities on their own, as necessary.

2.56 The design documentation of most projects we examined had capacity development as a central component of the project objectives. Projects in Ghana and Honduras, for example, supported national initiatives aimed at decentralizing the country's water and sanitation sector by providing, at the community level, the knowledge and tools to manage and maintain water and sanitation infrastructure.

2.57 The majority of projects also helped establish community groups and train members in aspects such as organization, financial mechanisms, equipment maintenance, and hygiene. The inclusion and training of women in such groups was encouraged to further enhance local ownership. In many of the communities we visited, community groups formed during the projects were still working together and using the techniques and material provided by CIDA to share information and maintain their systems.

2.58 Several of the projects we examined had installed potable water infrastructure to be maintained and operated by local organizations. In communities in all three countries we examined, the projects had put in place financial systems to enable the local water committee to collect funds for system maintenance, such as the replacement of broken pipes. Recipient communities in Ghana, for example, were required to contribute five percent of the capital cost of the project to create a sense of ownership among residents.

2.59 Participatory approach. Sustainable development has a better chance of succeeding when local communities and individuals design and implement development programs and projects in a meaningful way. CIDA is required to make the participatory approach an explicit goal of its programs and projects.

2.60 In many of the projects we examined, CIDA had involved communities. For example, in Honduras, farmers helped design and implement sustainable crop and tree planting plans on their own properties, and communities were involved in constructing their own micro-watershed dam and distribution systems. Stakeholders we interviewed in all three countries often expressed appreciation for the way CIDA personnel brought community members into projects.



A micro-watershed dam. Bambú, Balfate, Colón Region, Honduras.

2.61 Partnerships. CIDA has committed to promoting long-term relationships between its Canadian partners and those in developing countries, including promoting openness in its environmental activities. We looked at how the sustainability of projects benefited from such partnerships and how the partnerships functioned or evolved after projects were completed.

2.62 The definition of the roles and responsibilities of partners is set out in project design documentation and typically describes partnerships with national government entities and occasionally with local governments, regional organizations, communities, and the private sector (see Examples of successful community participation and project partnerships, page 23). Many of the partnerships created are being maintained after projects are

completed—for example, through CIDA’s Canadian Co-operation Office in the recipient country. CIDA uses the partnerships to promote national policies in various sectors, including the environment.

2.63 Local and district government institutions may have regulatory responsibilities and the mandate to manage such things as community water supply and sanitation. Their capacity can determine how sustainable an aid project will be. However, rotating staff, shifting government priorities, and a lack of skilled personnel and other resources can undermine sustainability efforts. If local staff cannot fulfill those responsibilities, future benefits of projects cannot be assured. Accordingly, CIDA provided institutional strengthening to project partners in the majority of the projects we examined, primarily to administer and manage local development plans.

2.64 If partners are unable to fulfill their responsibilities, project results are at risk. CIDA requires project planners to assess such risks at the early stages of an initiative. The project approval documentation of most of the projects we examined highlighted risks such as the potential impacts of lack of capacity, lack of funding from country partners, and political considerations. We found that CIDA is taking action to manage those risks in delivering its projects.

**Examples of successful community participation and project partnerships:
The Broadleaf Agro-forestry project in northern Honduras**

This case illustrates some examples of successful community participation and project partnerships in northern Honduras. CIDA’s Broadleaf Agro-forestry project achieved integrated water management through the creation of management areas where sustainable forestry, agro-forestry, and agriculture practices were applied to protect watersheds. By protecting forested areas, planting fruit trees among crops, and promoting intensive and diversified agriculture instead of migratory farming, the project helped stabilize ecosystems, conserve biodiversity, generate water for human consumption, and provide sustainable natural resources to all watershed stakeholders. In total, the project helped protect 70,000 hectares of tropical forest along the northern coast of Honduras.

Forestry is a major economic driver in Honduras, where 85 percent of land is used for logging and agro-forestry activities. Government forest management efforts are undermined by regional illegal logging and migratory agriculture, which are destroying 5,000 hectares of forest each year. The project helped local communities manage their own forests and created partnerships and institutional structures to enforce plans to reduce deforestation.

The project involved communities delimiting more than 37 protected watershed areas. To resolve conflicts over the use of natural resources, it promoted dialogue among local stakeholders to reach agreements on land use and to establish regulations. The project’s strategy was based on participation and sustainability. The project also worked in partnership with Honduras to create a fund for the sustainable management of national forests. In total, the project worked with over 1,000 foresters and 40 lumber associations to promote planning of sustainable forestry.

The Broadleaf Agro-forestry project worked with forestry groups, women’s groups, and independent farmers in 81 rural communities of northern Honduras. It had over 40 institutional partners, including municipalities, decentralized governmental organizations, and the private sector.

