

Canadian International Development Agency

Estimates
2003-2004

Part III - Report on Plans and Priorities

Minister for International Cooperation

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Acronyms and Abbreviations

| | |
|--------|--|
| AFDB | African Development Bank |
| AIDS | Acquired Immune Deficiency Syndrome |
| APEC | Asia Pacific Economic Cooperation |
| APOC | African Program for Onchocerciasis Control |
| ATA | Afghan Transitional Administration |
| AU | African Union |
| CBO | Community-Based Organization |
| CCCDF | Canadian Climate Change Development Fund |
| CCMD | Canadian Centre for Management Development |
| CDF | Comprehensive Development Framework |
| CDPF | Country Development Programming Framework |
| CEAA | Canadian Environmental Assessment Act |
| CEE | Central and Eastern Europe |
| CFA | Communauté Francophone Africain |
| CGIAR | Consultative Group on International Agricultural Research |
| CIDA | Canadian International Development Agency |
| CIT | Countries in Transition |
| CPA | Canadian Police Arrangement |
| CPAR | Canadian Physicians for Aid and Relief |
| CPB | Canadian Partnership Branch |
| CPRGS | Comprehensive Poverty Reduction and Growth Strategy |
| CSO | Civil Society Organization |
| DAC | Development Assistance Committee (of the OECD) |
| DDP | Defensor del Pueblo |
| DFAIT | Department of Foreign Affairs and International Trade |
| DIP | Development Information Program |
| DND | Department of National Defense |
| DPR | Departmental Performance Report |
| EFA | Education for All |
| EIP | Economic Integration Project |
| EU | European Union |
| FCM | Federation of Canadian Municipalities |
| FECD | Fondo Ecuatoriano Canadiense de Desarrollo (Canada-Ecuador Development Fund) |
| FIS | Financial Information System |
| FTAA | Free Trade Agreement of the Americas |
| FTE | Full-Time Equivalent |
| GAVI | Global Alliance for Vaccines and Immunization |
| GEF | Global Environmental Facility |
| GFATM | Global Fund to Fight AIDS, Tuberculosis and Malaria |
| GHG | Greenhouse Gases |
| GNP | Gross National Product |
| GOL | Government on Line |
| HIPC | Heavily Indebted Poor Country |
| HIV | Human Immunodeficiency Virus |
| HRCS | Human Resources and Corporate Services Branch |
| HRDC | Human Resources Development Canada |
| HRDG | Human Rights, Democracy and Governance |
| IAE | International Assistance Envelope |
| ICHRDD | International Centre for Human Rights and Democratic Development |
| IDRC | International Development Research Centre |
| IFAD | International Fund for Agriculture Development |
| IFI | International Financial Institution |
| IMF | International Monetary Fund |
| IMTB | Information Management and Technology Branch |
| IUCN | International Union for the Conservation of Nature |
| JICA | Japanese International Cooperation Agency |
| JITAP | Joint Integrated Technical Assistance Program |
| KAR | Key Agency Result |

| | |
|--------|--|
| LDC | Least-Developed Countries |
| LIFT | Local Initiatives for Tomorrow |
| LMDG | Like-Minded Donor Group |
| MDB | Multilateral Development Bank |
| MDG | Millennium Development Goal |
| MDI | Multilateral Development Institution |
| MEA | Multilateral Environmental Agreement |
| MOPAN | Multilateral Organizations Performance Assessment Network |
| MPB | Multilateral Programs Branch |
| NDP | National Development Plan |
| NEPAD | New Partnership for African Development |
| NGO | Non-Governmental Organization |
| O&M | Operations and Maintenance (Budget) |
| OA | Official Assistance |
| OAG | Office of the Auditor General |
| ODA | Official Development Assistance |
| ODACE | Official Development Assistance in Central Europe |
| OECD | Organization for Economic Co-operation and Development |
| OECS | Organization of Eastern Caribbean States |
| PAHO | Pan-American Health Organization |
| PCF | Prototype Carbon Fund |
| PRB | Performance Review Branch |
| PRET | Project for Rehabilitation through Education and Training |
| PRS | Poverty Reduction Strategy |
| PRSP | Poverty Reduction Strategy Paper |
| PSU | Program Support Unit |
| PWGSC | Public Works and Government Services Canada |
| RBM | Results-Based Management |
| RCMP | Royal Canadian Mounted Police |
| REE | Renaissance Eastern Europe |
| RMAF | Results Based Management and Accountability Framework |
| RPP | Report on Plans and Priorities |
| RPRP | Rural Poverty Reduction Program |
| SDP | Social Development Priorities |
| SDS | Sustainable Development Strategy |
| STD | Sexually Transmitted Disease |
| SWAp | Sector-Wide Approach |
| SWiM | Sector-wide Management approaches |
| UCS | Universal Classification System |
| UK | United Kingdom |
| UN | United Nations |
| UNAIDS | Joint United Nations Program on HIV/AIDS |
| UNCCD | United Nations Convention to Combat Desertification |
| UNCTAD | United Nations Conference on Trade and Development |
| UNDP | United Nations Development Program |
| UNESCO | United Nations Education, Scientific and Cultural Organization |
| UNHCR | United Nations High Commission for Refugees |
| UNICEF | United Nations Children's Fund |
| WFP | World Food Program |
| WHO | World Health Organization |
| WSSD | World Summit on Sustainable Development |
| WTO | World Trade Organization |

1.1 Minister's Message

Susan Whelan

Minister for International Cooperation



My first year as Minister for International Cooperation has been marked by tremendous change and tremendous promise. We are now positioned for real and substantive progress in the fight to reduce poverty and marginalization in the world's poorest countries as a result of a number of key trends in international cooperation, a significant and sustained increase in the official development assistance budget, and ongoing reform and renewal within CIDA.

The global community has reached an unprecedented consensus on goals and targets related to sustainable development - the Millennium Development Goals - and we have agreement on the conditions and resources necessary to achieve them. There is a new relationship between industrialized and developing countries - a relationship of equals with mutual obligations and mutual benefits. There is renewed commitment to development cooperation, since many donor countries, including Canada, have signaled their intention to increase development assistance.

As announced in the September 2002 Speech from the Throne, Canada's development assistance budget will grow by eight percent annually, doubling by 2010. This will inject major new resources into the program and enable us to make a real difference in a number of strategic areas, such as basic education and rural development.

CIDA's work in the next few years will be guided by *Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness*, which I released in September, 2002, after extensive public consultations. This document sets out key principles for improved effectiveness in our programming, such as local ownership, donor coordination, coherence between aid and non-aid policies including trade, the environment and investment, stronger partnerships and a results-based approach. It also sets out a number of commitments that form the basis for our future program of work.

One of the commitments I made in that document was to strategically increase our investments in a select number of the poorest countries. I have identified an initial group of nine: Bangladesh, Bolivia, Ethiopia, Ghana, Honduras, Mali, Mozambique, Senegal and Tanzania. Canada has longstanding cooperation programs in these countries, which have demonstrated an ability to use aid effectively, through commitments to improve governance, respect human rights and end corruption. They all have national plans for poverty reduction, which will provide the framework for our enhanced cooperation with them in key priority sectors.

Another pledge I made in *Strengthening Aid Effectiveness* is to have a greater focus on Africa, the poorest continent. At the G8 Summit hosted by Canada in Kananaskis, Alberta, in June 2002, the G8 launched its Africa Action Plan, which commits the industrialized countries of the world to work in partnership with the countries of Africa. Canada's response to this plan, the \$500 million Canada Fund for Africa, was also launched at that meeting and is now in operation. Overall, at least half of the increase in Canada's official development assistance budget will go to programs in Africa, bringing our total commitments to that continent to \$6 billion over the next five years.

We are taking new steps to strengthen our work in poverty reduction. In response to recent research that shows the critical importance of rural development and agriculture to food security and economic growth, we are revitalizing our work and increasing our investments in this area. I have also begun an examination of our efforts in private sector development, the basic engine of growth in any economy. We will continue to focus on the four social development priorities established in 2000: health and nutrition, basic education, HIV/AIDS and protecting children, with the promotion of gender equality as an integral part of all our efforts. We will also continue to support the efforts of developing countries to meet environmental challenges and we will work with them to increase respect for human rights, strengthen democratic institutions and reduce conflict.

The process of internal reform and renewal to meet these challenges and commitments and increase our effectiveness is ongoing. Over the next three years, we will increase the use of new programming approaches based on developing country plans and priorities. We will ensure that CIDA's programming conforms to the locally-owned poverty reduction strategies of developing countries. We will untie the cooperation program to increase aid effectiveness, and to ensure greater local ownership of the development process. We will strengthen our presence in the field for better aid coordination and enhanced policy dialogue and influence with developing countries. Furthermore, we will continue to advocate for developing country interests to ensure that all of Canada's policies support international development, such as the new policy on improved market access for imports from least-developed countries effective January 1, 2003.

Finally, we will increase our accountability to the Canadian public, who have entrusted us with their hard-earned tax dollars. Survey after survey tells us that Canadians want to help correct the gross global imbalance that confronts us today. They know that development cooperation contributes to a more secure, equitable and prosperous world, for people in developing countries and Canadians alike. We will re-energize our public engagement efforts over the next few years, to better inform Canadians and to encourage them to become fully participating, committed global citizens.

This 2003-2004 Report on Plans and Priorities shows how CIDA plans its work for the next three years within a framework that is based on the Millennium Development Goals. It outlines our priorities and program of work for that period and the results we expect to achieve. I encourage all Canadians to read it, and I respectfully submit it for the consideration of the Parliament of Canada.

Minister for International Cooperation

1.2 Management Representation Statement

I submit, for tabling in Parliament, the 2003-2004 Report on Plans and Priorities (RPP), for the **Canadian International Development Agency**.

This document has been prepared based on reporting principles and disclosure requirements contained in the *Guide to the Preparation of the 2003-2004 Report on Plans and Priorities*.

- It accurately portrays the organisation's plans and priorities.
- The planned spending information in this document is consistent with the directions provided in the Minister of Finance's Budget and by TBS.
- It is comprehensive and accurate.
- It is based on sound underlying departmental information and management systems.

The reporting structure on which the document is based has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

Name: _____

Date: _____

1.3 Executive Summary

For over 30 years, CIDA has been administering Canada's Official Development Assistance (ODA) in Africa and the Middle East, the Americas, and Asia. Since 1995, the Agency has also been responsible for Canada's Official Assistance (OA) in the countries of Central and Eastern Europe and the former Soviet Union.

CIDA's mandate is to support sustainable development in order to reduce poverty and contribute to a more secure, equitable and prosperous world. In Central and Eastern Europe, CIDA has a supplementary mandate - to support democratic development and economic liberalization as well as international efforts to reduce threats to international and Canadian security. Through its work, CIDA contributes to Canada's three broad foreign policy objectives: promoting prosperity; protecting Canadian and global security; and projecting Canadian values. The interests of Canadians are served by promoting global cooperation, equality and security in a world where industrialized and developing countries are increasingly interdependent. As such, CIDA does not operate alone; collaborative and consultative partnerships - with developing-country governments, Canadian and local civil society, the private sector, regional and multilateral institutions, international financial institutions, other bilateral donors and other Canadian government departments - are increasingly critical to CIDA's work.

The most important new directions for the Agency in the next three years, outlined in *Canada Making a Difference in the World: Policy Statement on Strengthening Aid Effectiveness*¹, include: increasing investments in a select group of countries²; increasing focus on Africa; increasing investments in rural development through agriculture and in private-sector development; and transforming the way CIDA itself does business in order to deliver more effectively on its commitments. In addition, the Agency will continue its important efforts to ensure youth are involved in Canada's efforts to make a difference in the world. This new strategic focus will benefit from a renewed commitment by the Government of Canada to increase its investment in international cooperation activities. The September 2002 Speech from the Throne³ included an undertaking that Canada's international assistance will double by 2010.

In 2001, the Agency developed a set of Key Agency Results (KARs) to help better align its planning, reporting and programming cycle with its mandate. CIDA's Development Results - the impacts CIDA aims to have in partner countries in the priority areas of economic well-being, social development, environmental sustainability, and governance - constitute CIDA's Strategic Outcomes. Gender Equality and the Environment are cross-cutting themes throughout all Development Results. These results are supported by a number of strategies and management tools.

¹ <http://www.acdi-cida.gc.ca/aideffectiveness>

² An initial group of nine countries has been selected: Bangladesh, Bolivia, Ethiopia, Ghana, Honduras, Mali, Mozambique, Senegal and Tanzania

³ <http://www.sft-ddt.gc.ca/sft.htm>

CIDA's Development Results are aligned with the Millennium Development Goals (MDGs)⁴, a set of international goals and targets for all partners in development cooperation⁵. The Agency shares accountability with the rest of the international development community for the achievement of these goals and targets.

CIDA's defined Development Result priorities over the next three years include, in the area of economic well-being: strengthening its investments in agriculture and rural development; supporting private-sector development; building the capacity to negotiate strong trade partnerships and agreements; and fostering an enabling environment for economic growth. CIDA's three-year priorities for social development are: promoting gender equality with partners in all development programming; and strengthening its programming in basic education, HIV/AIDS, health and child protection. For environmental sustainability, CIDA's three-year priorities include: building partners' capabilities to address global, regional and national environmental issues such as desertification, biodiversity, and climate change; and supporting and promoting environmental and broader socio-economic policy dialogue and programming that directly address environmental issues. The Agency's three-year priorities in the area of governance include: increasing the integration of human rights principles in development programming; continuing to strengthen democratic institutions; and increasing attention to conflict prevention, post-conflict reconciliation and peacebuilding and security.

Internally, CIDA is working to improve the strategies and tools used to deliver on its Development Results. For example, the Agency will concentrate a significant proportion of its investments on a selected number of the world's poorest countries committed to good governance. CIDA is also changing to find a better balance between directed and responsive programming, as it aligns itself more closely with the plans and priorities of partner countries. The Agency is moving away from projects towards more program-based approaches which support local ownership and involve greater coordination among donors. It is also engaged in efforts to increase policy coherence and policy-based programming, as well as the untying of some of Canada's aid. CIDA will also work to improve Canadians' perception of the value, efficiency and effectiveness of Official Development Assistance (ODA) and Official Assistance (OA) programs and to increase their involvement in development cooperation.

CIDA's Management Results support both Development Results and strategies to achieve them. In this regard, the Agency will continue to strengthen its policy and analytical capacity; to transform itself into a knowledge-based institution and seek to create a more knowledgeable, highly motivated, more representative workforce; and to strengthen its field presence. CIDA will emphasize the use of transparent, consistent and cost-effective business processes and continue pursuing improved practices of stewardship and conservation in Canada and abroad.

CIDA is already recognized internationally for its experience in results-based management, and will continue to become a more accountable, results-oriented, continuous-learning organization. The Agency uses three distinct but complementary internal review functions - performance measurement, evaluation and internal audit - as part of its overall performance management and

⁴ <http://www.developmentgoals.org>

⁵ The MDGs set targets and indicators for: eradicating poverty and hunger, achieving universal access to primary education, promoting gender equality and the empowerment of women, reducing child mortality, enhancing maternal health, combating HIV/AIDS and other diseases, ensuring environmental sustainability, and developing global partnerships for development.

reporting approach. Efforts will continue during 2003-06 to link results at the program, project and Agency levels. The Agency will also proceed with the implementation of its integrated risk management strategy.

In 2003, CIDA's continued participation in the current government-wide Modern Comptrollership project will include the development of an integrated management action plan. Participation in this project reinforces CIDA's commitment to improve management practices in support of effective development cooperation. In support of the Government-on-Line (GOL)⁶ initiative, CIDA will continue putting in place policies, systems and processes to facilitate electronic communication between the Agency and Canadians (e.g. for submission of project proposals).

CIDA plans to make the most of this promising point in its history. Its development goals are clear and aligned with those of the international community. There is international consensus on the principles and strategies to achieve those goals. The Agency is already engaged in a process of internal transformation and modernization, and the international assistance budget will be increased over the coming years. All of this will help CIDA fulfil its mandate in a more effective and sustained manner, for the benefit of the people of the developing countries and the people of Canada.

⁶ http://www.gol-ged.gc.ca/index_e.asp

2.0 Agency Raison d'être

For more than thirty years, the Canadian International Development Agency (CIDA) has been responsible for administering most of Canada's Official Development Assistance (ODA) in countries in Africa⁷ and the Middle East⁸, the Americas⁹, and Asia¹⁰. In 1995, the Agency also assumed responsibility for Official Assistance (OA) programs in the countries of Central and Eastern Europe and the former Soviet Union — the Countries in Transition¹¹ — where it has a mandate to support democratic development and economic liberalization.

CIDA is engaged in development cooperation with over 120 developing countries through a range of mechanisms. While the Agency continues to cooperate directly through programs and projects, it is increasingly emphasizing policy influence and dialogue, as a means of strengthening the effectiveness of its assistance. CIDA undertakes activities that contribute to economic well being, social development, environmental sustainability, and governance in partner countries. Recently, CIDA was recognized by the members of the Development Assistance Committee (DAC)¹² of the OECD¹³ for its special ability to help lead the international community towards "actions which push out the frontiers of international cooperation, including areas such as gender equality and capacity building".¹⁴

As stated in CIDA's *Sustainable Development Strategy 2001-2003*¹⁵ (SDS), CIDA's raison d'être is sustainable development. For many years, the Agency has supported growth in developing countries in ways that are more equitable and ecologically sustainable, integrating the social, political, environmental and cultural aspects of development. CIDA's *Sustainable Development Strategy* promotes the continued integration of sustainable development principles in all Agency programs. The SDS is also the Agency's Business Plan and as such, this Report on Plans and Priorities (RPP) updates CIDA's SDS for 2003-2004.

2.1 Mandate and Objective

CIDA's mandate is to support sustainable development in order to reduce poverty and contribute to a more secure, equitable and prosperous world.

This mandate is supplemented by that of its Countries in Transition program, which is to support democratic development and economic liberalization in Central and Eastern Europe, and to support international efforts to reduce threats to international and Canadian security.

⁷ <http://www.acdi-cida.gc.ca/africa-e.htm>

⁸ <http://www.acdi-cida.gc.ca/africa-e.htm>

⁹ <http://www.acdi-cida.gc.ca/america-e.htm>

¹⁰ <http://www.acdi-cida.gc.ca/asia-e.htm>

¹¹ <http://www.acdi-cida.gc.ca/europe-e.htm>

¹² <http://www.oecd.org/dac>

¹³ <http://www.oecd.org>

¹⁴ OECD-DAC peer review of Canada's development assistance.

¹⁵ <http://www.acdi-cida.gc.ca/sds>

CIDA's provision of International Assistance is vital for meeting Canada's broader foreign policy objectives, which are stated in the 1995 Government Foreign Policy Statement, *Canada in the World*:

- the promotion of prosperity;
- the protection of Canadian and global security; and
- the projection of Canadian values¹⁶.

In support of its mission, CIDA seeks to attain the following two-fold objectives¹⁷:

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

2.2 Benefits to Canadians

In addition to being guided by the three pillars of Canada's foreign policy — prosperity, security and Canadian values — CIDA operates in the context of increased international interdependence. Today, effective multilateral development cooperation must recognize that industrialized and developing countries are interdependent, and that Canadian interests are served by promoting global cooperation and equality.

CIDA invests in initiatives to strengthen the global economy in order to increase **prosperity and employment**. CIDA also believes that a balanced approach to sustainable poverty reduction includes action to stimulate economic growth. Poverty reduction is at the heart of CIDA's work, since it impacts so directly on other markers of human and social well-being - including education, health and nutrition, environment, and security. Indeed, poverty reduction is clearly now the overarching goal of most other bilateral donors and multilateral aid agencies. Economic research¹⁸ suggests that this is the right approach, since it has been shown that every additional percentage point in household consumption in developing countries reduces the share of people living in extreme poverty by about two percent (2%).

Poverty reduction, economic well-being and sustainable development cannot be achieved in conflict zones, nor in post-conflict zones with weak governance institutions. In addition, evidence suggests that widespread poverty may contribute to social instability and extremism. By working towards long-term development goals, including poverty reduction, development cooperation plays a significant role in promoting global peace and **security**. CIDA's work benefits all Canadians since it contributes to this global agenda and to the prosperity of other

¹⁶ <http://www.dfait-maeci.gc.ca/english/foreign/cnd-world/menu.htm>

¹⁷ 2000-2001 Estimates: Part I and II, pages 9 and 10.

¹⁸ World Bank: *World Development Report*, 2000/2001.

countries. CIDA's work in Afghanistan (see Box 1: CIDA helps rebuild Afghanistan) exemplifies the Agency's commitment to addressing the root causes of instability in the world. CIDA's objective in Afghanistan is to help end human suffering and deprivation, and to strengthen the conditions that support stability and security.

Box 1: CIDA helps rebuild Afghanistan

Since the fall of the Taliban regime in 2001, many parts of the country have remained unstable. The December 2001 federal budget allocated \$100 million for humanitarian aid and reconstruction in Afghanistan, building on CIDA's previous contributions in this country. CIDA has therefore been involved in the international community's response to the needs of the Afghan people in three main areas: **humanitarian relief, the meeting of security needs, and assistance for reconstruction and development:**

- About half of Canada's pledge, \$47 million, has already been committed or disbursed for **humanitarian assistance**, channeled through the United Nations¹⁹, the Red Cross²⁰, and Canadian non-governmental organizations (NGOs) principally for food aid, basic health care, child survival, repatriation of refugees, and contributing to the effort to remove anti-personnel landmines and mitigate their effects on the population;
- \$18 million has been committed for **peace building and security sector reform**, particularly in justice sector reform, policing, electoral preparations, and the demobilization and reintegration of former combatants;
- \$35 million has been committed for **reconstruction**, which includes laying the foundations for longer term **development**. CIDA has supported costs of the Afghan Transitional Administration (ATA); provided technical assistance; supported some of the Transitional Administration's quick impact projects, education and gender projects, and community-led development projects.

CIDA is developing a Programming Strategy for Afghanistan for 2003-2005, which will identify priority sectors for its work in the country during this period. While there is a need to move from humanitarian relief to reconstruction assistance, the flood of returning refugees and continuing threats and incidents of violence suggest that the need for humanitarian and peace building assistance will continue. CIDA also intends to authorize funds in addition to the \$100 million allocated in December 2001 to support the operations of the Afghan government.

Finally, development cooperation — which is rooted in the **values** of social justice and aims to correct gross global imbalances — is the right thing to do, as a matter of justice, ethics and human solidarity. Sustainable development is about balancing human needs with economic interests and environmental constraints and cultural contexts. The human dimension of development is about enlarging human choices and building human capabilities so that people may lead lives that they value. Canadians, strong supporters of development assistance²¹, understand that global imbalances — in wealth, environmental quality and standards, freedom, democracy, security, and opportunities for economic and social development — can prevent people from achieving their full potential and leading productive, creative and fulfilling lives.

¹⁹ <http://www.un.org>

²⁰ <http://www.ifrc.org> and <http://www.redcross.ca/>

²¹ In a March 2002 Environics poll more than 85% of Canadians polled indicated support for development and humanitarian assistance.

