

# **CIDA's Business Process RoadMap**

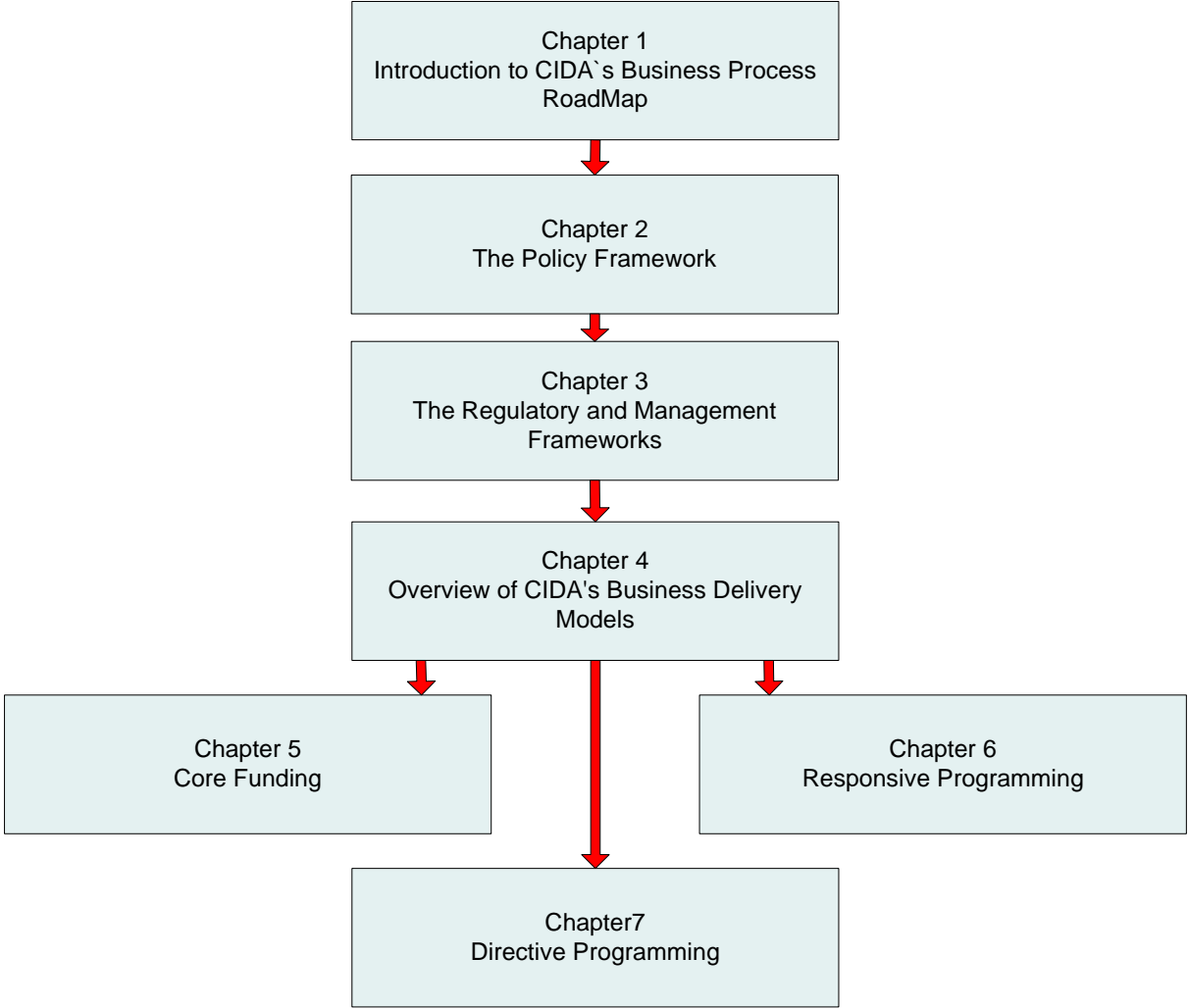
## **OVERVIEW**



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# The CIDA Business Process RoadMap



The RoadMap is a virtual or electronic document; all relevant policy and regulatory documents and reference materials are integrated into the body of the RoadMap through hyperlinks. It has been designed for use within a web browser and not as a printed document.