2.65 Donor co-ordination. Because the field for assistance in developing countries is so broad, and because there are so many players, donor co-ordination has become a significant objective of CIDA. The Agency focusses its efforts in specific sectors (for example, forestry, agriculture, water, and sanitation) and in selected geographic areas (for example, the Island of Sulawesi in Indonesia and northern Ghana). In this context, co-ordination at the country programming level is essential. In the countries we visited, CIDA is working to put in place and support mechanisms to achieve better co-ordination of donors' efforts. In all three countries, CIDA was in regular contact not only with the national government and its agencies but also with other donors and civil society groups.

Lessons learned need to be captured and shared

2.66 CIDA is experimenting with different ways of achieving project sustainability. It is important to measure the effects of the experiments to determine what works or does not work, and why, in order to replicate successful elements in other projects. In the projects we reviewed, CIDA provided capacity development to enable communities to participate in their own development and to maintain the project benefits, at least in part, after the Agency was no longer involved. Yet lessons from these efforts were not being adequately captured and shared. For example, while all projects report on the number of people or communities trained during the project, the Agency was unable to provide us with evidence that it monitors the effectiveness of the training in sustaining benefits.

2.67 In order to enhance sustainability and expected results, CIDA needs to either evaluate the capacity of partners, particularly government partners, to fulfill their required roles in a project, or further involve local organizations in the region where the projects take place. Given the experimental nature of measures to assure sustainability, we encourage CIDA to assess the long-term effectiveness of the experiments, on a selective and strategic basis, and then apply the lessons learned.

Measuring and reporting results

2.68 Project benefits. CIDA needs clear, specific, and measurable information on results in order to plan and account for delivery of benefits at the project, country, and Agency-wide levels. According to CIDA, it has historically focussed its reporting, planning, and evaluation at the project level. The Agency uses Logical Framework Analysis for project design and approval. The Framework requires the identification of performance indicators to monitor progress toward expected results. It distinguishes between immediate benefits delivered within the timeframe of the project and longer-term benefits that will remain after the project is complete.

2.69 All but one of the projects we examined used Logical Framework Analysis and identified indicators of water-related benefits that were expected. Project planning and implementation for all three projects in Ghana and for the Rural Water and Sanitation project in Indonesia (see How measuring for results can be built into projects, page 25) used indicators to measure health and hygiene benefits and accessibility of water sources and

sanitation facilities installed by the projects. The three projects in Honduras and the Capacity Development Irrigation project in Indonesia contained provisions to report on indicators of management toward the goal of either improving access to potable water or improving the development and use of water resources for agricultural production.

2.70 Environmental sustainability. Indicators can also monitor environmental impacts, report on the environment as a cross-cutting theme, and identify the project's contribution to the country development programming framework and international commitments. The Broadleaf

How measuring for results can be built into projects: The Rural Sanitation and Water project on Sulawesi Island, Indonesia

The Rural Sanitation and Water project, which provided piped water, latrines, and hygiene education to remote villages on Sulawesi Island, illustrates how measuring for results can be built into a project's Logical Framework Analysis. The information was used to develop a general work plan and detailed project designs, to review progress regularly, and to measure results. The project used baseline and close-out surveys and monthly project monitoring to collect information in each village.

Baseline and close-out surveys. In each village, five baseline surveys were conducted—social and economic health, technical details, household hygiene and gender, family sanitation, and village information. Examples include meteorology data, information on the distance of households to a water supply, the health of residents, existing water and sanitation facilities, and knowledge of personal hygiene.

As the project wrapped up, a close-out survey was conducted. Information from this survey was compared with the baseline survey to measure project results, such as

- levels of community knowledge and practice,
- gender awareness through training,
- achievements in water supply and sanitation construction, and
- level of community contribution.

Finally, the information was used for performance indicators of village health and villagers' economic well-being.

Monthly project monitoring. A system was designed to monitor and report, each month, village-level information for day-to-day project management and for performance measurement. The information included details on access to water, latrines built, number of women involved in project activities, and financial contributions in the villages.

Performance information from the surveys and monthly project monitoring was used to report on the Logical Framework Analysis. Once the project was completed, the Village Water and Sanitation Committee became responsible for maintaining basic record keeping and collecting user fees for operations and maintenance.



Village Water and Sanitation treasurer shows record keeping for several years after the project closed.

Agro-forestry project in Honduras used indicators that were selected to manage for results through an integrated watershed approach to agriculture, forestry, and the environment. However, none of the other projects we looked at included indicators to monitor and report on environmental sustainability.

2.71 CIDA reviewed the results of the projects while they were underway, using various mechanisms such as third-party evaluations, interim reports from implementation agencies, and staff reports. However, as our Office first stated in 1993, development requires that after the termination of aid funding, something of value be left behind that can be sustained and that enables countries to better manage their own development. CIDA was unable to provide us with evidence that it measured long-term development results against identified indicators for any of the projects we examined. Without any provision for such measurement, the Agency cannot be sure of the sustainability of project results.