3.0 The Planning Overview

3.1 Program Delivery

CIDA engages in development cooperation in essentially four ways:

- Influencing policy and participating in policy dialogue with developing countries, with other donors or in international fora, in close collaboration with the Department of Foreign Affairs and International Trade (DFAIT)²² and other government departments;
- Cooperating directly through projects and programs agreed upon with developing country governments, organizations, or institutions;
- Funding activities through international organizations which include development banks, multilateral agencies and international non-governmental organizations (NGOs); and
- Supporting projects and programs proposed by Canadian partners from the profit, not-for-profit and institutional sectors.

Influencing policy and participating in policy dialogue have been important elements of all of CIDA's programming. Increasingly, they are used as a means of strengthening the effectiveness of assistance, ensuring coherence among Canadian government departments, and to enhance the interests of developing country partners.

Grants, contributions and other transfer payments are major mechanisms of program delivery; (see Annex I - Financial Information for more information). In 2003-2004 this will amount to \$2,230 million, or 91.2 % of CIDA's total expenditures, with the remaining 8.8% of expenditures comprising the Agency's operating budget.

The budget for CIDA's expenditures is drawn from the International Assistance Envelope (IAE), a portion of the federal budget under the Foreign Affairs portfolio which is assigned for Canada's Official Development Assistance (ODA)²³ and Official Assistance (OA)²⁴ initiatives. ODA accounts for 96% of the envelope, while OA accounts for 4%. Introduced in the February 1991 budget, the IAE is shared among a number of federal government departments (see Section 6.0 of this report for a breakdown of the IAE). CIDA is directly responsible for managing approximately 80% of the IAE.

CIDA does not operate alone; its partners include country governments, other Canadian government departments, civil society (including NGOs, community-based organizations, academic and research organizations), the private sector in Canada and in developing countries,

²² <http://www.dfait-maeci.gc.ca/menu-en.asp>

²³ 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%".

²⁴ Official Assistance (OA) is funding provided to countries which are not eligible to receive ODA (e.g. most of the "countries in transition" of Central and Eastern Europe).

regional and multilateral institutions, international financial institutions (e.g. The World Bank²⁵, International Monetary Fund (IMF)²⁶), and other bilateral donors.

3.2 CIDA Planning Context

During the past 50 years, the theory and practice of development cooperation have evolved considerably. In the 1950s, development aid or assistance emphasized reconstruction; state planning was the focus in the 1960s, and heavy reliance on market-based solutions and structural adjustment typified the late 1980s. Governments and development practitioners now realize that these approaches were too narrowly focused and often failed to recognize the cultural and political context in which development cooperation takes place. Today, there is an unprecedented international consensus on how to make development cooperation more effective. This consensus has converged on a series of principles that are widely seen as key elements of good development practice (see Box 2: Principles of Aid Development).

Box 2: Principles of Effective Development

These principles of effective development are best articulated in a document published in 1996 by the Development Assistance Committee (DAC)²⁷ of the Organization for Economic Cooperation and Development (OECD)²⁸, *Shaping the 21st Century: The Contribution of Development Assistance*²⁹ and are summarized below:

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

These principles point to a shift away from development assistance to a more comprehensive approach which includes a more balanced relationship between donor and recipient countries; coordinated programming and policy efforts among donors; and greater coherence on issues such as trade, immigration, health, and the environment. Consensus on these principles, and goals and approaches for development, were strengthened at recent key international meetings - the World Trade Organization (WTO) Ministerial Conference in Doha, Qatar³⁰ in November 2001, the UN Monterrey Conference on Financing for Development³¹ in March 2002, the Kananaskis G8

²⁵ <http://www.worldbank.org>

²⁶ <http://www.imf.org>

²⁷ <http://www.oecd.org/dac>

²⁸ <http://www.oecd.org/dac>

²⁹ <http://www.oecd.org/pdf/M00003000/M00003334.pdf>

³⁰ In November 2001, the World Trade Organization (WTO) Ministerial Conference reflected a new trend towards international partnership. It was the first time that developing country needs and interest were placed at the centre of the agenda, as documented in the Doha declaration, http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm

³¹ See <http://www.un.org/esa/ffd>, At this conference, donor countries redoubled efforts to increase aid levels; Canada announced an 8% annual increase in its aid budget

Summit³² in June 2002, and the World Summit on Sustainable Development (WSSD)³³ in Johannesburg in August 2002.

For governments, aid agencies and multilateral institutions, sustainable poverty reduction is now the overarching goal, and the Millennium Development Goals (MDGs), issued by the United Nations in 2001, provide a powerful set of targets (see Box 3: Millennium Development Goals). These goals have been incorporated into CIDA's Strategic Outcomes.

Box 3: Millennium Development Goals³⁴

1. **Eradicate poverty and hunger:** Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day; halve, between 1990 and 2015, the proportion of people who suffer from hunger.
2. **Achieve universal primary education:** Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
3. **Promote gender equality and empower women:** Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.
4. **Reduce child mortality:** Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.
5. **Improve maternal health:** Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.
6. **Combat HIV/AIDS, malaria and other diseases:** Halt by 2015, and begin to reverse, the spread of HIV/AIDS. Halt by 2015, and begin to reverse, the incidence of malaria and other major diseases.
7. **Ensure environmental sustainability:** Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources. Halve, by 2015, the proportion of people without sustainable access to safe drinking water. By 2020, achieve a significant improvement in the lives of at least 100 million slum dwellers.
8. **Develop a Global Partnership for Development:** Develop further an open, rule-based predictable, non-discriminatory trading and financial system. Address the special needs of the least developed countries. Address the special needs of landlocked countries and small island developing states. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. In cooperation with developing countries, design and implement strategies to create decent and productive work for youth. In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries. In cooperation with the private sector, make available the benefits of new technologies, especially in information and communications.

Development Challenges

Working towards sustainable development, which is CIDA's mandate, continues to be challenging and complex. Development which is equitable and environmentally sustainable, and which strengthens the economic, political and socio-cultural capabilities of women and men, girls and boys, involves the interplay of many areas. These areas include economic well-being, social development, environmental sustainability, and good governance, as reflected in CIDA's Key Agency Results. Sustainable development also combines concern for equity and fairness (ensuring the rights of the poor and of future generations), with a long term view.

The state of the world's population has improved tremendously in the 30 years of Canada's involvement in international development. All the main indicators of human well-being - life expectancy, health and education - show marked improvement. Between 1970 and 2000, life expectancy at birth increased from 59.9 to 66.9 years. The global infant mortality rate was

³² The Kananaskis G8 Summit focused on strengthening global economic growth and sustainable development, building a new partnership for Africa's development and fighting terrorism.

³³ <http://www.johannesburgsummit.org>

³⁴ <http://www.developmentgoals.org>

almost halved³⁵, and literacy has doubled in countries with low human development. Canada has played an important role in facilitating these changes.

Despite these successes, some daunting and complex problems persist, problems which the MDGs³⁶ were intended to track and address. The United Nations Development Programme (UNDP)³⁷ cites grim statistics about global **economic well-being**, in particular, current levels of disparity in global wealth. For example, the income of the richest 1% of the world is equivalent to that of the poorest 57%, and debt burdens and low levels of Foreign Direct Investment (FDI) in developing countries continue to impede efforts to reduce poverty. Failure to reduce poverty in sub-Saharan Africa, where the proportion of people living on one dollar a day was the same at the beginning of the 1990s as it was at the end, is a grave concern. Poverty often affects children disproportionately and most acutely. In 50 countries with almost 40% of the world's people, more than one fifth of children under the age of five are underweight³⁸. Poverty reduction is the overarching goal of development cooperation efforts to increase levels of economic well-being, and significant inroads have been made in this regard over the past decade. During this time, a new development framework has emerged, reflecting changes in how poverty is defined, increasing the emphasis on income and non-income poverty outcomes³⁹. Despite some successes, global levels of poverty remain high and challenges remain.

Poverty impedes **social development**, since it is one of the root causes of problems of hunger, lack of education, and disease. For example, while malnutrition rates among children under five in the developing world fell from 46.5 percent in 1970 to 27 percent in 2000, 150 million children in low- and middle-income economies are still malnourished; at current rates of improvement 140 million children will be underweight in 2020⁴⁰. Worldwide, primary-school enrollments have been increasing, yet 97% of the 113 million children of primary-school age not enrolled in school are from developing countries⁴¹. Sixty percent of these are girls and of the estimated 854 million illiterate adults in the world, 544 million are women.⁴² Every year, 11 million children die of preventable causes, mostly due to the lack of simple and easily-provided improvements in nutrition, sanitation, maternal health and education. The HIV/AIDS pandemic has also reached troubling proportions. According to an annual United Nations report on HIV/AIDS released in November 2002⁴³, 5 million people contracted the virus in 2002, and 3 million people died from AIDS-related illnesses, bringing the total number of people living with HIV/AIDS to 42 million worldwide -- 90% of them in developing countries and 75% in Sub-Saharan Africa.

Poverty reduction, health, food and nutrition, are intricately linked to **environmental sustainability**. This interdependence is particularly strong in countries that have high proportions of rural, agrarian populations, and have economies that are largely dependent on

³⁵ UNDP Human Development Report, 2002 <http://www.undp.org/hdr2002>

³⁶ <http://www.developmentgoals.org>

³⁷ UNDP Human Development Report, 2002 <http://www.undp.org/hdr2002/>

³⁸ UNDP Human Development Report, 2002 <http://www.undp.org/hdr2002/>

³⁹ Income poverty reflects what people buy and how much they spend, while non-income poverty refers to quality of life and well-being (e.g. Access to water, health care)

⁴⁰ <http://www.developmentgoals.org/Poverty.htm>

⁴¹ UNESCO, 2000. Education For All: 2000 Assessment, Statistical Document." April 2002, pp 8-9.

⁴² Filmer, Deon. 1999. "The Structure of Social Disparities in Education: Gender and Wealth." Working paper 5. World Bank, Development Research Group and Poverty Reduction and Economic Management Network. April 2002.

⁴³ <http://www.unaids.org/worldaidsday/2002/press/Epiupdate.html>

natural resources. Urban dwellers also face daunting challenges. Traditional hazards like the lack of safe drinking water, sanitation and waste disposal routinely lead to outbreaks in diseases that have been eradicated in the developed world, like diarrhoea, malaria and cholera. Air pollution - both indoor and outdoor - is also a serious health threat; the World Health Organization (WHO)⁴⁴ recently reported that air pollution fatalities number 3 million each year and outnumber traffic fatalities by three to one.

An abiding lesson of the past decade is that national political institutions are not keeping pace with the **governance** challenges of a more interdependent world. Global progress on political freedoms has been uneven. Seventy-three countries with approximately 42% of the world's population still do not hold free and fair elections and 106 governments still restrict political and civil freedoms⁴⁵. It is widely accepted that without effective, transparent governance, sustainable development is impossible. An important challenge in development is to encourage progress in the area of governance. Yet corruption presents a considerable barrier to this progress. Corruption is a major global problem in its own right, the greatest victims of which are overwhelmingly the world's poor⁴⁶.

The MDGs⁴⁷ reflect these development challenges and the UN has signaled that an intensive period of implementation - using effective approaches, based on country-ownership and partnership - is urgently needed in order to meet these goals. All the development partners and actors involved are aware that a doubling of current global levels of aid is needed to reach these objectives. Numerous developing countries have already committed themselves to devote their energy and resources to the achievement of the MDGs through their Poverty Reduction Strategy Papers (PRSPs).

The international consensus and commitment to reach the MDGs comes at a time when levels of development assistance provided by industrialized countries has fallen to historic low levels among the industrialized nations. Only five donors - Denmark, Luxembourg, Netherlands, Norway and Sweden - currently meet the UN's aid target of 0.7% target as a share of national income, established in 1970⁴⁸. Of 22 donor countries of the Development Assistance Committee of the OECD, Canada ranked 19th⁴⁹ in 2001 in terms of this target. Both in Canada and internationally, Canada is being encouraged to raise its level of spending on development assistance.

Canada's commitment to reducing the gap between rich countries and poor, a goal deeply rooted in Canadian values of humanitarianism, equality and fairness, is clearly reflected in the 2003 federal budget. Canada's International Assistance envelope will see an annual eight percent increase this year, through 2004-2005 for a total increase of \$1.4 billion. Canada is responding in concrete ways to the call by the OECD-DAC to increase its support for poverty reduction. Eventually, Canada would like to once again be one of the top ten donors in the world. This

⁴⁴ <http://www.who.org>

⁴⁵ *Freedom in the World, 2002. Freedom in the World 2001/2002: The Democracy Gap*. New York.

<http://www.freedomhouse.org/research/survey2002.htm>. April 2002. Cited in <http://www.undp.org/hdr2002>, p. 13

⁴⁶ <http://www.worldbank.org/wbi/governance/> and <http://www.u4.no/news/welcome.cfm>

⁴⁷ <http://www.developmentgoals.org>

⁴⁸ The Pearson Commission Report recommended the 0.7% GNP target in 1969 and the target was adopted by the UN in 1970. Cited in *The Reality of Aid 2002. World Aid Trends*. Tony German and Judith Randel, Development Initiatives. 2002.

⁴⁹ See OECD DAC Peer Review of Canada, 2001. <http://www.oecd.org/EN/document/0,,EN-document-0-nodirectorate-no-12-37244-0,00.html>

budget, which significantly increases Canada's development assistance, is putting us on the right path.

Challenges in Geographic Regions

In addition to challenges to the entire international community there are particular regional challenges in the countries of the world's developing regions: Asia, Africa and the Middle East, the Americas, and Central and Eastern Europe. Underlying all of these regional challenges is a heightened attention to global security following the events of September 11, 2001 and an awareness that terrorism affects every region of the world.

Development challenges are most acute in **Africa**. Many African countries, particularly in Sub-Saharan Africa, have been burdened with slow economic growth and brutal conflict. HIV/AIDS continues to have a growing impact on the continent: more than 12 million African children have now lost one or both parents to AIDS; life expectancy is decreasing⁵⁰; and women now represent an estimated 60% of those affected. AIDS has been directly linked to the food crisis in southern Africa and in the Horn of Africa. In Africa, attempts to resolve these problems are often hampered by a lack of human and financial resources, natural disasters, fragile democratic institutions, post-conflict environments and inadequate capacity, particularly governmental, to foster sustainable development. In the Middle East, there may be a need for humanitarian assistance and reconstruction in a post-conflict situation in Iraq.

In **Asia**, Afghanistan emerged as a focus area in 2002-2003. That country will continue to be a major focus in 2003-2004. This year CIDA will complete a two-year Programming Strategy for Afghanistan (see Box 1: CIDA helps rebuild Afghanistan). In the rest of Asia, poverty levels remain high⁵¹, despite rapid economic growth in some countries. This year, the region will continue to feel the impacts of slowed growth of major trading areas (US, Europe and Japan) which will limit Asian exports and could slow necessary reforms. The region will also see the emergence of rules-based global trading systems which will require restructuring of governance processes and adaptation to the growing role of China as a major exporter. Military action against terrorism may intersect with unrelated local and regional tensions, such as cross-border conflict between India and Pakistan, and civil unrest in Indonesia. In addition, the region is challenged with a need to increase agricultural production in areas affected by landmines, but also, in some areas, soil degradation and water depletion, while managing the transition to more urban-based, industrial economies.

The **Latin America and Caribbean** region has the highest levels of social and economic inequality in the world. Economic prospects in most nations of the region are poor in the short term. The deteriorating situation in Argentina, which has seen the re-emergence of Argentina as a significant *demandeur* for multilateral and bilateral assistance, has also affected neighbouring countries in the Southern Cone. Volatility and vulnerability remain high, violence and insecurity (drug-related, poverty-related and other) have been increasing in the region, and this trend is likely to continue. Illegal trade in narcotics and small arms is making inroads and the entire region has been affected by the intensifying conflict in Colombia following the breakdown of

⁵⁰ By the end of the decade, 11 countries will have life expectancies of less than 40 years.

⁵¹ In Asia, more than 2 billion people, one-third of humanity, earn less than US\$2 a day

peace talks, recent elections and increased U.S. military assistance. It is in this context of instability that the region pursues economic integration, and trade and development issues, particularly through the forthcoming Free Trade Agreement of the Americas (FTAA)⁵².

While there have been notable successes in the **Countries in Transition** of Central and Eastern Europe, there remain significant transition and development-related challenges that need to be addressed. Eight countries will "graduate" to membership in the European Union (EU) in 2004/2005. Russia continues to increase its international stature based on a more stable political and economic climate. In the Balkans, transition is starting in earnest now that regional, ethnic and religious conflict is subsiding. Endemic poverty and tenuous human security conditions continue in the Southern Caucasus and Central Asia. While CIDA will continue to support the transition needs in Russia, the Ukraine and the Balkans⁵³, the Agency is also responding to the increasing call for Canadian involvement in development programming in the Southern Caucasus and Central Asia.

3.3 Lessons Learned

CIDA strives to learn from its experiences and to promote continuous learning. It uses many sources of information to improve its programming and management effectiveness, including its own monitoring, evaluation and performance reporting, internal and external research and analysis, as well as the lessons learned and best practices gleaned from working with other donors and from participating in international fora. As a member of the OECD-DAC⁵⁴, CIDA also undergoes a review by peer countries every four years. The 2002 Peer Review⁵⁵, which, for the first time, also involved two observers from an African-based organization, contains a number of valuable findings for the Agency. CIDA continues to look for new ways to acquire lessons learned, to assess their implications and to enhance their application at various levels throughout the organization.

The following are highlights of recent lessons learned, including some of those which were identified in the DAC Peer Review, which have influenced CIDA's new directions for 2003-06 (see Section 3.4):

- **A coherent, comprehensive approach to development is increasingly required:** Given the challenges and the risks associated with the liberalization of trade and the global economy, experience has shown that a comprehensive approach to development is required at national and international levels to change substantially the paradigm of poverty. The DAC Peer Review recommended that Canada work further towards policy coherence for development and poverty reduction, by strengthening coordination across government on policy issues such as immigration, conflict resolution and peacebuilding, agriculture and food security. It also recommended that Canada move forward with trade liberalization, building on its new policies on market access for Least-Developed Countries (LDCs) and untying aid.

⁵² http://www.ftaa-alca.org/ftaadraft02/eng/draft_e.asp

⁵³ In the Balkans, CIDA is currently focusing on peacebuilding which lays the foundation for transition programming.

⁵⁴ <http://www.oecd.org>

⁵⁵ OECD DAC Peer Review of Canada, 2002, <http://www.oecd.org/EN/document/0,,EN-document-0-nodirectorate-no-12-37244-0,00.html>

- **Canadian aid should be more concentrated:** Canadian aid reaches virtually every one of the approximately 120 developing countries in the world through various channels. Canada has been criticized by the OECD-DAC⁵⁶ for consistently being the least concentrated of all the donor countries, and is urged to focus its aid on a limited number of sectors and countries. CIDA will move forward with this more focused approach in the coming years.
- **There needs to be a greater focus on Africa:** There is increasing international consensus on the importance of taking accelerated action to reverse the marginalization of Africa . While the continent as a whole is characterized by uniquely high levels of poverty and underdevelopment, leaders in several key countries have clearly signaled their commitment to positive change, including governance, and are taking actions in this respect: the New Partnership for Africa's Development (NEPAD)⁵⁷ is the first comprehensive development plan created by African leaders. The developed world also acknowledges that it must do more to support African efforts, as evidenced in the G8 Africa Action Plan⁵⁸.
- Recent research and experience have shown that there is need to **refocus international development cooperation efforts in agriculture, food security and rural development:** in partner countries, nearly three-quarters of the absolute poor live and work in rural areas, and most of these are women and children⁵⁹. At international meetings in 2002 such as the World Food Summit: Five Years Later⁶⁰; the G8 Summit; and the WSSD, increased attention to agriculture was recognized as one of the critical factors needed to address global food security, poverty, and environmental sustainability. Research findings provided as background to the recent review of CIDA's development programming experience suggests that the lack of clear understanding of the causes of food insecurity, and an unfocused approach to addressing these issues and measuring the results has hampered the ability of development cooperation programs to address global food security.
- **The development of the private sector in developing countries is becoming more widely recognized and understood as a powerful force for poverty reduction:** CIDA's 2002 corporate review of private-sector development programming revealed clearer linkages between such programming⁶¹ and poverty reduction⁶². A distinct correlation exists between countries with good economic policies (i.e. those that encourage low inflation, small budget deficits, openness to trade, competent bureaucracy) and those with robust growth rates. Poverty reduction is seen more rapidly in countries with strong enabling environments. Programs that target the development of microfinance, microenterprises and small and medium enterprises are those in which poverty reduction results have been consistently observed.
- **Coordinated donor efforts will improve aid effectiveness:** multiple donor procedures and requirements place an undue burden on developing countries, and weaken aid effectiveness.

⁵⁶ <http://www.oecd.org/dac>

⁵⁷ <http://www.nepad.org>

⁵⁸ <http://www.g8.gc.ca/kananaskis/afraction-en.asp>

⁵⁹ Source: International Fund for Agricultural Development (IFAD) 2001. *Rural Poverty Report 2001 - The Challenge of Ending Rural Poverty*. Oxford University Press: New York. See also www.ifad.org

⁶⁰ <http://www.fao.org/worldfoodsummit/english/index.html>

⁶¹ *Private-sector Development: Synthesis Report*, December 2002

⁶² *Private-sector Development: Synthesis Report*, December 2002

CIDA, like other members of the donor community, is becoming increasingly aware of the need to harmonize its operational policies, procedures and approaches with other donors and partner governments, in a way that will foster local ownership. Donor harmonization will become even more important in this era of increasing aid flows, shared accountability for development results, and greater demand for public sector efficiency and effectiveness. CIDA is involved in international efforts to develop guiding principles and practices for donor harmonization.

- **Public support is important for the success of development cooperation:** the DAC Peer Review indicated that the public expects to see greater evidence of poor people's lives being improved. The Review, discussed the need for Canada to better inform citizens of the challenges associated with development cooperation, while at the same time highlighting positive results. This will continue to be a challenge for CIDA as the level of aid increases , and becomes more focussed on overall country level results emerging from collaborative efforts with developing country partners and other donors.
- **Local ownership is the key to a successful transition:** the accession of eight Central European and Balkan countries to the EU demonstrates that the transition to more democratic and market-based structures is possible where there have been strong local commitment and capacity to direct and manage a comprehensive reform agenda. Focused leadership, supported by the involvement of a broad range of local stakeholders in the reform process in these countries, helped ensure that the necessary political, economic and social institutional adjustments were well-designed and successfully implemented.

3.4 New Directions

CIDA is changing the ways in which it operates, in response to lessons learned, but also to the changing nature of international cooperation, the global consensus on MDGs and an emphasis on implementation and achieving results. The Agency's *Policy Statement on Strengthening Aid Effectiveness*⁶³ clearly outlines CIDA's plans to implement principles of effective development (see Box 2: Principles of Effective Development), and provides the framework for distributing the first significant and sustained increase in the Agency's budget in more than a decade. This annual eight percent (8%) increase, announced at the UN Conference on Financing for Development⁶⁴ in March 2002, will double Canada's current aid level by 2010, with at least half of this increase devoted to Africa. The Canada Fund for Africa provides resources in addition to those resulting from the increased level of development assistance announced in the 2003 federal budget. These new directions are reflected in the Agency's plans and priorities.