The Entre Nous version of the RoadMap is continually revised with the most up-to-date information.

The CIDA Business Process RoadMap is developed and managed by the Business Operations Group in the Office of the President in collaboration with CIDA's program delivery and staff branches. The RoadMap Steering Committee provides a forum for branches to address operational issues of common interest and concern and serves as a forum for the coordination of business process improvement initiatives as well as the further development of the RoadMap.

Questions on the application and mechanics of CIDA's business delivery models should be directed to the Strategic Management or Strategic Planning Division of your program branch.

## Chapter 1 Introduction to CIDA's Business Process RoadMap

### 1.0 Official Development Assistance / Official Assistance

Canada provides Official Development Assistance (ODA) to developing countries in Asia, the Americas, Africa and Europe, the Middle East and Maghreb within the context of direct country- and region-specific development cooperation programs and indirectly, through Canadian and international non-governmental organizations (NGOs), multilateral institutions, private sector organizations and other bodies.

Canada provides Official Assistance (OA) to the countries of Central and Eastern Europe and the former Soviet Union. While Official Assistance is not considered to be ODA within OECD-DAC definitions applied by member nations, it is nevertheless mandated by, and is an important component of, Canada's foreign policy.

**Canada's International Policy Statement** provides the overarching framework for Canada's ODA and OA programs.

### 2.0 CIDA's business function model

At a high level, CIDA's business function model comprises both core and enabling functions. The core functions are:

- development agenda influence and leverage;
- program funding and management; and
- reporting of Agency results to stakeholders, including program and project recipients, CIDA management, central agencies, Parliament and the Canadian public.

A set of enabling functions provides the direction and tools that allow the core functions to be carried out. The enabling functions are:

- Agency management;
- financial management;
- communications;
- information management and technology;
- human resource management; and
- administration.

### 3.0 Purpose of and background to the Business Process RoadMap

The CIDA Business Process RoadMap provides the policy, regulatory and procedural context for the conduct of Canada's Official Development Assistance (ODA) and Official Assistance (OA) programs which are delivered by the Canadian International Development Agency – the program funding and management business function.

In keeping with the **Terms and Conditions for International Development Assistance** and the accompanying **Framework Policy** as well as the **Guide on Eligible Aid Expenditures**, the RoadMap summarizes the different methodologies used to develop and implement ODA and OA projects and programs throughout an investment or project life cycle. The RoadMap provides appropriate references and links to key policies, strategies, guidelines and discussion or issue papers.

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The RoadMap has been written primarily for the use and reference of CIDA staff in headquarters and the field. It will also be of interest to the Agency's international development assistance partners in Canada and abroad as well as to those interested in the way in which CIDA delivers Canadian ODA and OA.

### **4.0 CIDA's business delivery models**

CIDA manages the planning and delivery of Canada's ODA and OA using three distinct business delivery models:

- core funding
- responsive programming
- directive programming

Figure 1 below provides a representation of the interrelationships between the foreign policy framework, the ODA policy framework, the internal and external regulatory environments and the business delivery models