2.72 Country-level performance measures. In recent years, CIDA's activities have shifted from the project level to the country program level. The Agency now requires that projects demonstrate a clear contribution to the objectives of the country development programming framework before being approved. We assessed whether CIDA's country programming established a results-based framework that defined realistic expected results, clearly identified program beneficiaries, and measured progress toward results.

2.73 Ghana's programming framework sets out expected results for improved quality of life for poor groups in northern Ghana and for increased access to sustainable water services. While the framework includes statements of expected results, it does not specify a time frame for attaining these results. Nor does it assign roles and responsibilities for measuring progress or provide for reporting on the longer-term benefits that contribute to country programming. In programming documents for Honduras and Indonesia, we found no provision for measuring progress. Performance reports at the country level have been produced only in the Asia Branch.

2.74 In a recent pilot framework for country development programming, CIDA included the country's development goals and linked them to CIDA's Key Agency Results and the Millennium Development Goals. CIDA expects to be able to report progress in implementing the development goals for this country, which would, in turn, be reflected in the annual country performance reports. This approach, if expanded, could eventually be used to report on the Key Agency Results for the entire Agency.

2.75 Corporate results. CIDA has used a variety of reporting methods. From 1997 to 2001, it reported development assistance funds in the six program priorities. For these priorities, it reported against its Key Results Commitments in 2000 and began reporting against its Social Development Priorities in 2001. For 2002 and 2003, the Agency reported on assistance funds on the basis of its four strategic outcomes or Key Agency Results.

2.76 CIDA, like all donor agencies, faces many challenges in determining how to best summarize its performance at the corporate level. CIDA's

corporate reporting on environmental results is largely based on project-level results and is illustrative and anecdotal. This does not provide overall performance information that gives a complete picture of the results achieved Agency-wide, for the environment as a cross-cutting theme, or for its international water-related commitments.

2.77 Recommendation. The Canadian International Development Agency should develop indicators of environmental sustainability and incorporate them into country programming and project design. The Agency should ensure that there is provision for post-project monitoring to assess the sustained contribution of projects to its country program objectives and its international commitments. CIDA should measure and report on overall progress toward achieving environmental sustainability at the project, country, branch, and Agency-wide levels to facilitate review and adjustment of programming where appropriate.

CIDA's response. The Agency accepts the recommendation. Following a feasibility assessment, CIDA will use environmental sustainability indicators, as appropriate, in the results-based management of its projects. Following assessment, CIDA will use existing environmental sustainability indicators, as appropriate, in each new, or updated, country or regional programming framework. On a limited and sample basis, CIDA will conduct post-project assessment of environmental and sustainable development results to guide future sustainability efforts.

If analysis supports the use of indicators, specific indicators will be selected and in use by December 2005.

Conclusion

2.78 In this audit, we set out to determine how CIDA integrates its varied environmental and sustainable development commitments into its policies, programs, and projects.

2.79 CIDA is contributing toward meeting established environmental and sustainable development needs through its long-standing program activities and projects. The Agency is active in addressing water issues, and our audit indicated that the projects we reviewed are benefiting people in developing countries.

2.80 CIDA management has not set measurable, specific, or consistent direction for its water-related commitments, and it is not measuring and reporting overall progress against them in a coherent and directed fashion. CIDA reports on its accomplishments anecdotally but does not know the extent to which it is meeting these commitments. Without a clear idea of what CIDA has set out to accomplish, Parliament, Canadians, and the international community do not know the significance of the collective results of the Agency's projects and programs. CIDA needs to update and rationalize its priorities and expectations and direct resources and efforts toward producing tangible results against its objectives.

2.81 The country development programming frameworks for the three countries we examined reflect the needs and priorities of the respective countries. Water was an identified area of programming for all three countries. The lack of clear and specific direction from senior management affects all levels in the Agency. In the face of many competing priorities, CIDA personnel responsible for developing country programs and projects are unclear about management's expectations. There is little evidence that international agreements we examined, such as Agenda 21, have had or are having an explicit influence on country programming.

2.82 CIDA has established an objective of building environmental sustainability into all Agency decision making and activities, largely through environmental analyses of country programs and projects. However, despite some efforts, the Agency has not put in place the required direction, guidance, and analytical tools; as a consequence, it has made limited progress toward realizing its objective. Better guidance is needed for environmental analysis of country programs, as well as for projects not subject to the *Canadian Environmental Assessment Act*.