The following are the important new directions for the next three years:

- **Increasing investment in a select group of countries:** Reinforcing obligations emerging from the Monterrey Conference on Financing for Development in 2002, CIDA will increase investment in the coming years in a few of the world's poorest countries with a demonstrated

⁶³ <http://www.acdi-cida.gc.ca/aideffectiveness>

⁶⁴ <http://www.un.org/esa/ffd/>

commitment to improved governance and the effective use of resources. At least half of these countries will be in Africa. An initial group of countries has been selected (see Box 4: Selected countries for increased investment). These countries will receive a greater share of the incremental funds coming into the Agency.

- **Increasing the focus on Africa:** At the G8 Summit in Kananaskis in June 2002, the Prime Minister announced \$6 billion in new and existing resources for Africa's development over five years, including the \$500 million Canada Fund for Africa. The Canada Fund for Africa sets out Canada's contribution to the implementation of the G8 Africa Action Plan (See Box 5: Canada Fund for Africa) over the next five years. In its programming, CIDA will take into account the evolving NEPAD⁶⁵ agenda, including the implementation plans and the peer review mechanism. This approach is fully consistent with the spirit of strengthening aid effectiveness by supporting local ownership and locally-owned development strategies.
- **Increasing investments in rural development, agriculture and private-sector development:** CIDA will launch new policies on both agriculture and private-sector development in 2003-04, following public consultations, and will increase its investments in these areas.
- **Internal business transformation:** Implementing the principles of aid effectiveness, and moving in the new directions outlined above mean significant changes in the way that CIDA operates. Over the next three years, CIDA will continue to transform itself into a more flexible knowledge-based organization. This includes continuing to reduce the number of sectors in which the Agency is involved; acquiring and sharing an enhanced knowledge of development and country context; developing an increased capacity for policy analysis and dialogue; promoting coherence between aid and non-aid policies; making the transition from directive, controlled programming focused on projects to a programming approach which responds to the expressed needs of developing country partners ; and enhancing partnerships and multi-donor coordination and cooperation.

In 2004, CIDA will assess progress in implementing its policy statement on Strengthening Aid Effectiveness with a view to making mid-course corrections should they be warranted.

Box 4: Selected Countries for Increased Investment

As outlined in its *Policy Statement on Strengthening Aid Effectiveness*⁶⁶, CIDA will focus more resources, as they become available, on a select group of low-income developing countries, starting with the following nine countries: Bangladesh, Bolivia, Ethiopia, Ghana, Honduras, Mali, Mozambique, Senegal and Tanzania. These countries have been chosen because they are low-income and have in place formal national plans for poverty reduction (full or interim Poverty Reduction Strategy Papers). They have also demonstrated an ability to use aid effectively, through commitments to improve governance, respect human rights, and end corruption. Moreover, Canada has had a long-standing program of development cooperation with each of them.

CIDA will focus its increased investments in a small number of sectors in each of these countries, and discussions with these countries on priority sectors are well advanced. Additional countries may be identified for increased Canadian assistance as circumstances and resources permit.

⁶⁵ <http://www.nepad.org>

⁶⁶ <http://www.acdi-cida.gc.ca/aideffectiveness>

Box 5: Canada Fund for Africa

The Canada Fund for Africa⁶⁷ is a key component of Canada's contribution to the implementation of the G8 Africa Action Plan⁶⁸ in response to the New Partnership for Africa's Development (NEPAD)⁶⁹. Established by an Act of Parliament, this \$500 million fund will build a strong basis for engagement with Africa over the long term through strategic investments in support of African development efforts.

The Fund is designed to support new initiatives and mostly large-scale projects which have a major impact on sustainable development in Africa. The Fund will support countries which demonstrate a commitment to democracy, governance, and human rights. Initiatives will complement rather than duplicate other CIDA programs and will be strategic in nature. A range of initiatives will foster growth and help bridge the digital divide (i.e. the gap in access to information technology), strengthen institutions and governance, and provide investments in the people and the future of Africa. A number of examples are highlighted under the various headings in this Report.

Program investments in Africa will reflect the internationally-accepted principles for development effectiveness by selecting initiatives that: build local capacity and which emphasize partnership and local ownership; emphasize donor coordination, and shared accountability for results; work in equal partnership with African governments, institutions, enterprises and civil society.

A Secretariat has been established in CIDA to manage the Fund which will monitor closely, and report regularly on its activities through the Minister to Parliament.

⁶⁷ <http://www.acdi-cida.gc.ca/canadafundforafrica>

⁶⁸ <http://www.g8.gc.ca/kananaskis/afraction-en.asp>

⁶⁹ <http://www.nepad.org/>

3.5 Managing Risk

Risk refers to the uncertainty that surrounds future events and outcomes. It is the expression of the likelihood and impact of an event with the potential to influence the achievement of an organization's objectives⁷⁰.

CIDA acknowledges that it is in a high risk business: the Agency is providing aid to countries that are characterized by political, social and environmental challenges. These are the countries where assistance is often needed the most. Political and economic instability, conflict, humanitarian and natural disasters, and corruption are among the risks faced in developing countries.

High risk, especially in international development, is not in and of itself negative; rather it indicates that development cooperation is complex and CIDA must be aware of its riskier aspects in order to manage programming appropriately. Over the past year, CIDA has been developing a comprehensive approach to understanding, managing and communicating risks from an organization-wide perspective. CIDA's **Integrated Risk Management Framework**, which will be finalized in 2003-04, will operate at three levels: the Agency level, the program level and the project level. At each level, risks are not only identified, but prioritized, and mitigation strategies are specified.

- At the Agency level, work is underway to identify internal and external risks in a number of categories defined for all departments by Treasury Board⁷¹ (such as legal, human resource and technology-related risks), as well as specific risks for international development. For example, there are a number of political, economic, social and environmental risks involved in international development, which impact the ability of CIDA to achieve desired results. These include unstable conditions, insufficient developing country commitment, inadequate legal and institutional infrastructure for development, debt burden, risk of environmental disasters, lack of financial and human resources, accountability, etc. Moreover, international development risks include those which are inherent in some of the new modalities for more effective development cooperation, including local ownership, donor harmonization and the assessment of donor contributions to results.
- At the program level (which includes country programs as well as those of multilateral institutions and other types of programs), work is progressing and is being validated. For example, a Country Program Risk Assessment Methodology has been developed to identify and assess the potential risk of countries (e.g. economic, political, institutional, social, cultural, and environmental risks). The model has been tested and is currently being implemented in some of CIDA's programming, for countries where conditions are considered high risk.
- At the project level, all project approval documents must include a risk strategy, and must be approved by senior management at the Branch and corporate levels. The status of risks

⁷⁰ http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/riskmanagement/rmf-cgr01-1_e.asp

⁷¹ http://www.tbs-sct.gc.ca/index_e.asp

identified in this way are monitored and reported on in the Annual Project Performance Reports (APPRs), and, where necessary, mitigation strategies are adjusted.

4.0 Plans and Priorities by Strategic Outcomes

4.1 Introduction

In 2001, CIDA developed a set of Key Agency Results (KARs) to help better align its work with its mandate. The KARs are divided into three areas – Development Results (CIDA's Strategic Outcomes), Enabling Results (strategies), and Management Results (tools) – which collectively provide direction for the Agency's actions, efforts and priorities, both in the short and the longer term. The three KARs areas are connected, integrated and mutually supportive: efficient management supports effective enabling programming, which, in turn, contributes toward Development Results. The KARs are fully consistent with the Millennium Development Goals (MDGs), and additionally, reflect the special and specific nature of Canada's work

The Development Results constitute CIDA's Strategic Outcomes. These Strategic Outcomes were used for the first time in the 2002-03 Report on Plans and Priorities⁷².

The KARs are defined as follows:

- **Development Results** are the impact that CIDA aims to have in partner countries. These results will be achieved in four areas: economic well-being, social development, environmental sustainability, and governance. The Development Results are closely aligned with the MDGs⁷³ and constitute CIDA's contribution to the achievement of these goals for global poverty reduction and sustainable development.
- **Enabling Results** identify strategies to ensure the right programs are in place at the right time to enable achievement of the Development Results. The Enabling Results to be achieved are: appropriate programming orientation, appropriate sectoral and thematic focus, appropriate geographic focus, and engaged Canadians.
- **Management Results** are the tools with which to get the job done in the areas of: human resources, information management and technology, strategic planning and resource allocation, and the rationalization of processes.

Since CIDA's program represents only a small share of the global resources available for international development, the Agency assumes a shared accountability with the rest of the international development community for achieving development results. CIDA is fully accountable, however, for achieving enabling and management results.

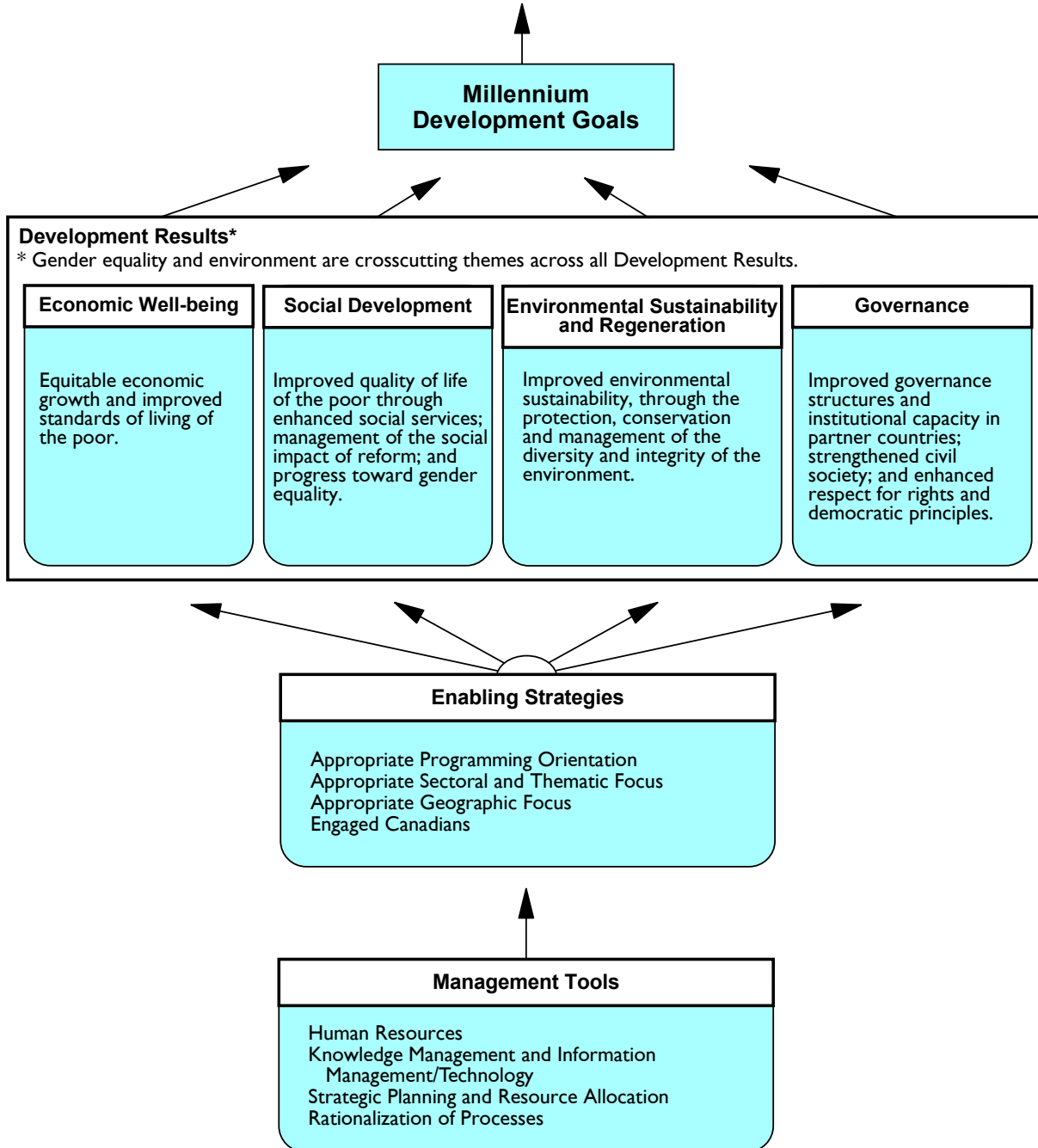
⁷² [http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Publications2/\\$file/rpp2002-2003_e.pdf](http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Publications2/$file/rpp2002-2003_e.pdf)

⁷³ <http://www.developmentgoals.org>

CIDA's Strategic Outcomes model is presented in Chart 1: CIDA's Key Agency Results below.

Chart 1: CIDA's Key Agency Results Framework

Poverty Reduction / Sustainable Development



4.2 Sustainable Development Strategy

Sustainable development - development which is equitable and environmentally sustainable, and which strengthens the economic, political and socio-cultural capabilities of women and men, girls and boys - is CIDA's business. Hence CIDA's *Sustainable Development Strategy (SDS) 2001-2003: An Agenda for Change*⁷⁴ is the Agency's “evergreen” business plan. The SDS provided a framework of goals, objectives and strategies that would help the Agency align its work more explicitly with its mandate and outlined a process of continuous improvement in the way CIDA works. CIDA's Key Agency Results (KARs), developed in 2001, represent the core elements and commitments of the SDS and provide a framework that is more oriented toward Results-Based Management. The 2002-03 Report on Plans and Priorities (RPP)⁷⁵ was the first to use to these Key Agency Results (KARs) and as such, it updated the SDS. This 2003-04 Report on Plans and Priorities provides a further update. Progress on implementing CIDA's Sustainable Development Strategy is reported annually in the Departmental Performance Report (DPR)⁷⁶.

4.3 Plans and Priorities: Summary

The chart below summarizes CIDA’s strategic outcomes and priorities for the next three years.

Chart 2: Summary of CIDA's Plans and Priorities by Strategic Outcome

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

4.4 Plans and Priorities: Development Results

⁷⁴ <http://www.acdi-cida.gc.ca/sds>

⁷⁵ [http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Publications2/\\$file/cida0102dpr_e.pdf](http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Publications2/$file/cida0102dpr_e.pdf)

⁷⁶ [http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Publications2/\\$file/cida0102dpr_e.pdf](http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Publications2/$file/cida0102dpr_e.pdf)

As noted previously, CIDA's Development Results constitute its Strategic Outcomes and are at the heart of its *raison d'être*. CIDA plans to achieve Development Results in four priority areas: economic well-being, social development, environmental sustainability, and governance. In addition, the Environment and Gender Equality remain crosscutting themes that touch each of the four Development Results areas. Although these results areas are presented separately, they are interdependent elements of development: economic well-being, for instance, depends on good governance.

4.4.1 Economic Well-being

Strategic Outcome Statement

Equitable economic growth and improved standards of living of the poor.

Targets

In cooperation with partners in developing countries, partners in Canada, other donors and the international development community, CIDA will work towards achieving the targets in the MDGs⁷⁷ related to economic well-being:

- halve, between 1990 and 2015, the proportion of people whose income is less than \$US 1 a day; and
- halve, between 1990 and 2015, the proportion of people who suffer from hunger⁷⁸.

Context

Experience has shown that economic growth is a fundamental prerequisite for reducing poverty in the developing world. At the same time, the potential of economic growth to reduce poverty is severely restricted if the poor do not have access to the assets to allow them to take advantage of opportunities emerging from such growth. CIDA is committed to promoting the economic well-being of individual women and men, families, and communities. For example, investments in the agriculture sector provide an economic underpinning for investments in the health and education sectors as well as in water and sanitation. The private sector - with agriculture often the largest single part of the private sector in developing countries - is widely recognized as a powerful force for poverty reduction. A fair, multilateral trading system that promotes trade expansion is also an important element of economic growth. Finally, fostering an enabling environment by supporting the reform of both public and private sector institutions has been shown to be critical to achieving economic well-being. CIDA's programming responds to and supports the prioritization of these areas by partner countries.

⁷⁷ <http://www.developmentgoals.org>

⁷⁸ <http://www.undp.org/mdg/>

Priorities and Plans

Over the next three years, CIDA's priorities for the achievement of these results are to:

- **strengthen its investments in agriculture and rural development;**
- **support private sector development;**
- **build capacity to negotiate strong trade partnerships and agreements; and**
- **foster an enabling environment for economic growth.**

In the area of **strengthening its investment in agriculture and rural development**, CIDA will:

- adopt a new policy on agriculture in 2003, following national and international consultations. This new policy will lead to revitalized programming and investments in agriculture and rural development over the coming years⁷⁹.

In the interim, CIDA will continue to:

- support civil institutions providing technical and logistical support to agricultural producers in Central America;
- address food-security issues, for example as a key strategic focus in Ethiopia and Ghana;
- work with governments to develop Sector-Wide Approaches (SWAs) in agriculture and food security, for example, in northern Ghana
- improve opportunities for both women and men in rural areas, farm and non-farm, in partner countries such as China and Vietnam;
- support the ongoing efforts of multilateral organizations such as the International Fund for Agricultural Development (IFAD)⁸⁰ that focus specifically on agriculture and rural development, as well as those of institutions like the African Development Bank (AfDB)⁸¹ that provide considerable resources for this sector;
- support Africa-specific research on agricultural productivity by the Consultative Group on International Agricultural Research (CGIAR)⁸² through the Canada Fund for Africa⁸³; and
- continue an agriculture program in Ecuador, focussed on gender equality, rural income and opportunities linked to agriculture (see Box 6: Canada-Ecuador Development Fund).

⁷⁹ <http://www.acdi-cida.gc.ca/agricultureconsultation>

⁸⁰ <http://www.ifad.org/>

⁸¹ <http://www.afdb.org/>

⁸² <http://www.cgiar.org/>. CGIAR is a network of 16 international research centres related to food and agriculture.

⁸³ <http://www.acdi-cida.gc.ca/canadafundforafrica>

Box 6: Canada-Ecuador Development Fund⁸⁴

The Canada-Ecuador Development Fund (FECD) is an innovative counterpart fund⁸⁵ directed at Ecuador's most vulnerable population groups. The principal objective of the initiative is to support projects of a productive and potentially self-sustainable character. The 10-year old Fund disburses approximately \$5 million each year. This year, through the fund, CIDA will invest about \$527 in each of approximately 8000 families in the 100 poorest cantons in the country. This investment is expected to result in a 40% rise in family income through the reinforcement of sustainable income-generation activities. In one area, investments of \$350 will be made for each of 4000 women and their families, to increase production of basic grains and to increase their access to value-added activities for the processing and certification of agricultural products. Providing sustainable incomes for people who are dependent on the agriculture sector will also have positive benefits for health, nutrition, the environment and housing.

In the area of **supporting private sector development** CIDA will revise and complete its policy framework for private sector development programming in 2003.

CIDA's plans also include initiatives to:

- support the private sector development components of partner country PRSPs;
- work with multilateral partners to encourage the development of a secure investment climate in partner countries (for example, strengthening regulatory frameworks and streamlining legal environments to minimize the risks of conducting business);
- provide a strong focus on the development of small and medium-sized enterprises and on microfinance/microenterprise development, including, where appropriate, support for cooperative financial institutions;
- enhance the ability of women and men living in poverty to engage in economically productive activities, paying particular attention to women (for example, in Haiti, CIDA will continue to facilitate revitalising financial (savings and loan) and agricultural cooperatives);
- develop programs that reflect the partner country's economic situation, such as in Central and Eastern Europe where the more mature nature of most countries dictates support for the transition to a market economy, facilitation of Canadian trade and investment links in the region, the promotion of global interests, and Canadian security;
- promote economic reforms and strengthen governmental and institutional capacities for economic management in Asia, taking into account lingering effects from the 1997 economic crisis;
- facilitate the establishment of mutually beneficial, long-term linkages between Canadian private sector partners and the private sector or the government of developing countries; and
- address other national conditions such as in Sri Lanka, where CIDA will enhance economic opportunities, especially for those affected by conflict, through CARE Canada's⁸⁶ Rehabilitation through Education and Training Program (RET) and through a microfinance program for small farmers, called Local Initiatives for Tomorrow:

⁸⁴ <http://www.fecd.org.ec/>

⁸⁵ A *counterpart funds* is a development instrument comprised of (local or foreign currency) funds generated by the sale (or *monetization of the value*) of Canadian goods, services, or both. *Monetization* is the process of converting the value of the goods or services provided by CIDA into local or foreign currency for the creation of, or for supplementing the Counterpart Fund.

⁸⁶ <http://care.ca/>

Box 7: Sri Lanka: Local Initiatives for Tomorrow (LIFT)

This four-year, \$4.8 million program that started in 2002 has already achieved significant results due to its integrated socio-economic and community-based approach. Implemented by CARE Sri Lanka, the program utilizes strategies that directly address unemployment and poverty, issues that are root causes of social unrest in Sri Lanka. The program has expanded access to economic opportunities and employment by providing credit to small entrepreneurs through Village Sarvodaya Societies. Nearly 10,000 self-employment opportunities have been created to date, helping to raise the general welfare of rural households. Rural leaders are actively involved in program management and have succeeded in targeting poorer villagers.

- foster innovative economic well-being programming in agriculture that targets private sector growth and addresses equity such as TransFair:

Box 8: TransFair: Equitable Economic Growth⁸⁷

Through responsive programming, CIDA has worked with TransFair Canada as a partner in international development since 1997. TransFair is Canada's only independent certification organization for fair trade coffee, tea, cocoa, and sugar. TransFair works with partners in Latin America, Africa, and Asia to help ensure that producers are paid a set minimum price that covers the cost of production; receive advance payments or credits to help avoid debt while financing next year's production; enjoy longer term trading relationships to provide added security to plan for the future; and employ sustainable production practices. This initiative improves the economic well-being and quality of life for southern coffee producers, increases corporate responsibility in Canada, and improves Canadian consumers' awareness of the impact of their choices in the global marketplace. CIDA support to TransFair between 1999 and 2001 resulted in increased sales of fairly traded coffee in Canada from 76,364 kg. at the start of the project to 272,727 kg. at the end. Small farmers have received \$1 million in additional revenues. Based on this success, CIDA recently increased its support for TransFair's work and will contribute a total of almost \$400,000 to the current four-year project (2001 to 2005). TransFair will also continue to contribute substantially to the project.

CIDA will support the **building of trade capacity** through initiatives that:

- help to establish an improved global environment for trade and investment;
- Encourage the International Financial Institutions (IFIs), the UN⁸⁸ and the Commonwealth⁸⁹ to intensify their capacity-building work to help developing countries become full and equal partners in the global trading system;
- Support the formulation of Canadian trade policy positions to help realize the promise made at Doha⁹⁰ of launching a 'development round' of multilateral trade negotiations;
- build the capacity of partner countries in the Americas to negotiate and engage in international trade, given the impending integration of national and regional economies under the Free Trade Area of the Americas (FTAA)⁹¹;
- identify lessons learned in trade and development initiatives for the Caribbean program by evaluating, in 2003, the Organization of Eastern Caribbean States' (OECS)⁹² Trade Policy Project;
- help partner efforts in Central and Eastern Europe to establish and strengthen market economies and build capacity in policy, regulatory, and institutional frameworks required for

⁸⁷ <http://www.transfair.ca/>

⁸⁸ <http://www.un.org>

⁸⁹ <http://www.thecommonwealth.org/>

⁹⁰ http://www.wto.org/english/thewto_e/minist_e/min01_e/min01_e.htm

⁹¹ <http://www.ftaa-alca.org/>

⁹² <http://www.oecs.org/>

successful reform and for integration into organizations such as the WTO⁹³ and the European Union⁹⁴;

- assist in building the capacity of selected Asian countries to negotiate their accession to the WTO and/or implement their specific WTO commitments in China and Bangladesh through the Asia Pacific Economic Cooperation (APEC) Economic Integration Project (EIP);
- provide practical assistance through the International Trade Centre and the Trade Facilitation Office of Canada, with support from the Canada Fund for Africa, to enhance the capacity of Africans to promote their products and access international markets;
- support, through the Canada Fund for Africa, a new phase of the Joint Integrated Technical Assistance Program (JITAP) of the International Trade Centre, the World Trade Organization and the United Nations Conference on Trade and Development (UNCTAD) to assist African countries to better participate in the multilateral trading system and take advantage of trade opportunities; and
- support Canadian partners such as the Canadian Friends Service Committee⁹⁵, which plans to help build the capacities of negotiators from developing countries to participate in WTO negotiations related to food security, agriculture and the environment.

CIDA will **foster an enabling environment for economic growth** by helping reform the public and private sectors through initiatives that:

- strengthen the capacity of governments and institutions to develop equitable economic policies that incorporate poverty analysis and extend the benefits of growth to women and men living in poverty;
- support efforts of IFIs to better target investment on economic policy, public-sector management, and private- and financial-sector development;
- use technology as appropriate through initiatives such as the Canada-El Salvador Technology Transfer Fund, which supports sharing and adapting of Canadian expertise in the sectors of social development, public-sector reform, water management and municipal restructuring; and
- enhance the economic well-being of women and men living in poverty by influencing policy making and high-level decisions on national policies such as taxation, foreign investment, and state-owned enterprise reform in countries such as China, India and Indonesia.

⁹³ <http://www.wto.org>

⁹⁴ <http://www.eu.int>

⁹⁵ <http://cfsc.quaker.ca/>

4.4.2 Social Development

Strategic Outcome Statement

Improved quality of life of women and men living in poverty, through enhanced social services, management of the social impact of reform, and progress toward gender equality.

Targets

Through cooperation with other donors and the international development community, CIDA will work to achieve the MDGs related to social development:

- **achieve universal primary education** by ensuring that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling;
- **promote gender equality and empower women** by eliminating gender disparity in primary and secondary education preferably by 2005, and to all levels of education no later than 2015;
- **reduce child mortality** by lowering by two-thirds, between 1990 and 2015, the under-five mortality rate;
- **improve maternal health** by reducing by three-quarters, between 1990 and 2015, the maternal mortality ratio; and
- **combat HIV/AIDS, malaria and other diseases** by having halted by 2015, and begun to reverse, the spread of HIV/AIDS, and having halted by 2015, and begun to reverse, the incidence of malaria and other major diseases⁹⁶.

Since the eight MDGs are mutually reinforcing, working towards the MDGs related to social development will also help meet other MDG targets, such as that related to hunger:

- halve, between 1990 and 2015, the proportion of people who suffer from hunger.

CIDA's social development spending targets reflect its commitment to the MDGs. *Social Development Priorities: A Framework for Action* (2000)⁹⁷ established CIDA's plans to double its investment in social development over a five-year period. Specific targets have been set in four areas:

- more than double investments in health and nutrition, with an increase from \$152 million to \$305 million per year;
- quadruple investments in basic education, with an increase from \$42 million a year to \$164 million a year;
- quadruple funding for HIV/AIDs from about \$20 million a year to \$80 million a year; and
- quadruple funding for child protection from \$9 million a year to \$36 million a year.

Total Social Development Priority spending between 2000 and 2005 will be \$ 2,811 million.

⁹⁶ <http://www.undp.org/mdg/>

⁹⁷ <http://www.acdi-cida.gc.ca/socialdevelopment>

Context

Promoting social development - through education and improvements to health and nutrition - is central to reducing poverty and advancing sustainable development. CIDA's *Social Development Priorities: A Framework for Action* (2000)⁹⁸ brought greater emphasis to social development in four priority areas: health and nutrition, HIV/AIDS, basic education, and child protection. Gender equality is critical to success in these areas. CIDA's plans and priorities for social development are guided by this Framework and the Action Plans subsequently developed for each of the four areas. These areas of programming also reflect and support increased emphasis and investment by many partner countries in social development.

Priorities and Plans

Over the next three years, CIDA's priorities for the achievement of these results are:

- **promote gender equality with partners in all development programming; and**
- **strengthen its programming in basic education, HIV/AIDS, health, and child protection.**

Equality between women and men is critical to sustainable development everywhere and to effective social development, and is therefore a cross-cutting theme throughout all of CIDA's work. In the next three years, CIDA plans to promote **Gender Equality** with partners in all development programming through the continued implementation of its Policy on Gender Equality (1999) which uses a rights-based and results-oriented approach to the integration of gender equality in all CIDA policies, programs and projects.

The Agency also plans to:

- develop tools to measure the Agency's progress in advancing women's equal participation with men as decision-makers; in supporting women and girls in realizing their full human rights; and in reducing gender inequality in access to and control over resources and benefits of development;
- ensure that effective training on gender equality is provided, such as CIDA's online course, *Promoting Gender Equality -- An Online Learning Course*⁹⁹;
- ensure gender equality is integrated in program-based approaches (e.g. PRSPs, SWAps);
- continue funding women's micro-finance projects such as those in Rwanda, Democratic Republic of Congo and Cameroon, which strengthen the status of women in society and contribute to gender equality;
- maintain and extend support for specific initiatives *related* to women's empowerment, such as Gender Equality in Development Fund projects in Kenya, Ethiopia, Malawi, Zimbabwe, Cameroon, Mali, Egypt, Morocco and Senegal.
- work to mainstream gender equality in multilateral development institutions;
- enhance capacity for gender analysis and gender-sensitive programming by government and increase the participation of women in decision-making at local, regional and national levels, such as through the efforts of the South America Gender Equality Funds; and

⁹⁸ <http://www.acdi-cida.gc.ca/socialdevelopment>

⁹⁹ <http://www.acdi-cida.gc.ca/equality/course>

- enhance the two-pronged approach to gender equality programming in Asia through specific initiatives to promote women's rights and empowerment such as gender fund projects (e.g. in Pakistan, Bangladesh, Vietnam and the Philippines) and strengthening integration of gender equality issues across a variety of sectors (see Box 9: Women's Health and Empowerment Project in India):

Box 9: Women's Health and Empowerment Project in India

In India, the Women's Health and Empowerment Project will continue to work with ten Indian NGOs to increase gender responsiveness, reduce women's workload, and increase knowledge in primary and reproductive health care. The project, which started in 2001 (\$3.35 million over five years), has already resulted in more female Community-Based Organization (CBO) members sending their daughters to school and accessing local health providers and information. Thirty percent of CBO members are accessing credit (up from 6%) while 93% of CBOs are forming links with banks, schools, and government departments in agriculture and health. Fifteen percent of CBOs have actively responded to cases of violence against women and girls. In addition, all partners are using some participatory mechanisms for planning and monitoring and two are drafting gender programming strategies.

Over the next three years, CIDA will support **basic education** through ongoing implementation of its *Action Plan on Basic Education (2002)*¹⁰⁰, which calls for access to and completion of a free and compulsory primary education of good quality by all, the elimination of gender disparities in education, and the improvement of the quality of basic education.

CIDA also plans to:

- play an active role in promoting the international Education for All (EFA) initiative¹⁰¹, including \$5 million in new funding over the next five years to the Montreal-based UNESCO Institute of Statistics¹⁰², which will help the international community to better monitor results of its efforts to meet EFA objectives;
- address issues of access to education when services are biased toward middle and upper income classes, including in urban areas where unequal access to education compromises efforts to eradicate poverty;
- increase the emphasis on better integrating health, nutrition and early education to help ensure that cognitive capacity is not destroyed through hunger or lack of micronutrients; and
- support the basic education sector, including using the World Bank's¹⁰³ 'Fast Track' Initiative to focus donor support where it may be most effective (see Box 10: CIDA invests in education in Mozambique and Tanzania):

¹⁰⁰ <http://www.acdi-cida.gc.ca/education-e>

¹⁰¹ <http://www.unesco.org/education/efa/index.shtml> The EFA initiative provides a set of goals, action plans, and tools for donors, countries, and civil society to ensure, by 2015, that all children of primary school age would have more access to and complete free schooling of acceptable quality; that gender disparities in schooling would be eliminated; levels of adult illiteracy would be halved; early childhood care and education would be expanded; learning opportunities for youth and adults would be greatly increased; and all aspects of education quality would be improved.

¹⁰² http://portal.unesco.org/uis/ev.php?URL_ID=2867&URL_DO=DO_TOPIC&URL_SECTION=201

¹⁰³ <http://www.worldbank.org>

Box 10: CIDA invests in education in Mozambique and Tanzania

CIDA will provide an additional \$10 million each to Mozambique and Tanzania for each of the next five years (2003-2008) to support national education sector programming which will include ensuring universal access, improving the quality of basic education, reducing gender disparities, keeping children in school, and providing teacher training. This support is in addition to CIDA's ongoing education programming in these two countries and will result in a total yearly investment of \$17 million in Mozambique and \$14.7 million in Tanzania in 2003. CIDA is responding to the fact that both countries have national poverty reduction strategies and comprehensive education-sector programs and are dedicating a significant portion of their national budgets to improve the quality of, and access to, primary education for all children. Special attention will be given to ensure that girls have the opportunity to attend and complete primary school. Mozambique will dedicate 2.7% of its GNP to education while Tanzania will devote 2.2%. CIDA is also guided by the Fast Track Initiative developed by a partnership of countries, bilateral donors, and multilateral institutions like the World Bank¹⁰⁴ and UNESCO, which stresses the need to support investments in education by developing countries. Mozambique and Tanzania have demonstrated a strong commitment to developing human resources in their countries, especially by providing education for all children and are expected to be announced as Fast Track Initiative countries in 2003-04.

CIDA's efforts to combat **HIV/AIDS** will be guided by its *HIV/AIDS Action Plan (2000)*¹⁰⁵, which calls for HIV/AIDS to be linked to other development priorities, focussing on the promotion and protection of human rights and the support of vaccine and microbicide research and development. In all its efforts, CIDA will be enhancing the gender dimension in its HIV/AIDS projects and programs.

The Agency plans to:

- support research towards the development of an HIV/AIDS vaccine, through the Canada Fund for Africa;
- continue to fund national HIV/AIDS programs, as appropriate, such as Malawi, which has one of the highest HIV infection rates in the world;
- foster regional efforts to halt the spread of HIV/AIDS, including regional strategies in South Asia and the Caribbean;
- develop new initiatives to support improved AIDS awareness and government policy capacity, such as in China, India and Pakistan; increase its investment in this area in the Balkans where HIV/AIDS is a particular concern; and
- provide ongoing financing for the Joint United Nations Program on HIV/AIDS (UNAIDS)¹⁰⁶.

In the areas of **Health and Nutrition**, CIDA will continue implementation of its *Action Plan on Health and Nutrition (2001)*¹⁰⁷ which recognizes the importance of promoting and protecting the right to the highest attainable standard of physical and mental health and identifies several priority areas.

¹⁰⁴ <http://www.worldbank.org>

¹⁰⁵ <http://www.acdi-cida.gc.ca/aids.htm>

¹⁰⁶ <http://www.unaids.org>

¹⁰⁷ http://www.acdi-cida.gc.ca/cida_ind.nsf/b2a5f300880e7192852567450078b4cb/849f06880142436285256a330069ad99?OpenDocument

CIDA also plans to:

- continue support to the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM)¹⁰⁸ and the Global Alliance for Vaccines and Immunization (GAVI)^{109 110};
- strengthen health sector reform in countries like Argentina, Chile, Haiti, Indonesia, Pakistan and Uruguay, including knowledge transfer related to regulatory work, health financing and planning, district health and public governance, data collection, and human resource development;
- enhance health promotion and prevention strategies with respect to non-communicable diseases (*e.g.* cardiovascular disease, mental health, accidents, and cancer) in the Americas;
- focus on the aging population; assist the Ministries of Health in reaching vulnerable groups; improve access to care, the quality of services, and women's health in the Americas;
- provide training support for health care workers, including distance education for under-serviced regions;
- continue support for the successful multi-donor African Programme for Onchocerciasis (riverblindness) Control (APOC)¹¹¹ in 19 countries in east, west, central and southern Africa;
- include agri-food production initiatives that have a nutrition component¹¹²;
- maintain efforts to promote global progress in immunization and reductions in vitamin deficiencies (*e.g.* through strengthened national immunization programs and the integrated delivery of cost-effective health and nutrition interventions), including partnering with UNICEF¹¹³, WHO¹¹⁴, Pan American Health Organization (PAHO)¹¹⁵, and the Canadian Public Health Association¹¹⁶;
- support country-led sectoral approaches like those CIDA funds in Malawi that will contribute to reducing waterborne diseases;
- continue to support family planning projects aimed at improving reproductive health, in countries like Malawi and Tanzania;
- follow up on G8 Summit commitments¹¹⁷, including support for the Global Polio Eradication Initiative¹¹⁸ in Africa in a dedicated effort to eradicate Polio by 2005:

¹⁰⁸ <http://www.globalfundatm.org/>

¹⁰⁹ <http://www.vaccinealliance.org/home/index.php>

¹¹⁰ Both are public-private partnerships formed to help spur momentum to reach health-related MDGs. While GAVI aims to combat preventable childhood diseases through immunization of children in the least developed countries, the GFATM focuses on eradicating AIDS, tuberculosis and malaria in both children and adults.

¹¹¹ <http://www.who.int/ocp/apoc/>

¹¹² In Asia, for example, basic health and nutrition cut across many integrated rural development projects, including agri-food production initiatives that have a nutrition component.

¹¹³ <http://www.unicef.org/>

¹¹⁴ <http://www.who.int>

¹¹⁵ <http://www.paho.org/>

¹¹⁶ <http://www.cpha.ca>

¹¹⁷ <http://www.g8.gc.ca/>

¹¹⁸ <http://www.polioeradication.org/>

Box 11: Global Polio Eradication Initiative¹¹⁹ in Africa

Over many years, CIDA has been part of international efforts to eradicate polio, which resulted in 175 countries being declared polio-free in the late 1990s. However, there are still 10 countries where the battle against polio has not been won: Afghanistan, Angola, Bangladesh, the Democratic Republic of Congo, Ethiopia, India, Nigeria, Pakistan, Somalia, and Sudan. Conflict-ridden countries pose special problems in the drive to immunize all children. The Canada Fund for Africa¹²⁰ will contribute \$50 million over the next three years to support polio eradication by collaborating with the World Health Organization¹²¹ and UNICEF¹²², and by challenging our public and private partners in the Global Polio Eradication Initiative¹²³, in order to eliminate the disease by 2005. Other immunization and micronutrient delivery programs will build on the polio drive and partner countries will be able to strengthen their health delivery institutions through this program.

In the area of **Child Protection**, CIDA will implement its *Action Plan on Child Protection* (2001)¹²⁴, which articulates a rights-based approach¹²⁵ for working with children in need of special protection from exploitation, abuse and discrimination.

The Agency also plans to:

- have a strategic focus on areas such as child labour and children affected by armed conflict;
- provide effective training on children's rights to CIDA staff and partners;
- use preliminary findings from its \$2 million Child Protection Research Fund projects to develop new interventions that are grounded in the realities of children's lives;
- promote child participation in all phases of the project cycle by gathering lessons learned from six participation pilot projects and creating programming tools to support them;
- help realize the international goals and targets established at the United Nations Special Session on Children in May 2002¹²⁶;
- work with Lt.-Gen. (Ret.) Romeo Dallaire, Special Advisor on War-Affected Children, to engage and sustain Canadian public action to improve the situation of children affected by armed conflict;
- address the gender dimensions of child protection issues through programming and policy dialogue;
- focus on child trafficking and war-affected children in Africa, such as support to Kids Can Free the Children¹²⁷, to provide peace leadership training to refugee youth in Kenya;
- support child protection and youth participation in education, health and HIV/AIDS programming in Central and Eastern Europe, with a focus on war-affected children;
- improve capacity at the national and community levels to fulfill the rights of children, and to ensure that children benefit from regional economic integration in the Americas;
- reduce child labour and trafficking in Asia, through advocacy and programming;

¹¹⁹ <http://www.polioeradication.org/>

¹²⁰ <http://www.acdi-cida.gc.ca/canadafundforafrica>

¹²¹ <http://www.who.int>

¹²² <http://www.unicef.org>

¹²³ <http://www.polioeradication.org>

¹²⁴ <http://www.acdi-cida.gc.ca/childprotection>

¹²⁵ The rights-based approach to child protection uses the *United Nations' Convention on the Rights of the Child* as a framework for promoting the realization of all children's rights. The approach recognizes the rights of girls and boys to participate in decisions affecting their lives, analyses the structural causes which lead to violations of children's rights, and advocates a holistic response.

¹²⁶ <http://www.unicef.org/specialsession/>

¹²⁷ <http://www.freethechildren.org/>

Two unique examples of projects that combine education and child protection are being implemented in Colombia.

Box 12: Education and Peacebuilding for Children in Colombia

In Colombia, two projects will focus on the education and protection needs of children vulnerable to the ongoing conflict. The 'Education and Peacebuilding for Children Displaced by the Conflict in Colombia' project (\$2.5 million over three years) will provide education, as well as peacebuilding and leadership skills, to displaced girls and boys in three of the most affected areas of the country. Working through Save the Children Canada¹²⁸, the project will also provide benefits to educators, parents, community leaders and other stakeholders. In the 'Conflict Resolution for Adolescents' Project (\$1 million over three years) Foster Parents Plan Canada will work to safeguard vulnerable adolescents living near conflict to discourage them from becoming active participants in the violence and to encourage their active participation in conflict resolution and peacebuilding processes. As the number, strength and violence of youth street gangs rise along with high-pressure recruitment into armed groups, these initiatives create relevant alternatives through sustainable skills development.

4.4.3 Environmental Sustainability

Strategic Outcome Statement

Improved environmental sustainability, through the protection, conservation and management of the diversity and integrity of the environment.

Targets

In collaboration with the international development community, CIDA will work towards achieving the targets of the MDGs on Environmental Sustainability:

- integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources;
- halve, by 2015, the proportion of people without sustainable access to safe drinking water; and
- achieve, by 2020, significant improvement in the lives of at least 100 million slum dwellers¹²⁹.

Context

As both a strategic outcome and a cross-cutting theme, CIDA is committed to fully incorporating environmental considerations into its policies and programs. The Agency draws on innovative international work to link global and regional environmental issues to on-the-ground development priorities such as clean water, adequate food and the sustainable use of natural resources. By focussing on strategic relationships, CIDA works in partnership with many players to influence the national and international agenda on the environment and development nexus. CIDA is working with other Canadian government departments to identify ways in which Canada can help strengthen developing-country capacity to implement Multilateral Environmental Agreements (MEAs), while meeting Canadian objectives for these agreements.

¹²⁸ <http://www.savethechildren.ca/en/index.html>

¹²⁹ <http://www.undp.org/mdg/>

The Global Environment Facility (GEF)¹³⁰, the major multilateral financing mechanism for funding MEAs, is critical to building this capacity. CIDA, as a member of the GEF Council, is working on key policy objectives for governance and replenishment to ensure a strong continued role for the GEF¹³¹ in MEA support. Of the various MEAs, Canada, through CIDA, plays a strong leadership role in the UN Convention to Combat Desertification (UNCCD)¹³². As President of the fifth meeting of the Conference of the Parties to the UNCCD, Canada is ideally positioned to play this leadership role. CIDA has responsibility for both domestic implementation and Canada's international leadership.

Priorities and Plans

The Agency has identified the following priorities for the next three years towards achieving environmental sustainability:

- **build partners' capacities to address global, regional and national environmental issues such as desertification, biodiversity, and climate change;**
- **support and promote environmental and broader socio-economic policy dialogue and programming that directly address environmental issues.**

The area of **building partners' capacities to address global, regional and national environmental issues such as desertification, biodiversity, and climate change** includes plans to:

- strengthen the capacity of governments, NGOs and communities to manage land and water in a sustainable way to promote soil conservation in countries affected by desertification, such as Ghana, Malawi, Nigeria, Zambia, Mozambique and Tanzania ;
- address the problem of access to water and sanitation services and related health risks through large projects in Cameroon, , Ghana, Morocco, Jordan, Benin, Malawi, Mozambique, Mauritania and Ethiopia;
- support improved water resources policies and proper water management in countries such as Ghana, Egypt, and Mozambique;
- support African efforts to improve access to and management of water resources, including sanitation, in collaboration with the Global Water Partnership¹³³ and African institutions, through the new Canada Fund for Africa¹³⁴; ;
- continue to support climate change initiatives with developing-country partners, through the Canada Climate Change Development Fund (CCCCDF)¹³⁵, which funds projects like the *Climate Change, Forests and Peatlands* project in Indonesia. Its overall goal is the sustainable management of Indonesia's peat swamp forests in order to improve livelihoods, maintain and increase carbon storage;

¹³⁰ <http://www.gefweb.org/>

¹³¹ <http://www.gefweb.org/>

¹³² <http://www.unccd.int>

¹³³ <http://www.gwpforum.org/servlet/PSP>

¹³⁴ <http://www.acdi-cida.gc.ca/canadafundforafrica>

¹³⁵ See www.acdi-cida.gc.ca/climatechange. In 2003-04, the CCCDF expects to direct \$25.5 million in support of climate change initiatives with developing-country partners, in the areas of mitigation of greenhouse gases, adaptation to climate change, carbon sequestration, and core capacity building.

- help build the policy and institutional capacity of various countries to address obligations and opportunities under the United Nations Framework Convention on Climate Change (UNFCCC)¹³⁶;
- continue to take the lead internationally in helping the least developed countries implement their work programmes to adapt to climate change;
- continue to contribute to the work of multilateral organizations on climate change, such as the OECD¹³⁷, UNDP¹³⁸, Global Environment Facility (GEF)¹³⁹, the World Conservation Union (IUCN)¹⁴⁰, the Pembina Institute¹⁴¹ and the World Resources Institute¹⁴²;
- continue to help Canadian partners improve the capacity of their developing-country counterparts to plan, implement and manage environmentally sound development programming; and
- continue to support initiatives which contribute to the mitigation of greenhouse gases in developing countries and which assist them in adapting to the adverse effects of climate change, such as in Latin America (see Box 13: Cities for Climate Protection Campaign):

Box 13: Cities for Climate Protection Campaign

CIDA is supporting the Cities for Climate Protection Campaign in Latin America project (\$1.5 million over three years) to help build local capacity within cities in Latin America, with a specific focus on Argentina, Brazil, and Chile to achieve measurable reductions in community-wide greenhouse gas (GHG) emissions, improve air quality, and address current municipal concerns. The overall purpose is to work with a select group of seven to ten cities in Latin America on the completion of five key performance milestones related to GHG emissions reductions. Each city will monitor energy use and emissions, identify priority measures, promote energy efficiency demand-side management, and clean energy projects. The net result of these implemented projects will be concrete reductions in both GHG emissions and emissions of six common air pollutants¹⁴³.

In the area of **supporting and promoting environmental and broader socio-economic policy dialogue and programming that directly address environmental issues**, CIDA's plans are to:

- update the 1992 CIDA Policy for Environmental Sustainability in 2003-04, following public consultations, to ensure that the environment is considered throughout Agency programming and policies;
- develop new and innovative approaches to address major environmental issues in developing countries and countries-in-transition, such as water and land degradation; and
- launch a new CIDA Policy Framework on Water and Sanitation in 2003-04, following analysis and public consultation; and
- increase emphasis on policy dialogue and analysis in the context of environmental programming with developing country, regional and multilateral partners.