2.83 The extent to which the projects we examined were designed and carried out in an environmentally responsible and sustainable manner varied. The environmental assessment processes and documentation we reviewed do not provide assurance that the projects were designed in an environmentally responsible manner. However, during our audit we encountered dedicated field personnel applying their expertise to ensure that projects were delivered in an environmentally responsible way.

2.84 In the projects we examined, CIDA has put in place foundations to achieve long-term sustainability. The Agency now needs to undertake long-term monitoring to determine if its projects are indeed sustainable.

About the Audit

Objectives

The audit objective was to determine to what extent CIDA is meeting and measuring its environmental and sustainable development commitments through its policies, programs, and projects in developing countries. We looked at whether

- CIDA management had set measurable, specific, and consistent direction for its international water commitments and environmental and sustainable development commitments;
- country programming reflected both the needs of developing countries and CIDA's direction for water resource management and environmental requirements; and
- selected water-related projects were carried out in an environmentally responsible and sustainable manner.

Scope and approach

We followed three lines of enquiry, matching the above-noted objectives:

- setting direction;
- selecting and designing projects; and
- delivering projects and measuring results.

From an extensive list of international commitments that CIDA identified as its responsibility, we selected those in the following agreements to audit:

- Agenda 21;
- the Convention to Combat Desertification;
- the Millennium Development Goals; and
- the World Summit on Sustainable Development.

From the numerous internal policies and strategies, we selected the following for audit:

- the Policy for Environmental Sustainability; and
- CIDA's sustainable development strategies.

Our work concentrated on country-to-country programming and projects. CIDA's funding and activities in support of multilateral organizations and countries in transition were excluded from this audit.

We audited nine water-related projects, three in each of Ghana, Honduras, and Indonesia. The countries and projects were selected in close consultation with CIDA to ensure that findings would be relevant and useful for drawing valid conclusions with a potential future impact.

In each country, we interviewed CIDA staff, country officials at all levels of government, other aid agencies active in the country, delivery agencies for CIDA projects, non-governmental organizations with environmental mandates, and, most important, those directly influenced by the CIDA projects—the local communities and individuals. In all, we conducted over 150 interviews. At CIDA headquarters, our work focussed on reviews of files and interviews with policy officers, environment and water specialists, country desk officers, and management.

Some quantitative information in this chapter is based on data drawn from various sources indicated in the text. We are satisfied with the reasonableness of the data, given their use in our chapter. However, the data have not been audited, unless otherwise indicated in the chapter.

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Appendix Selected international environmental agreements signed by Canada

Agenda 21 (1992). This instrument promotes sustainable development and requires a substantial flow of new and additional financial resources to developing countries. Agenda 21 includes a chapter on the protection and management of water. The chapter is based on a need to respond to the importance of managing water resources in an integrated manner and, at the same time, address issues of water scarcity. The chapter proposes the following seven areas of fresh water programming:

- integrated water resources development and management;
- water resources assessment;
- protection of water resources, water quality, and aquatic ecosystems;
- drinking water supply and sanitation;
- water and sustainable urban development;
- water for sustainable food production and rural development; and
- impacts of climate change on water resources.

Convention to Combat Desertification (1994). This is a convention aimed at assisting countries that suffer from the effects of desertification. The Convention confers obligations on developed countries to actively support the efforts of developing countries affected by desertification, through actions that include improving the management of water resources. Desertification refers to the deterioration of drylands into a desert-like zone. Effective management of scarce water resources is integral to the desertification convention. The impacts of desertification include a reduction in the world's freshwater reserves due to declining river flow rates and groundwater levels. Lack of fresh water can decrease the water available for cooking and cleaning and for farming. This in turn affects basic human needs and can jeopardize economic development.

Millennium Development Goals (2000). This agreement sets out eight goals supported by quantitative targets and indicators and established by the international community to significantly reduce poverty and achieve sustainable development. Goal 7 on environmental sustainability includes target 10, which aims to “halve by 2015 the proportion of people without sustainable access to safe drinking water.” The eight goals are the following:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

World Summit on Sustainable Development (2002). The Summit in Johannesburg, South Africa, was the most significant global event of its kind since the 1992 UN Rio Conference on Environment and Development (UNCED). Its purpose was to review progress in implementing the outcomes of UNCED and to reinvigorate global commitment to sustainable development. The Summit produced a comprehensive Plan of Implementation. The key goals of this plan included improving living conditions of those living in poverty; addressing environmental deterioration by changing production, consumption, and the management and use of natural areas; and reforming and improving institutions and governance for sustainable development. Equally important, the plan reaffirmed Agenda 21 and target 10 of the Millennium Development Goals concerning access to safe drinking water, and added to the plan access to basic sanitation. The plan deals with a broad range of topics including water, oceans, energy, forests, biodiversity, and governance.

Report of the Commissioner of the Environment and Sustainable Development to the House of Commons—2004

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