4.4.4 Governance

¹³⁶ <http://www.unfccc.int>

¹³⁷ <http://www.oecd.org>

¹³⁸ <http://www.undp.org>

¹³⁹ <http://www.gefweb.org/>

¹⁴⁰ <http://www.gefweb.org/>

¹⁴¹ <http://www.pembina.org>

¹⁴² <http://www.wri.org>

¹⁴³ These pollutants are: ozone, particulate matter, lead, carbon monoxide, sulfur dioxide, and nitrogen dioxide. These six pollutants are sometimes referred to as "criteria" pollutants because air quality standards have been developed for them in Canada and the United States.

Strategic Outcome Statement

Improved governance structures and institutional capacities in partner countries; strengthened civil society; enhanced respect for rights and democratic principles.

Targets

The Millennium Declaration¹⁴⁴, the origin of the MDGs¹⁴⁵, commits states to the promotion and protection of human rights, democracy and good governance. Moreover, many of the targets of the MDGs reflect the international human rights obligations and commitments that are articulated in treaties and declarations such as the Universal Declaration of Human Rights¹⁴⁶.

Context

Human rights, democratization and good governance (HRDGG) can be considered an objective of development, working to ensure that women and men live in dignity. HRDGG can also be a means to achieve development ends by providing the environment in which development efforts are more likely to produce the desired results. For example, as UN Secretary-General Kofi Annan recently remarked: “Good governance is perhaps the single most important factor in eradicating poverty and promoting development.”¹⁴⁷

CIDA seeks to enhance respect for human rights as the foundation of equitable and sustainable development. This includes integrating human rights into development programming as well as supporting specific human rights initiatives such as the creation of and support for national human rights institutions, and support for human rights education and human rights organizations. CIDA also works to strengthen democratic institutions to increase efficiency, accountability and transparency, areas which are proving to be increasingly critical for economic growth. This includes supporting improvements to electoral systems, legislatures, legal bodies, public administration, the media and federalism. Furthermore, strengthening civil society helps ensure that marginalized groups often excluded from decisions that affect their lives, and from the benefits of development, have a voice in the development processes, such as in the preparation of PRSPs.

The international community has also recently recognized that security for individuals and states are complementary and necessary components of sustainable, poverty-reducing development and an integral aspect of good governance and public-sector management¹⁴⁸. CIDA is therefore putting more emphasis on working with partner countries in the areas of conflict prevention, post-conflict reconciliation, and peacebuilding, as well as building legitimate and accountable systems of security to prevent conflict and discourage terrorism.

Priorities and Plans

¹⁴⁴ <http://www.un.org/millennium/declaration/ares552e.htm>

¹⁴⁵ <http://www.developmentgoals.org>

¹⁴⁶ <http://www.un.org/Overview/rights.html>

¹⁴⁷ UNDP Human Development Report 2002, <http://www.undp.org/hdr2002/>

¹⁴⁸ OECD, *The DAC Guidelines: Helping Prevent Violent Conflict*, Paris, 2001, Box 5, <http://www.oecd.org/dac/governance/conflict>

The Agency has identified the following priorities for the next three years in the area of governance:

- **increase integration of human rights principles in development programming;**
- **continue strengthening democratic institutions;**
- **increase attention to conflict prevention, post-conflict reconciliation, peacebuilding and security.**

The area of **increased integration of human rights principles in development programming** includes plans to:

- more clearly define approaches to development that are based on human rights, and increase awareness of how human rights can be integrated into key development exercises (such as the development of PRSPs) and programming approaches (*e.g.* SWAps);
- increase understanding of the links between human rights and development throughout the Agency and with partners;
- ensure that human rights considerations continue to feature in programming and policy documents;
- develop new policy instruments on human rights, democracy and good governance, which will assist CIDA to further incorporate human rights into its programming;
- promote approaches to HIV/AIDS that integrate human rights principles;
- promote legal and judicial reform;
- build and maintain partnerships with governments, civil society organizations and UN entities (*e.g.* UN, UNICEF) in support of the mainstreaming of human rights in the work of the UN.

The area of **continued strengthening of democratic institutions**, includes plans to:

- capture lessons learned from CIDA's application of a rights-based approach to child protection;
- increase the Agency's focus on reforming institutions which reproduce and perpetuate inequalities and power relations detrimental to poverty reduction and the promotion of sustainable livelihoods;
- emphasize modernization of the state in the Americas, working to extend the benefits of modernization to the whole population, and to ensure that civil society is able to participate in government; and that decentralization does not result in destabilization;
- increase, with support from the Canada Fund for Africa¹⁴⁹ and other programs, the capacity, transparency and participatory approaches of the African public sector, local governments, and parliaments, through support to the African Capacity Building Foundation, in collaboration with the Canadian Centre for Management Development (CCMD)¹⁵⁰ ;
- enhance capacity for gender analysis and gender-sensitive programming by government, and increase the participation of women in decision-making at local, regional and national levels;
- continue to work with international financial institutions to improve the governance performance of borrowers and to heighten anti-corruption activities;

¹⁴⁹ <http://www.acdi-cida.gc.ca/canadafundforafrica>

¹⁵⁰ <http://www.ccmd.gc.ca>

- strengthen local community-based institutions to serve rural areas in Asia, while also supporting democratic local governance and responsive, accountable governance at all levels;
- develop new governance arrangements through public and private partnerships focussed on promoting sustainable livelihoods for women and men living in poverty;
- continue to support Canadian partners (*e.g.* the International Development Research Centre (IDRC)¹⁵¹, IDEA¹⁵², Elections Canada¹⁵³) to improve the capacity of developing-country organizations and institutions to influence processes which define, promote and protect human rights, advance democratic reforms and lead to improved governance;
- promote good governance, democracy, pluralism, and the rule of law in the countries of Central and Eastern Europe, such as supporting federalism and public-sector reform in Russia:

Box 14: CIDA and Governance programming in Russia

Governance and civil society are the two core themes of CIDA's new Russia Programming Framework. CIDA's plans here are guided by the principle that sound institutions and good governance can help ensure the sustainability of a market economy and a democratic political culture. CIDA is developing a five-year, \$10 million flagship program to support the efforts of the Russian government with public administration reform. It will be based on the effective provision of high-quality advice and policy guidance to the Russian government in the areas of fiscal federalism, inter-budgetary relations, economic policy, regional economic development, and problems of the Russian North. This program will provide assistance in the areas of senior-level civil service reform, federalism (federal-regional agreements) and transparency in decision making in the civil service.

Increased attention to conflict prevention, post-conflict reconciliation, peacebuilding and security includes plans to:

- develop new and innovative approaches to working with fragile states in crisis, in the face of new global realities (*e.g.* by collaborating with partners such as DFAIT¹⁵⁴ and IDRC¹⁵⁵); increase efforts to mainstream conflict prevention/post-conflict reconciliation programming in the Agency and to strengthen the Agency's ability to deal with the root causes of conflicts;
- continue to help eliminate the use of landmines, including efforts to encourage countries to include mine-action strategies in their PRSPs and national development strategies;
- foster the integration of gender equality in all aspects of conflict prevention, peacekeeping, peacemaking, and post-conflict reconstruction;
- reinforce Pan-African and regional conflict prevention, management and resolution through the Canada Fund for Africa¹⁵⁶ to strengthen the capacity of the new African Union (AU) to fulfill its peace and security mandate, and address regional security through targeted efforts in West Africa to help build safer communities;
- increase CIDA programming to address the special protection needs of war-affected children, including helping to increase the scope, effectiveness and credibility of war-affected young people's contributions to peacebuilding and conflict prevention work; and

¹⁵¹ <http://www.idrc.org>

¹⁵² <http://www.idea.int>

¹⁵³ <http://www.elections.ca/>

¹⁵⁴ <http://www.dfait-maeci.gc.ca>

¹⁵⁵ <http://www.idrc.ca>

¹⁵⁶ <http://www.acdi-cida.gc.ca/canadafundforafrica>

- continue to support the involvement of Canadian police in efforts in developing countries to restore human security, social stability, and the rule of law as preconditions for more substantial, sustainable development:

Box 15: The Canadian Police Arrangement

The Canadian Police Arrangement (CPA) brings together Canadian foreign policy, police and development expertise. In 2000, CIDA, DFAIT¹⁵⁷, the Solicitor General¹⁵⁸ and the RCMP¹⁵⁹ created the CPA - a two-year \$10 million interdepartmental administrative arrangement - to allow the rapid deployment of RCMP and other police officers to multilateral peacekeeping missions. The CPA provides for the deployment of Canadian police personnel to monitor, advise and train their local police counterparts in developing countries that have recently experienced conflict, to help them carry out their policing duties in accordance with democratic principles. Through the CPA, CIDA has supported the deployment of Canadian police officers to Bosnia, East Timor, Guatemala, Guinea, Kosovo, and Sierra Leone.

¹⁵⁷ <http://www.dfait-maeci.gc.ca>

¹⁵⁸ <http://www.acdi-cida.gc.ca/aids.htm>

¹⁵⁹ http://www.rcmp-grc.gc.ca/index_e.htm

4.5 Enabling Strategies

CIDA's Enabling Strategies represent the Agency's approach to achieving a well-chosen, optimal portfolio of international programs. CIDA's enabling strategies are: appropriate programming orientation, appropriate sectoral and thematic focus, appropriate geographic focus, and engaged Canadians.

These strategies are based on the international principles of aid effectiveness¹⁶⁰ and reflect trends in the strategies of CIDA's Canadian partners as well. The principles include local ownership, improved donor coordination, stronger partnerships, a results-based approach and greater coherence between aid and non-aid policies. The successful implementation of these strategies creates the enabling environment for achieving long-term development impacts.

4.5.1 Appropriate Programming Orientation

Appropriate Balance between Directed and Responsive Programming

Responsive programming is the means by which CIDA supports activities designed and delivered by CIDA's civil society partners and private sector partners, within CIDA's mandate and priorities. Directed programming, on the other hand, implies the direct involvement of CIDA in the design and management of initiatives. A third type of programming - core funding - represents institutional support for partners such as international NGOs, other development agencies, developing-country organizations and institutions. As such, this support is linked to an organization's mandate, rather than to specific activities. The challenge for CIDA is to strike the right balance between these programming types, while reflecting CIDA's new policy directions.

CIDA has a long and successful tradition of responsive programming with its Canadian and developing-country partners. Responsive programming has, for example, supported the establishment of mutually beneficial partnerships between Canadian organizations and their counterparts in developing countries. These partnerships mobilize the development knowledge, experience and creativity of civil society and the private sector, both in Canada and in developing countries. CIDA's financial support leverages other sources of funding, and Canadian partners remain among the strongest advocates of Canada's development assistance program. CIDA can build on these strengths as it moves towards greater emphasis on local ownership and enhanced partnership. It is increasingly important that programming respond to the stated needs and priorities of developing-country partners, such as those expressed in national development strategies and PRSPs.

The Agency is already engaged in this shift. As indicated in the *Policy Statement on Strengthening Aid Effectiveness*¹⁶¹, CIDA will develop an approach that prioritizes responsive programming that is supportive of nationally owned poverty-reduction strategies. In 2003-04, CIDA will undertake a review to ensure enhanced consistency between partners' programming and CIDA's new directions and will continue discussions with partners on how to achieve this.

¹⁶⁰ <http://www.oecd.org/EN/document/0,,EN-document-583-2-no-14-3332-583,00.html>

¹⁶¹ <http://www.acdi-cida.gc.ca/aideffectiveness>

Over the next three years, CIDA will also undertake analysis to identify opportunities to move to new programming approaches as they emerge in Africa and the Middle East, recognizing that differing country, regional and institutional situations demand a mix of programming modalities. In the Americas, the more mature economic, political, and policy environments of many partner countries favour greater use of responsive programming. In Asia, the current ratio of about 75% directed and 25% responsive will be maintained in 2003-04. Responsive programming is highest in China due to greater Canadian interest. Over the next three years, programming in the countries of Central and Eastern Europe will become more directed, focused and targeted -- in some countries, by changing the proportion of directed versus responsive programming, in others, by focussing expenditures on countries within a sub-region or in a few key sectors.

With its Canadian partners, CIDA will explore new ways to combine the strengths of both directive and responsive approaches. As contribution agreements for Canadian partners expire and as partners submit new proposals, CIDA will continue to guide partners towards the Agency's new directions.

Consensual and Collaborative Partnerships

CIDA's partners include developing-country governments, civil society (such as NGOs, community-based organizations, academic and research organizations) in Canada and in developing countries, the private sector, regional and multilateral institutions, other bilateral donors, and other Canadian government departments. Consensual and collaborative partnerships are critical to the creation of an enabling environment for effective and sustainable development.

Partnership is a concept based on the principle of an equitable sharing of rights and responsibilities. This concept has two implications: a new role for donors vis à vis developing countries, and a need for better coordination between all partners to ensure their aid programs are complementary and that they support local ownership and partnership approaches.

Donors, including CIDA, its Canadian partners and executing agencies, have a new role in developing countries as partners and facilitators rather than as executors of projects. This role focuses on strengthening, through policy dialogue, the capacity of developing-country partners to progressively take more control over all aspects of their development. CIDA will firmly situate its country-programming orientations within the locally- owned frameworks identified by developing countries, particularly through the PRSP process, when CIDA is satisfied that this process involves a legitimate participatory approach.

An important step towards achieving true partnership between donors and developing-country partners is the coordination of donor activities, led by developing-country partners wherever possible, and **harmonization of aid practices**. This will help reduce transaction costs, build country capacity and improve development effectiveness.

As indicated in the *Policy Statement on Strengthening Aid Effectiveness*¹⁶², CIDA is committed to redoubling its efforts to achieve greater harmonization between CIDA's processes and

¹⁶² <http://www.acdi-cida.gc.ca/aideffectiveness>

procedures and those of other donors. CIDA currently participates in a wide variety of donor coordination activities, as well as joint project and program funding with other donors, which vary by country circumstances. For examples of CIDA's involvement in donor coordination, see Box 17: Education Sector-wide Approach (SWAp) in Burkina Faso and Box 18: Strengthening Human Rights in Bolivia. Over the next three years, CIDA will increase these activities, and continue to assess its regulatory and operational environment to determine where it may need additional authorities to engage in joint funding approaches. The Agency will also work to apply the new international principles and practices for donor harmonization which were adopted at the High Level Forum on Harmonization in February 2003 and which the Agency helped to identify.

CIDA's **partnerships with multilateral organizations**, such as the United Nations¹⁶³, and international financial institutions (IFIs), such as the World Bank¹⁶⁴ and the International Monetary Fund (IMF)¹⁶⁵, are also important. Today, Canada delivers about one-third of its total development assistance through multilateral channels, and multilateral disbursements account for one quarter of CIDA's budget. Strengthening coherence, focus, selectivity and comparative advantage within the multilateral system will continue to be a strategic approach for the Agency. In 2003-04, CIDA will examine how to make multilateral organizations more effective and coherent, how to use them and the knowledge they possess to improve CIDA's policy-making and country programming, and how to ensure multilateral and country-programming channels are better coordinated.

CIDA also works with all levels of government in Canada - federal, provincial/territorial and municipal - on a wide variety of projects and programs. At the federal level, departments such as Health Canada¹⁶⁶ and the Department of Justice¹⁶⁷ provide technical advice or act as implementing agencies for CIDA projects. A new initiative, the Partnership for International Cooperation in Governance and Public Sector Management¹⁶⁸, brings together 44 departments, agencies, and research organizations (*e.g.* The International Development Research Centre (IDRC)¹⁶⁹) to provide research, technical assistance and exchanges with counterparts in developing countries. At the provincial level, ministries of energy and natural resources have acted as implementing agencies, as have the Federation of Canadian Municipalities (FCM)¹⁷⁰ and a number of individual municipalities.

The Canadian Landmine Fund¹⁷¹ (see Box 16: Interdepartmental collaboration on landmines) illustrates how CIDA contributes to a horizontal federal government initiative on landmines.

¹⁶³ <http://www.un.org>

¹⁶⁴ <http://www.worldbank.org>

¹⁶⁵ <http://www.imf.org>

¹⁶⁶ <http://www.hc-sc.gc.ca/>

¹⁶⁷ <http://canada.justice.gc.ca/>

¹⁶⁸ <http://www.international.gc.ca>

¹⁶⁹ <http://www.idrc.ca>

¹⁷⁰ <http://www.fcm.ca>

¹⁷¹ <http://www.mines.gc.ca/>

Box 16: Interdepartmental collaboration on landmines

On November 29, 2002, the fifth anniversary of Canada's signing of the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction, Canada announced the allocation of an additional \$72 million to the Canadian Landmine Fund for disbursement over the next five years. The Canadian Landmine Fund, established in 1997, supports mine action activities around the world in a unique interdepartmental collaboration between CIDA, the Department of Foreign Affairs and International Trade (DFAIT)¹⁷², Industry Canada¹⁷³ and the Department of National Defence (DND)¹⁷⁴.

CIDA, which views landmines as a major impediment to peacebuilding, reconciliation and development, supports mine clearance, mine-risk awareness, and victim assistance through strengthening the capacity of local organizations. DFAIT¹⁷⁵ takes the lead in universalizing the Convention, policy formulation, monitoring compliance with the Convention and outreach with Canadians. It also works with DND¹⁷⁶ to help states destroy their stockpiles. DND has established the Canadian Centre for Mine Action Technologies which researches and develops low-cost, sustainable technologies for mine detection and neutralization, personnel protection, victim assistance and alternatives to landmines.

New Programming Approaches

In the coming years, CIDA will continue to reorient its programming in the poorest countries towards new programming approaches that are based on the principles of aid effectiveness, moving from traditional project-based approaches toward more programmatic forms of development cooperation.

New programmatic approaches ensure that projects are integrated into comprehensive strategies that support implementation of locally-owned programs of development. At the broadest level, the Comprehensive Development Framework (CDF)¹⁷⁷ and the Poverty Reduction Strategy Paper (PRSP)¹⁷⁸ provide the frameworks for donors to develop programming that is consistent with developing-country priorities. Programming could include donor support to a national poverty-reduction plan, a national plan for development in a sector such as health (the Sector-Wide Approach, or SWAp) or a multi-country program to manage shared natural resources, such as a river basin. Donors may contribute to a common pot of funds or support specific activities related to the national plan. Program-based approaches all share the following characteristics: leadership by the host country or organization; a single program and budget framework; donor coordination and harmonization of procedures; a strong emphasis on strengthening government capacity; and the gradual devolution of management to local partners. The extent and pace of this devolution is based on a careful risk analysis and determined in collaboration with all partners.

The shift to new programming approaches has some very real implications for programming, practices and behaviour for CIDA and other donors. For example, supporting local ownership

¹⁷² <http://www.dfait-maeci.gc.ca/>

¹⁷³ <http://www.ic.gc.ca/>

¹⁷⁴ <http://www.dnd.ca/>

¹⁷⁵ <http://www.dfait-maeci.gc.ca>

¹⁷⁶ <http://www.dnd.ca>

¹⁷⁷ The World Bank's Comprehensive Development Framework (CDF) is an approach by which countries can achieve more effective poverty reduction by emphasizing the interdependence of all elements of development - social, political, economic, ecological and cultural.

¹⁷⁸ The World Bank's Poverty Reduction Strategy Paper outlines the development challenges in a country and the government's priorities and plans to reduce poverty and support economic growth. It should be based on a wide-ranging consultative process involving government, civil society and donors.

often implies new models for capacity building, moving away from North-South technical assistance to South-South cooperation. The harmonization of donor procedures will require increased flexibility and willingness on the part of donors like CIDA to agree to a common set of shared donor processes, or, where feasible, that are based on the procedures in place within a recipient country.

The Agency is beginning to deal with these significant challenges as it increases its involvement in program-based approaches, particularly in Africa, where CIDA is already engaged in the largest number of these types of arrangements. Among initiatives planned for the coming years are: funding for the Ministries of Education of Burkina Faso, Mali and Mozambique, and for the Ministry of Health in Mali (see Box 17: Education SWAp in Burkina Faso); funding for a justice reform strategy in Ethiopia which will form the basis for a SWAp; ; an ongoing education SWAp in Tanzania and general budget support under its Poverty Reduction Budget Support Facility; and a possible multi-donor budgetary support program in the food security sector in Ghana.

Box 17: Education Sector-Wide Approach (SWAp) in Burkina Faso

CIDA has been active in basic education in Burkina Faso for over a decade. CIDA currently supports three components of Burkina Faso's Ten-Year Basic Education Development Plan (PDDEB): (i) greater access to basic education; (ii) better quality and efficiency of basic education; and (iii) greater institutional and system management capacities, especially in financial management and contracting. CIDA will contribute \$50 million to implement PDDEB in three phases.

CIDA has adopted a new program approach for its support of the PDDEB in Burkina Faso: it is part of a sector-wide approach (SWAp), where the country owns the program, and leads in coordinating partners and conducting operations, based on joint funding and harmonized procedures. A master agreement between the Government of Burkina Faso and all of its technical and financial partners (donors) embodies cooperation procedures, including management, monitoring, evaluation and control procedures. CIDA is part of the core group of donors which is committed to supporting PDDEB's implementation. CIDA will provide close monitoring with its partners. Disbursements will depend on whether the government of Burkina Faso meets PDDEB's objectives, achieves results, and meets the demands of effective and transparent governance.

In Asia, CIDA will increase its support for and programming within priorities set by PRSPs in most of its partner countries. Participation in pooled funding mechanisms such as sector-wide management approaches (SWIMs) will be increased. In the Caribbean, CIDA is continuing joint regional programming in HIV/AIDS with other donors and will be examining opportunities for education SWAps in Guyana and Jamaica as well as SWAps in environment and trade in region-wide programs. In Central and Eastern Europe, examples of innovative programming include regional programming in Southeastern Europe in electricity rehabilitation and distribution, and the Local Initiatives Program, which promotes the development of civil society in various countries.

CIDA will also continue to seek out new programming approaches with other donors. For instance, in Central and Eastern Europe, the Balkans program is working with the Japanese International Cooperation Agency (JICA)¹⁷⁹ to improve health-care service delivery to people with physical disabilities. CIDA will invest \$1.5 million to contribute to policy and capacity

¹⁷⁹ <http://www.jica.go.jp/>

development in this sector and the Japanese will provide a multi-million dollar financial package to improve infrastructure.

CIDA is also pursuing programming approaches with multilateral partners. Examples include the public-private partnerships involved in the Global Alliance for Vaccines Initiative (GAVI)¹⁸⁰, and the “Food Plus Initiative” that brings together the World Food Program (WFP)¹⁸¹ and UNICEF¹⁸² to ensure women and men in need have access to an integrated package of food, micronutrients and basic lifesaving health commodities. One interesting approach involves a special public-private partnership initiative of UNAIDS¹⁸³ and Shell International¹⁸⁴ that would use a scenario-based engagement process to help develop a deeper understanding of the evolution of AIDS in Africa, focusing on the impacts and consequences of the pandemic.

Furthermore, recent changes to the framework for Canadian Partnership Branch's agreements with universities have ensured that future competitions for funding will more closely align program proposals with CIDA's new directions.

One example of a CIDA program which exhibits a number of different elements of new programming approaches, including donor coordination, is in Bolivia:

Box 18: Strengthening Human Rights in Bolivia

Canada is supporting Bolivia's national human rights institution, the Defensor del Pueblo (DDP), (Ombudsman)¹⁸⁵, created in 1997. The DDP serves as a bridge between civil society and the State: its objectives are to protect the population from human rights violations, as well as to promote and educate the public regarding human rights in order to build a culture of compliance and respect. The DDP monitors compliance with human rights as defined in Bolivian law in relation to administrative activities of the public sector and public services.

In 2000, CIDA, along with other donors, agreed to support the Strategic Plan developed by the DDP and developed a basket funding mechanism. Eight donor agencies work together through a committee of donors and the DDP. This mechanism strengthens donor commitment to the objectives of the DDP, avoids duplication, facilitates management of resources and ensures sufficient resources for the execution of all of the activities in the Strategic Plan. CIDA is contributing \$5 million over five years to this initiative, including the services of a Canadian advisor (Cooperant) who works directly within the DDP.

Finally, CIDA is developing a portfolio of its program-based approaches which will be used to inform and shape future efforts so that best practices are more firmly integrated across the whole of the Agency's work. A primer and an operational guide are also being developed to assist staff in making the shift to program-based approaches.

¹⁸⁰ <http://www.vaccinealliance.org/home/index.php>

¹⁸¹ <http://www.wfp.org/index2.html>

¹⁸² <http://www.unicef.org>

¹⁸³ <http://www.unaids.org/>

¹⁸⁴ <http://www.shell.com>

¹⁸⁵ <http://www.defensor.gov.bo/>

Policy Coherence and Corresponding Policy-Based Programming

In its essence, policy coherence means that government policies should work together to reinforce common objectives rather than be at cross-purposes. Today, investment in and trade to developing countries increasingly dwarf development assistance, and the need to ensure that major policies which affect these three areas work in tandem has never been greater. In today's interdependent world, non-aid issues, including international crime, global financial stability, peace and security, the role of the military in peacekeeping, trade, unsustainable debt and many other factors, all have the potential to impact on development.

Along with other forward-looking development agencies, CIDA is working to promote coherence in the policies adopted by the Government of Canada affecting developing countries and is committed to working with other Canadian government departments and agencies towards this end. The Agency has recently taken steps to enhance its policy capabilities in trade and the environment, in part to bring the development perspective to bear on the policy positions taken by the Canadian government in the negotiation of multilateral agreements.

For example, in addition to fostering a number of initiatives to build the capacity of developing countries to participate constructively in the international trading system (see Section 4.4.1), senior CIDA officials are actively participating in the formulation of Canadian trade policy positions regarding multilateral trade negotiations such as those of the WTO¹⁸⁶ and the Free Trade Agreement of the Americas (FTAA)¹⁸⁷. But addressing the market access barriers faced by the world's poorest countries cannot await the completion of negotiations. This is why CIDA supported the adoption of Canada's new Market Access Policy. This policy, effective January 1, 2003, allows substantially all exports from least developed countries. to enter Canada duty- and quota-free.

Policy coherence is also critical within the community of donors and developing countries as they design and implement development assistance programs. Such coherence is essential to support local ownership and aid effectiveness. CIDA's Country Development Programming Frameworks (CDPFs) will be increasingly based on PRSPs and National Development Plans (NDPs) or their equivalent, and will foster policy dialogue, policy coherence and consideration of the impact of non-ODA policies on aid (see Box 20: Country Development Programming Frameworks). As CIDA seeks to move from managing projects to influencing policy, it will be critical to form strategic alliances with its partners to enhance its policy leverage and improve its exchanges of knowledge with them.

For instance, in Asia, CIDA will build on its work with multilateral and regional agencies to increase the policy impact of its programming and policy coherence, especially in health, economic reform, gender equality and environment. CIDA will also work to improve the efficiency and quality of the programs of global humanitarian agencies, through policy-based dialogue and in concert with other like-minded countries. For example, it will collaborate with UN partners, NGOs and other donors to help standardize the collection and use of information

¹⁸⁶ <http://www.wto.org>

¹⁸⁷ <http://www.ftaa-alca.org/>

on the state of people in emergency situations. This initiative will both enhance coordination and inform decisions on how best to allocate resources.

Local ownership is a central element in the planning of development programs at CIDA. Local ownership means that development directions and strategies are determined by recipient countries — their governments and/or their people — rather than by donors. Local ownership also means that management of the financial and human resources deployed in the implementation of the strategy is the responsibility of recipient countries. Local responsibility ensures that donor efforts respond to local priorities, and that initiatives supported through development programs will be sustainable over time.

CIDA will continue to work to ensure that local ownership is supported and achieved through consultative processes involving government, civil society and other groups within developing countries. For example, the Canada Fund for Africa¹⁸⁸ and the Fund's support for NEPAD¹⁸⁹ emphasize African ownership of the development process. In this new partnership, the conditions for development will be created by Africans with assistance from development partners. In Bolivia, CIDA's country development framework is closely aligned with the PRSP and CIDA will review it with the new administration. In Russia, the Government is very much in the "driver's seat". Though Russia is a member of the G8, it faces significant political, economic and social challenges which must be overcome as it makes the transition to a democratic, market-driven economy. Russia's well articulated needs - based strongly in governance and civil society - are the main drivers of CIDA's Russia program (see also Box 14: CIDA and Governance Programming in Russia).

Local ownership is not restricted to governmental bodies. In Asia, the community-based approach in countries such as Bangladesh and India builds capacity within local organizations. This enables these organizations to define their own development priorities and manage their own development programs as well as advocate on behalf of their interests with government. For example, in India, Nepal and Sri Lanka, CIDA is pursuing a major initiative to consolidate many local funds in the same country into one major fund for each country, to support local programming and increase efficiency and flexibility.

CIDA's responsive programming with Canadian partners will continue to require that activities be designed, implemented and monitored in full partnership with developing country partners, with the expectation that the local partner will have the capacity to sustain activities and development results after CIDA support ends. This is fully in line with the objectives of CIDA's Canadian partners. For example, in Africa, Canadian Physicians for Aid and Relief (CPAR)¹⁹⁰ has set up an international program committee with representation from Africa and Canada to make key decisions on the CPAR's work in various African countries.

In its collaboration with multilateral institutions, CIDA will also seek out and use opportunities to promote the internalization of key principles of local ownership both at the governing board level and at the working level. The Agency will work with its partner multilateral organizations

¹⁸⁸ <http://www.acdi-cida.gc.ca/canadafundforafrica>

¹⁸⁹ <http://www.nepad.org/>

¹⁹⁰ <http://www.cpar.ca/>

to strengthen and promote national ownership of the PRSP process, including locally determined policies and priorities, helping to build the capacity of governments to conduct consultations with their stakeholders, and the capacity of civil society to analyze development plans. CIDA will also encourage greater alignment of IFI lending programs to country-owned strategies.

Untying Aid

The practice of requiring that aid funds be used for purchases in donor countries is considered by many to undermine aid effectiveness. Tied aid is often more costly, is not conducive to local capacity development or local ownership, and it does not support trade liberalization or the dismantling of investment barriers.

In keeping with the 2001 DAC Recommendations on Untying ODA to the Least Developed Countries¹⁹¹, CIDA has revised its own policy on tied aid, effective January 1, 2003. It has rescinded the previous requirement of a minimum Canadian content in bilateral assistance of 50% for sub-Saharan Africa and least developed countries in other regions, and 66% for all other countries. CIDA now uses a new definition of tied aid, aligned with the DAC definition, which is based on a concept of eligibility of countries other than Canada to access ODA funds. This new policy allows CIDA to open contracting to a spectrum of bidders - including Canadian, developing-country and internationally competitive suppliers. CIDA will report levels of tied and untied aid as part of its Departmental Performance Report (DPR)¹⁹² to Parliament.

This policy shift is intended to increase Canadian aid effectiveness by enabling developing country partners to make their own choices and by providing business opportunities to suppliers in least-developed countries, especially those in sub-Saharan Africa. This will help reduce costs and increase self-sufficiency as well as reflect developing-country preferences and priorities. However, many developing countries do not yet have the capacity to administer full-scale International Bidding Systems and will require technical assistance to enable them to do so.

4.5.2 Appropriate Sectoral and Thematic Focus

CIDA has been reducing the number of sectors in which it concentrates its work: more recent CDPFs identify two or three priorities (as opposed to five or six in the past), selected jointly by Canada and the countries concerned. The Agency will continue to meet its objectives for increased investments in the Social Development Priorities (SDPs)¹⁹³ of health and nutrition, HIV/AIDS, basic education, and child protection, with gender equality as an integral part of all of these priority areas. In addition, in the coming years, CIDA will implement policies and programs in other priority areas such as agriculture and private-sector development.

¹⁹¹ <http://www.oecd.org/pdf/M00002000/M00002076.pdf>

¹⁹² [http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Publications2/\\$file/cida0102dpr_e.pdf](http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUIImages/Publications2/$file/cida0102dpr_e.pdf)

¹⁹³ <http://www.acdi-cida.gc.ca/socialdevelopment>

4.5.3 Appropriate Geographic Focus

CIDA recognizes that focusing its development assistance on a selected number of the world's poorest countries is an important factor in aid effectiveness. In late 2002, CIDA selected an initial group of the world's poorest countries for increased investment in a limited number of sectors¹⁹⁴. These countries are: Bangladesh, Bolivia, Ethiopia, Ghana, Honduras, Mali, Mozambique, Senegal and Tanzania (see Chapter 3, New Directions). In keeping with the 2002 G8 Action Plan for Africa¹⁹⁵, more than half of these countries are from Africa, the poorest continent. Current programming with other countries will continue; the size of the increased investments in the selected countries will depend on a variety of factors, including the amount of additional resources available to CIDA.

The "graduation" of countries from technical cooperation is a success story which also results in greater geographic concentration. A number of countries will "graduate" in the next three years. Eight countries in Central and Eastern Europe- the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia - will become EU members in 2004.

CIDA will assist these mature countries to make the final transition from an Official Development Assistance (ODA) or Official Assistance (OA) recipient to an equal partner with Canada. The overall goal of a transition program is to strengthen and maintain the partnerships that have developed during years of CIDA involvement, with the long-term result being the sustainability of the graduating country's developmental achievements.

In the graduating countries of Central and Eastern Europe, CIDA will complete the work undertaken in the past several years in a coherent and effective manner; undertake a review of past efforts to allow CIDA to better assess its programming effectiveness; and implement a program that reflects the character and spirit of the new relationship that being the Official development Assistance in Eastern Europe (ODACE). ODACE aims to help the Czech Republic, Hungary, Poland, and the Slovak Republic to develop their capacities as donors. In time it is expected that these new donors would work closely with Canada on trilateral initiatives in, for example, Central Asia or the Southern Caucasus.

¹⁹⁴ http://www.acdi-cida.gc.ca/cida_ind.nsf/AllDocIds/F18796535B8CD71085256C95005E88F1?OpenDocument

¹⁹⁵ <http://www.g8.gc.ca/kananaskis/afraction-en.asp>

4.5.4 Engaged Canadians

An improved perception of the value, efficiency and effectiveness of ODA and OA programs is an important part of the enabling environment for the delivery of Canadian aid. Public opinion polls indicate consistent support for the aid program. However, while more than eight in ten Canadians support the aid program, support for foreign aid is tempered by concerns about aid effectiveness. These concerns revolve around a lack of information on whether the aid program is making a difference in people's lives, as well as a belief that corruption and waste are rampant in developing countries and in aid bureaucracies.¹⁹⁶ Guided by its Strategic Communications Framework 2002-2004, CIDA will continue to promote greater public understanding and support for development issues as well as the nature and strategic importance of Canada's involvement in the developing world.

The Agency will also fund an increased number of education projects to reach a larger audience, especially among youth. The Global Classroom Initiative¹⁹⁷, supports the development and delivery of school-based educational resources for Canadian students and teachers up to the end of secondary school (see Box 19: Building Global Bridges). This initiative will continue to expand into school markets, particularly in the western, eastern and northern parts of Canada. CIDA's Butterfly 208¹⁹⁸ contest -- an art and writing contest for Canadian youth between the ages of 14 and 18 -- is designed to interest youth in international development and spur reflection and discussion among participants about global issues. The Journalism for Development Initiative¹⁹⁹ will continue to support research and writing projects by journalists wishing to deepen their understanding of development issues.

Box 19 Building Global Bridges

McCaul Secondary School in Toronto, Ontario, is using an innovative approach to raise awareness among students about development in Africa. Some 4,500 students will learn about Canada's priorities in Africa from emerging hip-hop artists in a program jointly designed by the school and a Canadian NGO, War Child Canada²⁰⁰. This program uses an interactive multi-media approach that combines hip-hop and rap music, poetry, visual arts and Internet-based resources to encourage high-school students to examine international development themes such as human rights, gender equality and conflict resolution. A series of school-based workshops and performances will help students - including marginalized youth in inner-city schools - to share ideas for peace-building, human rights, equitable resource distribution and sustainable development. This \$93,000 project is funded by CIDA's Global Classroom Initiative.

Greater public involvement in development cooperation is recognized as an important factor in strengthening the effectiveness of CIDA's work, and this is reflected in the Agency's Strategy on Public Engagement 2001-2003, which will be renewed in 2003 with input from a wide range of external partners.

¹⁹⁶ Source: *Environics, Focus Canada 2002-1* study, "Canada's role in the world"

¹⁹⁷ <http://www.acdi-cida.gc.ca/gci>

¹⁹⁸ <http://www.bp208.ca>

¹⁹⁹ <http://www.acdi-cida.gc.ca/journalism>

²⁰⁰ <http://www.warchild.ca/>

CIDA will continue to work strategically with Canadian organizations to engage the Canadian public in international development, and will continue to contribute to the engagement of Canadians in international cooperation issues by supporting the public engagement efforts of Canadian civil society partners. For example, Help International's²⁰¹ "Africa on the Move" is an international development immersion program for Saskatchewan schools. In 2000-2001, a total of 1157 students interacted with African development workers during one-day hands-on sessions, either in schools or at an African theme park built for this purpose.

There will also be an increase in CIDA's public outreach and media engagement activities, including those to raise awareness about Canada's new partnership with Africa. CIDA will increase the number of Canadians reached through its speakers' program, enhance its regional communications capacity, and expand its exhibits program. In addition, public and on-line consultations on policies and programming frameworks will continue both to raise awareness and to increase public engagement in the ODA program. Finally, CIDA will work with its public and private sector partners in its Partners in Communications Program to promote joint programs and activities addressing key global challenges.

²⁰¹ <http://www.help-international.com/>

4.6 Management Tools

Sound modern management tools support the Agency's enabling strategies and are key to the achievement of strategic outcomes. Such tools include human resources management, the effective management of information and technology, knowledge management, strategic planning and resource allocation, and the rationalization of business processes. These tools are particularly important as CIDA implements its *Policy Statement on Strengthening Aid Effectiveness: Canada Making a Difference in the World*²⁰². Transformation of this nature requires major changes in CIDA's processes, systems and practices. The modernization of these functions will improve the Agency's ability to deliver on its development commitments.

4.6.1 Human Resources

CIDA's Corporate *Strategy for Managing its People 2001-2004* will continue to guide the Agency's human resources planning strategy. The Strategy has three main priorities, which mirror those set for the public service as a whole and are reflected in the Agency's Management Tools, namely: strengthening CIDA as a knowledge-based, continuous learning organization; increasing retention through workplace well-being; and promoting renewal through ongoing recruitment. While an increase in levels of development assistance was announced in the federal budget, the Agency's staffing levels will not increase in proportion to this.

The Agency will, in the coming years, continue its efforts to **strengthen its policy and analytical capacity** in order to improve its ability to implement its Enabling Strategies and achieve its Development Results. A key element in this regard is enhancing the dialogue between program managers and CIDA's representatives in the field, to ensure that CIDA maximizes its country knowledge in support of local ownership and increased aid effectiveness. CIDA will create a number of new positions for analysts, recruit more field staff with analytical skills to develop sectoral country expertise, encourage collaboration among CIDA programs and with other departments to share knowledge and experience and analyze lessons learned. Emphasis will also be placed on upgrading CIDA's capacity to analyze and integrate horizontal issues -- such as , the environment and gender equality -- which are relevant to all CIDA programming. In addition to formal in-house training sponsored by the Agency, individual programming branches will develop their own enhanced plans for continuous learning at headquarters and in the field, utilizing improved knowledge-sharing processes such as e-collaboration and other web-based tools.

In order to support the effective delivery of Canada's aid program, CIDA will continue its efforts to transform itself into a knowledge-based institution in 2003-04. As discussed in *Strengthening Aid Effectiveness*²⁰³, the creation of a **knowledgeable and highly motivated and more representative workforce** is an important area of planning for the Agency. CIDA's training program will be aligned with the new priorities and an investment in a Virtual Learning Centre will continue. Staff at headquarters and in the field will be encouraged to pursue learning opportunities such as knowledge fairs and seminars, training and development activities, mentoring programs, career planning and education leave.

²⁰² <http://www.acdi-cida.gc.ca/aideffectiveness>

²⁰³ <http://www.acdi-cida.gc.ca/aideffectiveness>

CIDA will continue to implement its updated Employment Equity Action Plan 2002-2005, striving to maintain, and if possible increase, the number of designated group members who have self-identified. Executives at the Agency, including the President, have an accountability statement in their performance contracts related to employment equity and an accountability framework will be finalized in 2003-04 to guide them in achieving their commitments.

The need to **strengthen its field** presence is an important part of the Agency's planning for 2003-04 and beyond. As noted in *Strengthening Aid Effectiveness*²⁰⁴, CIDA will enhance its field presence in countries selected for increased investment so that it can effectively deliver new program approaches. A greater presence will allow CIDA to develop more in-depth knowledge of issues in the field and to engage more actively in policy and programming dialogue with the partner country and donor groups. The Agency is currently strengthening the management of its field offices, which are known as Program Support Units (PSUs).

In addition, CIDA will continue to devolve program responsibility to the field (see section 4.7 for a profile on programming in Honduras), and will promote better horizontal communication and collaboration among operational branches at CIDA headquarters and between headquarters and the field. There will also be a pilot project to study the relationships between Agency activities at the country level and the efforts of multilateral institutions.

4.6.2 Knowledge Management and Information Management/Technology

CIDA has put in place a Knowledge Management Initiative in order to make the changes necessary for its evolution into a knowledge-based organization. Over the next three years, the Agency will focus on, among other things, four broad results with respect to knowledge management: 1) the demonstration and promotion of sound knowledge sharing practices by CIDA supervisors and managers; 2) changing human resource practices so that they support and reward employees for knowledge management competencies; 3) the renewal of CIDA business processes in support of better knowledge management; and 4) providing tools and systems directly to staff to improve their ability to apply knowledge management practices in their work. The Agency has developed a plan of action and indicators to help track progress.

The Agency plans to continue investing human and financial resources in ensuring that accurate and complete information is in the hands of all those involved in CIDA programming, wherever they are in the world. This will entail maintaining and renewing a cost-effective electronic infrastructure that enables efficient communication, accurate analysis, program delivery and reporting. Plans include putting in place policies, systems and processes to give effect to the government's new Management of Government Information policy, including new accountability and performance frameworks for the sound management of rapidly increasing volumes of electronic information, plus continued support for Government-on-Line (GOL)²⁰⁵. As CIDA does not directly supply services to Canadians, this simply means making it easier for Canadians involved in CIDA programs, such as executing agencies, to work with CIDA electronically (e.g. when submitting project proposals).

²⁰⁴ <http://www.acdi-cida.gc.ca/aideffectiveness>

²⁰⁵ http://www.gol-ged.gc.ca/index_e.asp

In 2003-04, CIDA plans to complete a prototype of its new enterprise document and records management system, and to pilot the system with business users. This new system will manage electronic information through its life cycle as a corporate resource, support information sharing and provide a foundation for building knowledge management. Continuing improvements will also be made to the quality of information and data in corporate systems and to access the valuable external development information databases and sources. In 2003-04, CIDA will also start putting on-line the Agency's redefined business processes, specifically those supporting responsive and directive lines of business.

4.6.3 Strategic Planning and Resource Allocation

In order to ensure that Agency **resources are allocated to strategic priorities**, CIDA will continue to strengthen the corporate planning process based on continual improvement to ensure implementation of a rigorous budgetary planning and resource allocation process to meet Agency priorities . CIDA will make more strategic use of Country Development Programming Frameworks (see Box 20: Country Development Programming Frameworks) and programming plans as key documents to support the achievement of development results. Similar efforts are underway with respect to Institutional Development Programming Frameworks (IDPFs); CIDA is developing a guide for IDPFs which will be used to develop frameworks during the next fiscal year for the Asian Development Bank (ADB)²⁰⁶ and UNAIDS²⁰⁷.

Other examples of planning in this area for 2003-04 include: pilot initiatives to test a 'managing for results' contracting model which seeks to better align executing agency reports and expenditures to program results ; improvement of the management of financial and non-financial information; adoption of a Risk-Management Strategy aimed at identifying risks and developing mitigating strategies when the probabilities and impacts of certain risks are significant (see 3.5 Risk Management); and identification of a quality management process for project approval documents.

²⁰⁶ <http://www.adb.org/>

²⁰⁷ <http://www.unaids.org>

Box 20 : Country Development Programming Frameworks: A Critical Planning Tool

CIDA's programming strategies for partner countries are outlined in Country Development Programming Frameworks (CDPFs). These detailed, dynamic documents are usually developed in consultation with developing country partners, for a five-year period, and are subject to continuous analysis and revision. CDPFs are comprehensive, analytic and strategic documents that articulate the corporate vision of CIDA's relationship with its partner countries and set out CIDA's commitment to development effectiveness. Programming frameworks provide clear links between the priorities and needs of partner countries, CIDA's corporate priorities and delivery mechanisms (i.e. optimal blend of geographic, partnership and multilateral programming), and global development goals. CDPFs also serve as a touchstone for policy dialogue with partner countries, other donors and all CIDA-funded stakeholders interested in programming in a given partner country.

CIDA is currently using a new Guide for Preparing Country Development Programming Frameworks (CDPFs), which calls for frameworks that are consistent with partner priorities, that integrate all sources of CIDA's support, and that are results-based. The Guide is being used for planning under way over the next year for a number of countries in the Balkans, as well as Bangladesh, Ethiopia, Haiti, Mozambique, Rwanda and South Africa.

The current government-wide Modern Comptrollership Initiative is helping the Agency identify strengths and gaps in management practices and managers' skills and competencies in a Capacity Check exercise. In 2003, CIDA will develop an integrated management action plan based on the results of the Capacity Check, the Public Service Employee Survey²⁰⁸, and a day of learning held with 800 employees held in November 2002. The implementation of Integrated Modern Management within CIDA reinforces the Agency's commitment to continue to improve management practices in support of effective development cooperation.

4.6.4 Rationalization of Processes

The use of **transparent, consistent and cost-effective business processes** is an important element of program delivery and planning in the Agency's 2003-04 programs. CIDA has made significant progress over the past year in reducing the number of business processes involved in the project cycle and will continue to standardize contracting documents and guides. CIDA will also develop and implement contracting service standards and will implement the newly developed dispute resolution mechanism for contractual processes. The Agency will ensure coherence in the different e-business activities in order to simplify and streamline proposal submissions, project management, and procurement and contracting activities.

CIDA will centralize the management of some local funds in the field to save costs and improve the consistency with which contracting and accountability requirements are met. For example, a pilot Health (HIV/AIDS and sexually-transmitted infections) project in Guyana will be managed using experimental, responsive funding selection and contracting methods. The appropriateness and lessons learned of this model will then be evaluated.

CIDA plans to continue work towards **improved practices of stewardship and conservation in Canada and abroad** in 2003-04. This "greening" of CIDA will be exemplified through the continued compliance with the Canadian Environmental Assessment Act (CEAA)²⁰⁹ and application of the lessons learned from conforming with this law in country programming. A

²⁰⁸ <http://www.survey-sondage.gc.ca/>

²⁰⁹ http://www.ceaa.gc.ca/0011/index_e.htm

new handbook will be developed to guide staff in developing policies, plans and programs in compliance with the 1999 Cabinet Directive on Strategic Environmental Assessment. An Agency-wide initiative is also underway to identify and implement measures to reduce the environmental impact of CIDA's administrative operations in Canada and overseas and to ensure that the Agency's environmental management systems are implemented, such as adherence to solid waste management practices and procedures.

4.7 Program Profiles

As CIDA moves from a project to a program-based approach, its country and partnership programs are taking on a more integrated look. The resulting current portfolio of initiatives is more closely linked with developing country priorities and programs as well as with CIDA's Key Agency Results (KARs). The following section features CIDA's experience with programming in three countries which have been selected for increased investment in coming years, as well as the experience of one Canadian partner. In particular, these cases illustrate the use of Enabling Strategies (see Section 4.5), such as improved policy analysis, increased local ownership, new programming approaches, enhanced field presence, greater sectoral concentration, and collaborative partnerships to more effectively achieve Development Results. In the partnership profile of a long-time Canadian partner - the Canadian Organization for Development through Education²¹⁰ (CODE) - the central role of capacity development, local ownership, and public engagement in achieving results is underscored.

4.7.1 Honduras: building a common vision with local leadership

CIDA's 30-year program in Honduras has focused primarily in forestry, agriculture, water, and electrical energy in the poorer provinces in the north. While successful at the project level, these interventions were hampered, in terms of a broader impact at the policy or national level, by the lack of an overall plan or vision for national development.

Following Hurricane Mitch in 1998, the governments of Central America and the international community agreed to a set of goals and principles to guide reconstruction and long-term development. This approach provided a comprehensive vision which was further refined when Honduras undertook a national consultation exercise that resulted in a Poverty Reduction Strategy (PRS) in 2001. The coordination mechanisms involving government, civil society and donors initiated during the preparation of the PRS continue as fora for priority setting, dialogue, and collaboration today. These mechanisms include the *mesas sectoriales* ("sectoral tables").

CIDA's new program delivery mechanism for Honduras, PRO-MESAS, supports activities programmed at these sectoral tables, with a \$45 million budget over the 2001-06 period. PRO-MESAS ensures consistency with the principles and strategic programming areas of Honduras's PRS and contributes to the achievement of the PRS goals, which are closely aligned with the Millennium Development Goals. PRO-MESAS also supports and strengthens the *mesas sectoriales* and other official collaborative fora at the national, departmental, and municipal levels, as a method for consensus building, priority setting, and development planning.

²¹⁰ <http://www.codecan.org/english/index.html>

Programming will be multisectoral in nature, but will emphasize the natural resource sectors of agriculture, forestry, water, and environment, and the social sectors of health, education, and sanitation. Each sector has a planning envelope of \$5 million, subject to programming decisions undertaken in collaboration with Honduran and international partners. The objectives are: reduced ecological vulnerability through ecosystem protection from degradation and destruction; sustainable natural resource management through community participation; and reduced social vulnerability through improved access to health and education. The program will integrate gender equality, environmental sustainability, decentralization, and good governance as crosscutting themes during all phases of program planning and implementation. Where appropriate, these crosscutting themes will also be expressed through explicit targeted activities.

A PRO-MESAS office has been established in Tegucigalpa, staffed by Canadian Technical Advisors for each of the above sectors, two Advisors from the International Development Research Centre (IDRC) and a Program Management Advisor responsible for performance review and information management. PRO-MESAS will draw on local, regional, Canadian, and international expertise as required to support and implement programming. All contracting of goods and services has been delegated to the field and is entirely untied. Procurement will be managed by the United Nations Development Program (UNDP) Business Office in Tegucigalpa.

4.7.2 Mali: achieving program coherence and greater local ownership

CIDA has been supporting development cooperation in Mali since 1972. The Agency's 1995-2000 program activities in Mali focused on economic growth, with significant support in social development (especially basic education), democratic development and good governance. Among the results are: a thriving credit union network with assets of 5 billion CFA francs²¹¹, which has had a significant impact on women's incomes in the target area, Nyèsigiso; a community infrastructure fund that has created 32,000 person-days of employment and created a number of construction and consulting firms; enhanced customs collection resulting in a tripling of revenues within two years; increased awareness of the democratic process and better trained local government representatives; and the provision of safe water and educational planning services.

An assessment of the 1995-2000 program yielded positive results, but also indicated a need for a closer fit between Canadian and Malian programs and a more well-developed sectoral strategy that promotes synergy and convergence among stakeholders. The assessment report advocated more capacity building, improved program delivery, the maximum use of local resources and a greater use of the program-based approach. During this period, the annual level of CIDA's bilateral support averaged \$16 million. The total support from all channels, including Canadian and international partners, averaged \$30 million per year.

Both Mali's national poverty reduction strategy and CIDA's Key Agency Results were considered in planning CIDA's programming in Mali for 2000-10. This involved extensive consultation with all Malian and Canadian partners in a process that took more than a year. The

²¹¹ Franc de la Communauté Financière d'Afrique

purpose of the new program, the budget for which is expected to continue at the present level, is to contribute effectively to poverty reduction.

The program also supports three crosscutting results: the bridging of socio-economic gender gaps, achieving better environmental balance and strengthening decentralized mechanisms, identified by Malian authorities as pivotal to sustainable development.

Most activities in the new program are part of current Malian sectoral programs in education, health and justice. Technical and financial partners in Mali are well coordinated, while the Government of Mali is accountable for program design and implementation. Local technical and professional expertise on the Canada-Mali cooperation program team ensures that there is strong capacity to analyze, monitor, plan and liaise with bilateral and multilateral partners, as well as provide ongoing support for the Malian partners in exercising increasing responsibilities for program content and management.

4.7.3 Bangladesh: collaborative partnerships and new programming approaches

Bangladesh is the largest recipient of Canadian bilateral assistance (\$36.9 million in 2001-02) and bilateral food aid (\$13 million in 2001-02). The two objectives of the Bangladesh program focus on reducing poverty by augmenting the capacity of the poor, as well as strengthening the capacity of Bangladesh, to manage its own development process while applying two priorities: basic human needs and governance.

CIDA has been involved in donor coordination, which is well-developed in Bangladesh. At the policy and program level, CIDA has been a participant in the annual Bangladesh Development Forum, the most important coordination mechanism in the country, in which approximately 30 donors participate. Indeed, the World Bank has succeeded in putting the emphasis of this forum on more of a policy dialogue with the Government of Bangladesh.

Canada has also played an active role in the high-level Local Consultative Group (CG) which provides opportunities for representatives of 22 donor countries in Bangladesh to discuss sensitive issues such as human rights and corruption amongst themselves, and with the Government of Bangladesh. CIDA has chaired sub-groups of the CG on micro-finance, NGOs, gender equality and environment.

In order to strengthen aid effectiveness and complement the government's efforts, donors have moved to programming approaches, notably in the health sector. CIDA has been actively involved in the Sector-Wide Approach (SWAp) in health. This has given new impetus to the call for more transparent and accountable governance in Bangladesh. The health SWAp represents a major institutional challenge for the government as well as for donors. Education will be another sector for increased cooperation among donors and the government. CIDA's participation in pooled funding arrangements on a major NGO initiatives - involving a local NGO, Proshika - has led to significant gains in donor harmonization. These "SWAp-like" initiatives encompass common reporting, single evaluations and assessments, consortium management and 100% pooled funding.

As Bangladesh belongs to the Least Developed Country (LDC) group, some projects of the Bangladesh program may proceed with international tenders in the future in response to the OECD new untying regulations for the LDCs. Projects through Bangladeshi NGOs such as Proshika are already fully untied.

Considerable investments have been made in building the CIDA's knowledge base in Bangladesh. In order to improve aid effectiveness, the workloads of CIDA officers in the field have been shifted towards greater sectoral and policy analysis. The Canadian Cooperation Office in Dhaka (also known as the Program Support Unit (PSU)) has also been expanded and local consultants have been hired to provide valuable advisory and technical expertise. At CIDA headquarters, continuous dialogue with other delivery channels and with Policy Branch will continue to ensure future program coherence and a corporate approach to ODA delivery. A new Country Development Programming Framework (CDPF) for Bangladesh is currently being developed for programming in the coming years.

4.7.4 CODE: focusing on capacity development

Since 1968, CIDA has supported CODE (Canadian Organization for Development through Education)²¹², a Canadian NGO whose vision is to support a sustainable literate environment in the developing world. Its mission is to enable people to learn by developing partnerships that provide resources for learning, promote awareness and understanding, and encourage self-reliance.

From 1998 to 2001, CODE's programming was strategically focused on literacy support within the basic education sector in eight African countries²¹³ and one Caribbean country²¹⁴. CODE and its partners sought to stimulate the reading skills of primary school-aged children by providing appropriate learning materials, supporting literacy educators, and supporting the publication of educational material in local languages. CODE also maintained a strong public engagement program in Canada to foster support for literacy and for CODE's activities overseas.

During this period, CIDA's annual contribution to CODE was approximately \$1.6 million. With CIDA's support, nearly 800,000 books, one third of them in local languages, are now available in schools, libraries and community centres. Training in literacy promotion has been provided to more than 4300 teachers, librarians, literacy workers and education officials and support has been provided for radio programs, posters and other promotional materials and national book fairs. Local partners now play an active role in national policy making and program design and several have been supported as resource persons at international literacy events.

In June 2000, CODE convened a strategic planning session to review its policies and goals with its African and Caribbean partners, donors, CODE Board members and staff, and Canadian constituents. An institutional evaluation by CIDA completed in March 2001 concluded that CODE had evolved into a stronger organization, had helped to strengthen its partners' capacities, and that CODE and its partners had successfully delivered on the objectives of their strategic plan for 1998-2001. The results of the planning session and of the institutional

²¹² <http://www.codecan.org/english/index.html>

²¹³ Ethiopia, Ghana, Kenya, Malawi, Mali, Mozambique, Senegal, Tanzania

²¹⁴ Guyana

evaluation fed into CODE's planning. Building on successes and lessons learned, CODE and its partners designed a five-year program in line with their revised strategic plan and corporate performance framework. Then in November of 2002, CODE held a workshop for its partners on lessons learned, which fed into their plans for 2004-06.

The overall aim of CODE's program for 2001-06, which involves 14 literacy organizations in the eight African countries and one Caribbean country mentioned previously, is to increase the capacity of children to learn. The expected results are: improved reading abilities, strengthened literate environments, and increased institutional capacities to support literate environments. The program activities are focused on capacity development in basic education. With CIDA's encouragement, CODE and its partners are also supporting national HIV/AIDS awareness and information campaigns.

Program monitoring to date suggests that CODE and its partners are on track to achieving the program's expected results. Moreover, CIDA is also supporting a six-year project in Mozambique which builds on successes and lessons learned through CODE's previous programming.

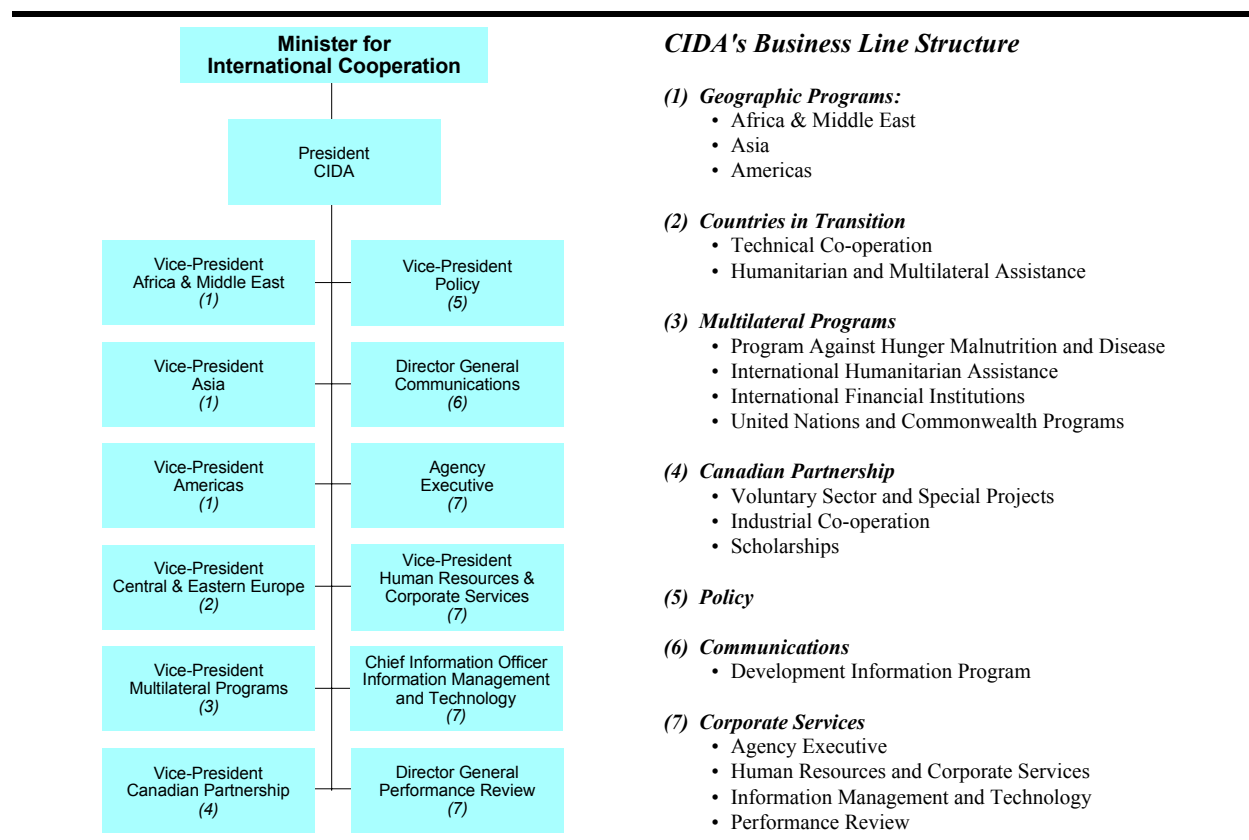
5.0 Organization

CIDA's Results-Based Management and Accountability Framework (RMAF)²¹⁵ documents the logic of its ODA and OA programming, describes the arrangements for program monitoring and evaluation, and outlines the basis on which the Agency reports, namely Strategic Outcomes, or Key Agency Results (KARs). These relate to CIDA's international work, reflected in development results, and internal functioning, reflected in enabling strategies and management tools.

5.1 Strategic Outcomes and Business Lines

CIDA has seven business lines and 12 branches. An organization chart outlining the Agency's business-line structure and accountability is presented in Chart 3.

Chart 3: CIDA Organization Chart and Business Lines Structure



²¹⁵ http://www.acdi-cida.gc.ca/cida_ind.nsf/vLUallDocByIDEn/AAEBB93A31C1EB2B85256C54006C627D?OpenDocument

The seven business lines are:

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

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

Multilateral Programs - Multilateral Programs Branch is responsible for managing Canada's global development programs through Branch participation in multilateral development institutions and through targeted programming focussed on core concerns such as emergency relief or health and nutrition.

Canadian Partnership - The Canadian Partnership Program provides grants and contributions to Canadian and international organizations - both for-profit and non-profit - to support their activities in developing countries. This funding, based on cost-sharing, is responsive to the initiatives of these organizations.

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

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

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

5.2 Strategic Outcomes, Business Lines and Resource Allocation

CIDA's strategic outcomes - the KARs - cross the Agency's business lines. Due to uncertainty regarding CIDA's budget allocations for 2003-04, at the time of publication, CIDA is not able to link the Agency's Strategic Outcomes (Development Results) with its Lines of Business. CIDA will be providing this information in the coming months. Basic information about CIDA's planned spending is provided in Table 2: Financial Planned Spending.

6.0 Departmental Planned Spending

International Assistance Envelope

The **International Assistance Envelope (IAE)** was introduced in the February 1991 budget. It funds Canada's ODA²¹⁶ and Official Assistance (OA) initiatives. ODA accounts for 96% of the Envelope. The remaining 4% is Official Assistance²¹⁷ to the countries of Central and Eastern Europe.

CIDA's departmental planned spending accounts for about 83.8% of the IAE. The rest is administered by the following departments:

- **The Department of Finance**, for the World Bank Group and for the Poverty Reduction and Growth Facility, previously known as the Enhanced Structural Adjustment Facility (ESAF), a facility within the International Monetary Fund (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 for the International Development Research Centre (IDRC), an arms-length corporation which reports to the Minister of Foreign Affairs.
- A number of **other departments** administer a small portion of the IAE, i.e. Public Works and Government Services Canada (PWGSC), Health Canada, Canadian Heritage and Human Resources Development Canada (HRDC).

Table 1 International Assistance Envelope Breakdown (Issuance Basis) presents a breakdown of the total spending. Chart 4 shows the distribution by channel of delivery.

²¹⁶Official Development Assistance is defined by the Development Assistance Committee of the Organization for Economic Co-operation 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%".

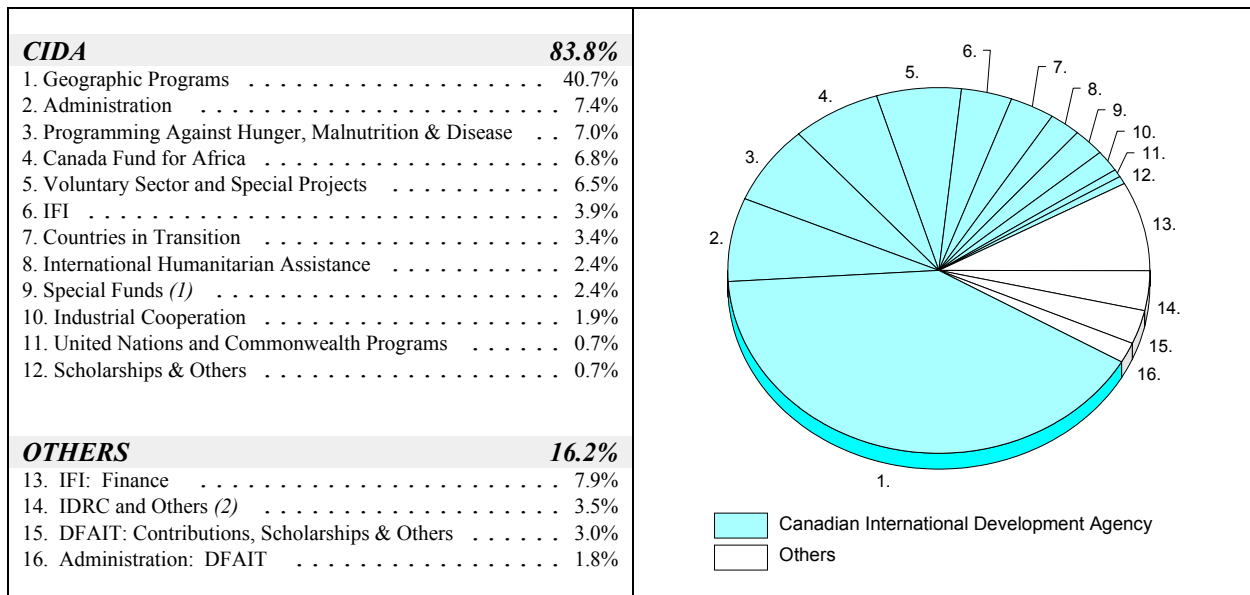
²¹⁷Official Assistance is funding provided to countries which are not eligible to receive ODA (e.g. most of the "countries in transition" of Central and Eastern Europe).

Table 1: International Assistance Envelope Breakdown (Issuance Basis) ⁽¹⁾

| (thousands of dollars) | Post Budget 2002-03 | Planned Spending 2003-04 |
|--|---------------------------|--------------------------------|
| INTERNATIONAL ASSISTANCE ENVELOPE | 2,181,761 | 2,818,797 |
| Plus: Repayment of previous years' loans | 32,816 | 33,823 |
| Others - Administration (1) | 16,099 | 2,811 |
| Others - Aid (2) | 82,040 | 62,441 |
| Gross International Assistance Envelope | 2,312,716 | 2,917,872 |
| CANADIAN INTERNATIONAL DEVELOPMENT AGENCY | | |
| AID PROGRAM | | |
| Geographic Programs | 814,663 | 1,186,684 |
| Canada Fund For Africa | | 198,294 |
| Canadian Partnership | | |
| - Voluntary Sector and Special Projects | 189,678 | 188,755 |
| - Industrial Co-operation | 56,379 | 56,517 |
| - Scholarships | 7,776 | 7,942 |
| Multilateral Programs | | |
| - Programming Against Hunger, Malnutrition & Disease (3) | 192,130 | 204,829 |
| - International Humanitarian Assistance (3) | 81,032 | 71,199 |
| - International Financial Institutions (IFI) (3) | 98,512 | 114,631 |
| - United Nations and Commonwealth Programs (3) | 20,765 | 20,515 |
| Policy | | |
| - Development Assistance | 0 | 8,698 |
| Communications | | |
| - Development Information Program | 4,307 | 4,126 |
| Special Funds | | |
| - Canadian Landmines Fund - CIDA (4) | 6,765 | 0 |
| - Balkans Program (incl. Kosovo) | 22,660 | 12,960 |
| - International Climate Change strategy (5) | 33,301 | 28,484 |
| - Algeria (6) | 13,600 | 18,000 |
| - Youth Initiative (7) | | 5,952 |
| - International Labour Organization (8) | | 3,000 |
| - Red Cross (8) | | 1,000 |
| - Voluntary Initiatives | | 1,045 |
| ADMINISTRATION | | |
| - CIDA Operating (9) | 194,774 | 204,569 |
| CIDA - Official Development Assistance (ODA) | 1,736,342 | 2,337,200 |
| PLUS OTHER OFFICIAL ASSISTANCE | | |
| - Countries in Transition - Program | 102,351 | 97,640 |
| - Countries in Transition - Administration | 10,092 | 10,267 |
| CIDA Official Assistance (OA) | 112,443 | 107,907 |
| Total CIDA (ODA and OA) | 1,848,785 | 2,445,107 |
| OTHER DEPARTMENTS AND AGENCIES | | |
| AID PROGRAM | | |
| Dept. of Finance - (International Development Association) | 230,334 | 230,134 |
| Poverty Reduction and Growth Facility (PRGF) (3) | 0 | 0 |
| International Development Research Centre (IDRC) | 92,500 | 92,500 |
| Health Canada - (for Pan-American Health Organization) | 6,500 | 6,500 |
| DFAIT (Grants and Contributions) | | |
| - Assessed Contributions | 64,650 | 68,006 |
| - Voluntary Contributions | 6,925 | 8,028 |
| - Scholarships | 8,288 | 8,288 |
| - ICHRDD | 4,859 | 4,859 |
| Public Works and Government Services Canada | 4,138 | 2,100 |
| Heritage Canada | 175 | 175 |
| ADMINISTRATION | | |
| - DFAIT (for services rendered in the field) | 45,562 | 52,175 |
| Total Other Departments and Agencies (ODA & OA) | 463,931 | 472,765 |
| Total | 2,312,716 | 2,917,872 |

1. In 2003-04, includes the non-IAE allocations for the administration of the following items: Youth Employment Initiative, \$419,000; Balkans program, \$1.040 million; Canadian Climate Change Development Fund, \$1.352 million
2. For 2003-04, see the non IAE aid fund allocations described under Special funds.
3. In 2003-04, the budget in these items was reduced by \$215 million reflecting payments and issuance of notes in 2002-03 for Canada's calendar year 2003 international obligations to select multilateral organizations and institutions.
4. The 2003-04 budget of \$9,640,000 included in the International Humanitarian Assistance as the program is now funded from CIDA's own resources.
5. In 2003-04, includes a re-profile of \$3 million from 2002-03.
6. In 2003-04, includes \$13.6 million re-profiled from 2002-03. These funds are for a four year potable water supply project in Algeria.
7. In 2002-03, the Youth Employment Initiative was included in the Voluntary Sector and Special Projects program above.
8. In 2002-03, these funds were included in the United Nations and Commonwealth Programs above.
9. In 2003-04, includes \$4,070,000 for administration of the Canada Fund for Africa.

Chart 4: 2003-04 International Assistance Envelope by Channel of Delivery



- (1) Includes Balkans Program, International Climate Change Strategy, Algeria, Youth Initiative, International Labour Organization, Red Cross, and Voluntary Initiatives.
- (2) Includes contributions to Health Canada, PWGSC, and Heritage Canada.

7.0 Assessing Performance: Measurement and Evaluation

Assessing the effectiveness of CIDA's development initiatives is a key element of the Agency's transformation into a more accountable, results-oriented, continuous-learning organization. Both internal and external reviews help the Agency to meet its mandate and objectives, demonstrate its achievements to Canadians, and continue learning and improving.

Consistent with the principles of Integrated Modern Management, and as part of CIDA's overall performance management and reporting approach, the Agency employs three distinct but complementary internal review functions. These are: performance measurement; evaluation; and internal audit. In addition to these internal reviews, there are periodic independent Agency-level reviews conducted by external bodies such as the Office of the Auditor General of Canada, and the DAC. Once every four years, the DAC undertakes peer reviews of its members' ODA programs. Canada's ODA program underwent such a peer review in 2002 (*see Chapter 3*).

7.1 Performance Measurement Strategy

Performance measurement, which includes ongoing monitoring and other forms of self-assessments undertaken by line managers, is a vital component of the Results-Based Management (RBM) approach. This kind of measurement focuses on the tracking of financial and non-financial resources, risks and progress towards intended results. Most initiatives, whether at the corporate, program or project/institutional level are subject to some form of monitoring.

Work which has started over the past year to build the linkages between results at the program level and those at the project and Agency levels will continue during the period 2003-06. Performance measurement frameworks (PMFs) are being developed and implemented. The initial focus of these PMFs will be the country programming frameworks (for bilateral programs) and institutional development programming frameworks (for Multilateral and Canadian Partnership programs). These PMFs establish the linkages and facilitate the tracking, collection and aggregation of project and non-project information that monitors progress towards program results and the contribution of such results to the broader Agency results and to the Millennium Development Goals. The issues and results to be included in the program-level PMFs are consistent with the core issues to be covered in evaluations (*see below, 7.2*).

For sector-wide investments and program-based approaches, a manual is being developed to help CIDA staff to use a results-based approach and follow the good practices promoted for donor harmonization.

7.2 Evaluation Strategy

The driving force behind evaluation is the need and desire to learn about results and benefits that are being achieved by the programs, their contribution to the Agency's overall goals and objectives as well as their value for investment relative to their success.

The more specific issues that form the core of every evaluation within CIDA include:

- **Development Results:** the extent to which the programs are achieving stated objectives and intended results; contribution of these results to Agency goals; the ongoing relevance of the program's results to the needs of intended beneficiaries; the sustainability, or potential for sustainability, of the benefits; and the relationship between results and program costs.
- **Enabling Results:** the level of policy engagement/dialogue and influence; the impact of approaches/delivery mechanisms used; the complementarity between directed and responsive programming; the level of ownership and commitment of the developing country to the goals of the program; the nature of the partnerships between the developing country and external funding agencies; and the degree of coordination among external funding agencies and the developing country.
- **Management Results:** the degree of policy and program coherence; the linkage between initiatives/projects and program themes; the effectiveness and efficiency of resource utilization; the impact of new directions on responsible spending; risk management and frameworks which support the achievement of CIDA's mandates.

7.3 Internal Audit Strategy

Internal auditing provides assurances of the soundness of risk management, management controls, and information for decision making/reporting, thereby contributing to the Agency's continuous improvement of programs, successful delivery of services, and accountability for results. In the context of **Integrated Modern Management**, the internal audit function is focused on influencing the quality of financial and non-financial performance information to improve the Agency's risk-management processes and systems. In addition, the internal audit function promotes advances in governance and accountability.

The country/program-based approach was selected as the focus level for the audit for the following reasons: it is reflective of international trends; it is consistent with the way CIDA's branches plan their activities; and it is more adaptive to a hybrid or matrix approach which allows for a focus on high-risk programming priorities and high-risk funding mechanisms. In addition, the country/program-based approach supports a shift towards a more integrated, program-oriented approach and makes possible the conduct of an audit and an evaluation at the same time.

Where programs do not directly link to countries, such as programs managed by partnership or corporate branches, a more traditional or 'functional' audit approach is considered to be most appropriate. In addition, where significant risks are identified at the project or initiative level, internal audit provides support to management to help mitigate these risks.

7.4 Current and Planned Activities

In addition to leading three country program evaluations (Haiti, Hungary and South Africa) and one institutional evaluation (Développement et Paix), CIDA is participating in several initiatives related to policy dialogues and donor coordination in the following areas:

- **Comprehensive Development Framework (CDF)**: The Agency is evaluating the principles of aid effectiveness in six countries (Bolivia, Burkina Faso, Ghana, Romania, Uganda and Vietnam) in partnership with these countries, with the World Bank, and with Denmark, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom (UK). The final report is expected to be tabled early 2003. The lessons arising from this evaluation will be shared and tested in other countries. The overall objective is to make the delivery of development cooperation programs more effective;
- **Basic Education** in four countries: A partnership of four international organizations (World Bank, UNICEF, UNESCO, and EU) and nine developed countries (Canada, Denmark, Germany, Ireland, Japan, Netherlands, Norway, Sweden and the UK) is working closely with four developing countries (Bolivia, Burkina Faso, Uganda and Zambia) to examine the effectiveness of external support to basic education programs in the four countries. The work is expected to be completed by the summer of 2003 and will provide lessons, trends and results for discussion;
- For the period 2003-06, approximately **four program-level evaluations** (one for each geographic region) and **two institutional evaluations** (one from Multilateral Programs, one from Canadian Partnership) are planned per year. Specific initiatives will be negotiated with the branches concerned. The current work plan builds on lessons learned from previous years and aligns future initiatives to the principles of *Strengthening Aid Effectiveness*. In this context, there has been a shift from a culture of oversight to one of learning; of sharing results with colleagues as well as partners in the development cooperation community; and of improving management practices.
- Three **program audits** are underway: Food Aid, Pan African and the Voluntary Sector. Here, the internal audit function also supports management through the development of an integrated risk-management strategy. These audits reflect CIDA's strategic directions and plans as articulated in the Sustainable Development Strategy and the KARs.

The Agency is also developing and refining new tools to increase learning by: mainstreaming RBM principles at the country-program level by promoting the use of a performance measurement framework based on the Agency Strategic Results Model; establishing an enhanced results-oriented approach for project monitoring and work planning; developing a conceptual

framework and companion guide which would correspond better to the core funding approach of an institutional program and facilitate results reporting at an institution-program level; integrating the RBM principles and requirements and harmonizing donor practices when engaging in program-based approaches; sharing results and lessons from the Performance Newsletter and learning series as well as accessing the OECD/DAC inventory for best practices and knowledge.

CIDA will continue to consolidate lessons and use findings to improve program design and delivery, contributing to both Enabling and Management results. The Agency will also continue to ensure that the results from its audit, evaluation and RBM work are fed into the development and management of future programming strategies.

Annex I - Financial Information

Table 2: Financial Planned Spending

| (millions of dollars) | Forecast Spending 2002-03 | Planned Spending 2003-04 |
|--|---------------------------------|--------------------------------|
| Geographic Programs | 758.6 | 849.1 |
| Multilateral Programs | 628.5 | 734.0 |
| Canadian Partnership | 274.0 | 275.8 |
| Countries in Transition | 122.0 | 112.5 |
| Communications | 11.8 | 12.0 |
| Policy | 21.4 | 29.3 |
| Corporate Services | 69.4 | 70.6 |
| Budgetary Main Estimates | 1,885.7 | 2,083.3 |
| Non-budgetary - Multilateral Programs (IFI) | 10.8 | 9.5 |
| Total Main Estimates | 1,896.5 | 2,092.8 |
| Adjustments (1) | 347.5 | 513.4 |
| Net Planned Spending | 2,244.0 | 2,606.2 |
| Plus: Cost of services received without charge | 18.2 | 20.5 |
| Net cost of Program | 2,262.2 | 2,626.7 |
| Full Time Equivalents (2) | 1,401 | 1,543 |

1. Includes, in 2003-04, \$96.5M resulting in a reduction of Note Issuances and \$12.5M from the Department of Finance for the Poverty Reduction Growth Fund (PRGF).
2. For the fiscal year 2003-04, the 1,543 FTE's are distributed as follows: Geographic Programs 553, Multilateral Programs 77, Canadian Partnership 165, Countries in Transition 99, Policy 172, Communications 76, and Corporate Services 401.

Table 3: Summary of Transfer Payments

| (thousands of dollars) | Geographic Programs | Countries in Transition | Multilateral Programs | Canadian Partnership | Communications | Policy | Planned Spending 2003-04 |
|---|---------------------|-------------------------|-----------------------|----------------------|----------------|--------------|--------------------------|
| Grants | | | | | | | |
| Programming Against Hunger, Malnutrition & Disease | 5,000 | 0 | 114,649 | 0 | 0 | | 119,649 |
| International Humanitarian Assistance | 3,000 | 2,000 | 72,099 | 0 | 0 | | 77,099 |
| Development Assistance to International Development Institutions / International Financial Institutions | 137,657 | 1,000 | 39,746 | 400 | 0 | 7,500 | 186,303 |
| Voluntary Sector Support and Special Projects | 0 | 0 | 0 | 77,788 | 0 | | 77,788 |
| Scholarships | 0 | 0 | 0 | 7,942 | 0 | | 7,942 |
| | 145,657 | 3,000 | 226,494 | 86,130 | 0 | 7,500 | 468,781 |
| Contributions | | | | | | | |
| Geographic Programs | 1,285,805 | 0 | 0 | 0 | 0 | | 1,285,805 |
| Programming Against Hunger, Malnutrition & Disease | 0 | 0 | 90,180 | 0 | 0 | | 90,180 |
| International Humanitarian Assistance | 0 | 0 | 100 | 0 | 0 | | 100 |
| Development Assistance to International Development Institutions / International Financial Institutions | 0 | 0 | 1,400 | 0 | 0 | 1,198 | 2,598 |
| Voluntary Sector Support and Special Projects | 0 | 0 | 0 | 117,964 | 0 | | 117,964 |
| Industrial Cooperation | 0 | 0 | 0 | 56,117 | 0 | | 56,117 |
| Countries in Transition | 0 | 107,600 | 0 | 0 | 0 | | 107,600 |
| Development Information Program | 0 | 0 | 0 | 0 | 4,126 | | 4,126 |
| | 1,285,805 | 107,600 | 91,680 | 174,081 | 4,126 | 1,198 | 1,664,490 |
| Other Transfer Payments | | | | | | | |
| International Financial Institutions -- (notes encashment) | 0 | 0 | 248,540 | 0 | 0 | | 248,540 |
| | 0 | 0 | 248,540 | 0 | 0 | | 248,540 |
| Total | 1,431,462 | 110,600 | 566,714 | 260,211 | 4,126 | 8,698 | 2,381,811 |

Grants and Contributions and Other Transfer Payments

CIDA grants, contributions and other transfer payments of \$2,391 million, including non-budgetary expenditures, account for 91.0% of CIDA's program expenditures. Further information is given below.

Table 4: Details of Transfer Payments

| (in dollars) | Forecast Spending 2002-03 | Main Estimates 2003-04 | Planned Spending 2003-04 |
|---|---------------------------------|------------------------------|--------------------------------|
| GRANTS | | | |
| <i>Countries in Transition</i> | | | |
| Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions | 1,217,302 | 1,000,000 | 1,000,000 |
| Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international non-governmental organizations for operations, programs, projects, activities and appeals | 6,000,000 | 2,000,000 | 2,000,000 |
| <i>Geographic Programs</i> | | | |
| Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions | 138,525,162 | 137,657,000 | 137,657,000 |
| Programming against hunger, malnutrition and disease through international development, research and nutrition institutions; Canadian, international and local non-governmental organizations ; the International Development Research Centre; developing countries, their institutions, their organizations and their agencies in such countries for the benefit of recipients in developing countries | 0 | 5,000,000 | 5,000,000 |
| Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international non-governmental organizations for operations, programs projects, activities and appeals | 0 | 3,000,000 | 3,000,000 |
| <i>Multilateral Programs</i> | | | |
| Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions | 154,312,931 | 163,998,000 | 39,746,000 |
| Programming against hunger, malnutrition and disease through international development, research and nutrition institutions; Canadian, international and local non-governmental organizations; the International Development Research Centre; developing countries, their institutions, their organizations and their agencies in such countries for the benefit of recipients in developing countries | 129,682,000 | 114,649,000 | 114,649,000 |
| Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international non-governmental organizations for operations, programs, projects, activities and appeals | 130,974,945 | 105,935,000 | 72,099,000 |

Table 4: Details of Transfer Payments (cont'd)

| (in dollars) | Forecast Spending 2002-03 | Main Estimates 2003-04 | Planned Spending 2003-04 |
|--|---------------------------------|------------------------------|--------------------------------|
| <i>Canadian Partnership</i> | | | |
| Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions | 400,000 | 400,000 | 400,000 |
| Grants to Canadian, international, regional and developing country institutions, organizations and agencies, developing country governments, their institutions, organizations and agencies, to provincial and municipal governments, their institutions, 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 | 39,625,411 | 77,788,000 | 77,788,000 |
| Development assistance as education and training for individuals | 8,017,000 | 8,248,000 | 7,942,000 |
| <i>Policy</i> | | | |
| Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions | 0 | 7,500,000 | 7,500,000 |
| Total Grants | 608,754,751 | 627,175,000 | 468,781,000 |
| CONTRIBUTIONS | | | |
| <i>Geographic Programs</i> | | | |
| Development assistance, including payments for loan agreements issued under the authority of previous Appropriation Acts, to all levels of developing country and territories governments, including their institutions, organizations and agencies, and contributions to Canadian, other donor country, international and regional institutions, organizations and agencies, to provincial governments, their institutions, organizations and agencies, and to private-sector firms in support of regional and country specific development assistance projects, programs and activities, and to persons capable of delivering aid activities or actively engaged in development issues | 680,953,022 | 632,078,000 | 1,285,805,000 |
| Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international non-governmental organizations for operations, programs, projects, activities, and appeals | 1,391,000 | 0 | 0 |
| <i>Countries in Transition</i> | | | |
| Contributions for cooperation with countries in transition in Central and Eastern Europe and the former Soviet Union | 107,736,388 | 99,186,000 | 107,600,000 |
| Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international non-governmental organizations for operations, programs, projects, activities, and appeals | 914,607 | 0 | 0 |

Table 4: Details of Transfer Payments (cont'd)

| (in dollars) | Forecast Spending 2002-03 | Main Estimates 2003-04 | Planned Spending 2003-04 |
|---|---------------------------------|------------------------------|--------------------------------|
| <i>Multilateral Programs</i> | | | |
| Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions | 1,155,000 | 100,000 | 100,000 |
| Programming against hunger, malnutrition and disease through international development, research and nutrition institutions; Canadian, international and local non-governmental organizations; Canadian individuals and private sector firms, the International Development Research Centre; developing countries, their institutions, organizations, agencies and persons in such countries for the benefit of recipients in developing countries | 99,904,594 | 90,981,000 | 90,180,000 |
| Contribution to the Inter-American Development Bank | 1,300,000 | 1,300,000 | 1,300,000 |
| Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international non-governmental organizations for operations, programs, projects, activities, and appeals | 4,516,200 | 100,000 | 100,000 |
| Incentives to Canadian, international and developing country private sector firms, investors, institutions, organizations, and governments in support of industrial cooperation programs, projects and activities | 1,250,000 | 0 | 0 |
| <i>Canadian Partnership</i> | | | |
| Contributions to Canadian, international, regional and developing country institutions, organizations and agencies, developing country governments, their institutions, organizations and agencies, to provincial and municipal governments, their institutions, 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 | 186,931,470 | 111,102,000 | 117,964,000 |
| Incentives to Canadian, international and developing country private sector firms, investors, institutions, organizations, and governments in support of industrial cooperation programs, projects and activities | 57,609,569 | 57,322,000 | 56,117,000 |
| <i>Communications</i> | | | |
| Contributions to Canadian or international communications organizations, other federal, provincial or municipal governments, broadcasters and producers, other donor country governments and institutions, organizations and agencies, and persons in support of the development information program involving the production and dissemination of development information, educational materials and related activities | 4,420,300 | 4,633,000 | 4,126,000 |
| <i>Policy</i> | | | |
| Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions | 0 | 0 | 1,198,000 |
| Total Contributions | 1,148,082,150 | 996,802,000 | 1,664,490,000 |

Table 4: Details of Transfer Payments (cont'd)

| (in dollars) | Forecast Spending 2002-03 | Main Estimates 2003-04 | Planned Spending 2003-04 |
|---|---------------------------------|------------------------------|--------------------------------|
| OTHER TRANSFER PAYMENTS ⁽¹⁾ | | | |
| <i>Multilateral Programs</i> | | | |
| (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 | 245,900,000 | 248,540,000 | 248,540,000 |
| Total Other Transfer Payments | 245,900,000 | 248,540,000 | 248,540,000 |
| Total | 2,002,736,901 | 1,872,517,000 | 2,381,811,000 |

1. Other Transfer Payments exclude non-budgetary expenditures of \$9.5 million for 2003-2004 and \$10.8 million for 2002-2003.

Table 5: Net Cost of Program for the Estimates Year

The total CIDA program cost including \$20,553 million for services provided without charge by other departments are shown in the table below.

| (thousands of dollars) | Main Estimates 2003-04 | Planned Spending 2003-04 |
|---|------------------------------|--------------------------------|
| Geographic Programs | 849,060 | 1,304,493 |
| Canada Fund For Africa | | 202,364 |
| Multilateral Programs | 743,491 | 584,602 |
| Canadian Partnership Countries in Transition | 275,824 | 281,175 |
| Communications | 112,453 | 120,867 |
| Policy | 12,041 | 11,534 |
| Corporate Services | 29,314 | 30,512 |
| | 70,640 | 70,640 |
| Sub-total | 2,092,823 | 2,606,187 |
| Services provided without charge by other departments | | |
| Operating Expenditures: | | |
| - Accommodation - Public Works and Government Services Canada | 8,067 | 8,067 |
| - Employee benefits covering the employer's share of insurance premiums and costs - Treasury Board Secretariat | 7,398 | 7,398 |
| - Legal services - Department of Justice | 434 | 434 |
| - Employee compensation payment - Human Resources, Development Canada | 154 | 154 |
| | <u>16,053</u> | <u>16,053</u> |
| Aid Expenditures: | | |
| - Imputed interest on advance payments - Department of Finance (1) | 4,500 | 4,500 |
| | <u>20,553</u> | <u>20,553</u> |
| Total estimated program cost | 2,113,376 | 2,626,740 |

1. This covers the imputed interest on advance payments. CIDA has been exempted from the Treasury Board policy on advance payments for grants and contributions. However, the additional interest charges incurred by the federal government as a result are considered to be an imputed ODA program expenditure.

Table 6: Loans, Investments and Advances (Non-Budgetary)

| (millions of dollars) | Forecast Spending 2002-03 | Main Estimates 2003-04 | Planned Spending 2003-04 |
|--|---------------------------------|------------------------------|--------------------------------|
| Payments to International Financial Institutions | | | |
| - Capital Subscriptions (L35) - African Development Bank | 4.44 | 4.44 | 4.44 |

Backgrounder on Accounting Change and IFI

Starting in 1998-99, the Government initiated a change in how it accounts for its payments to International Financial Institutions (IFIs). As a consequence, the full value of the notes is considered expended in the fiscal year in which they are issued rather than when the actual cash is drawn by the recipient institutions.

As a result of this change, information on IFI expenditures is provided on an encashment basis in Part II of the Main Estimates, whereas in Table 1 of this Report on Plans and Priorities, information is presented on the basis of planned note issuance. The table below, illustrates the difference between the two accounting methods.

Table 7: Reconciliation of the International Assistance Envelope -- Cash Basis to Issuance Basis

| (thousands of dollars) | Issuance Basis 2003-04 | Cash Basis 2003-04 | Variance |
|--|------------------------------|--------------------------|----------------|
| Gross International Assistance Envelope | 2,917,872 | 3,217,151 | 299,279 |
| CANADIAN INTERNATIONAL DEVELOPMENT AGENCY | | | |
| AID PROGRAM | | | |
| Geographic Programs | 1,186,684 | 1,186,684 | 0 |
| Canada Fund For Africa | 198,294 | 198,294 | |
| Partnership Programs | 253,214 | 253,214 | 0 |
| Multilateral Programs | 314,174 | 314,174 | 0 |
| - International Financial Institutions | 97,000 | 248,540 | 151,540 |
| Policy | 8,698 | 8,698 | |
| Communications | 4,126 | 4,126 | 0 |
| Special Funds | 70,441 | 70,441 | 0 |
| ADMINISTRATION | 204,569 | 204,569 | 0 |
| CIDA - Official Development Assistance (ODA) | 2,337,200 | 2,488,740 | 151,540 |
| PLUS OTHER OFFICIAL ASSISTANCE | | | |
| - Countries in Transition - Program | 97,640 | 97,640 | 0 |
| - Countries in Transition - Administration | 10,267 | 10,267 | 0 |
| CIDA Official Assistance (OA) | 107,907 | 107,907 | 0 |
| Total CIDA (ODA and OA) | 2,445,107 | 2,596,647 | 151,540 |
| OTHER DEPARTMENTS AND AGENCIES | | | |
| AID PROGRAM | | | |
| Department of Finance: | | | |
| - International Development Association | 230,134 | 377,873 | 147,739 |
| Other Government Departments | 242,631 | 242,631 | 0 |
| Total Other Departments and Agencies (ODA & OA) | 472,765 | 620,504 | 147,739 |
| Total | 2,917,872 | 3,217,151 | 299,279 |

References

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

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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.