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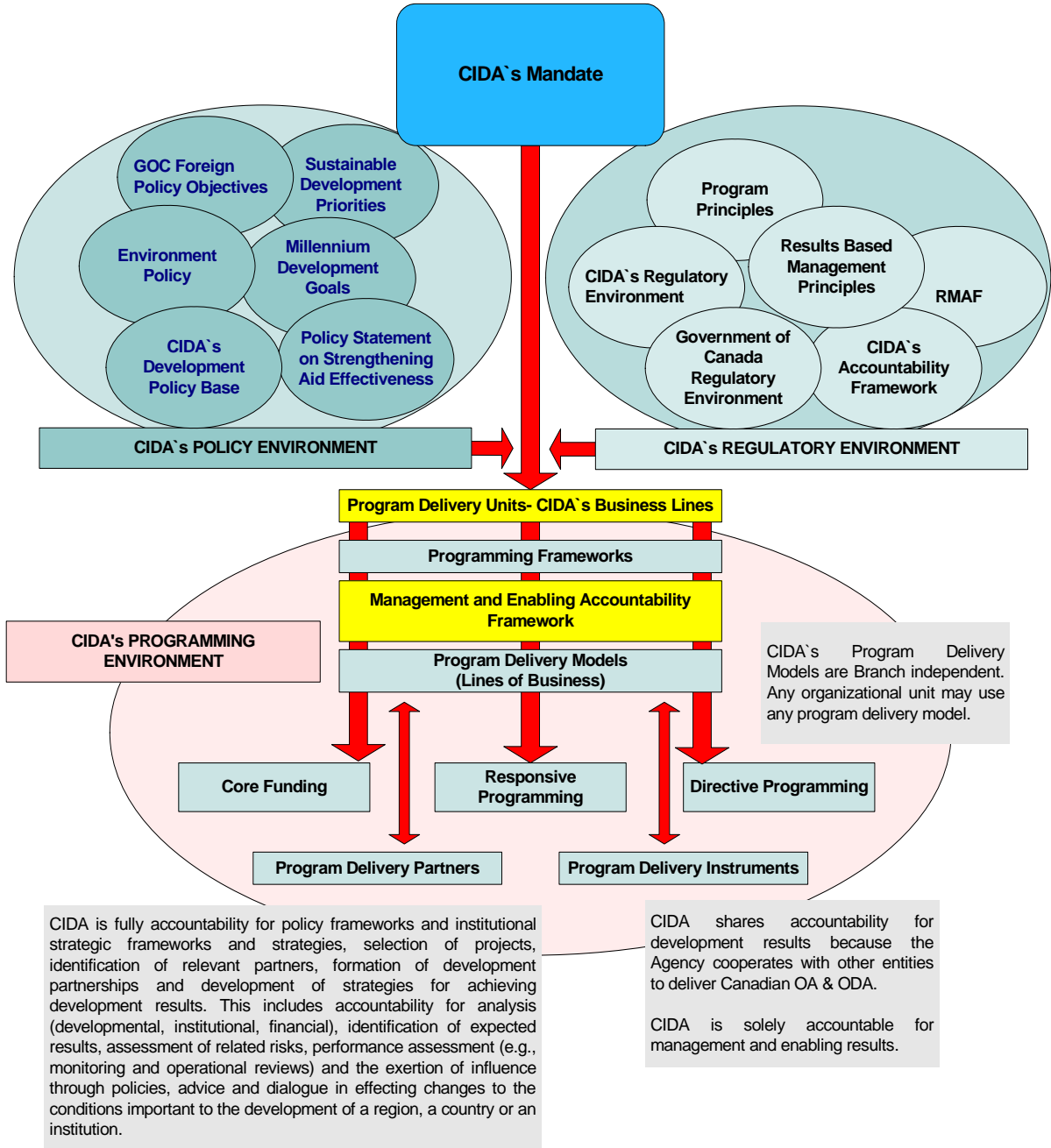


Figure 1 - Business Process Overview

## Chapter 2 The Policy Framework

### 1.0 CIDA's development policy base

A number of documents have been prepared to provide better guidance to staff regarding CIDA's mandate and program priorities.

Key among them are the following documents which set the overall direction for Canada's Official Development Assistance (ODA) and Official Assistance (OA) policy framework:

- **Sustainable Development Strategy**
- **Policy Statement on Strengthening Aid Effectiveness**
- **Shaping the 21st Century (OECD/ DAC)**
- **Results Based Management and Accountability Framework**
- **Policy on Tied/Untied Aid**
- **CIDA's Policy for Environmental Sustainability**

In addition, specific policies govern the selection, design and implementation of CIDA-funded initiatives. These include specific policy documents related to the programming priorities and cross-cutting themes.

These documents, which form CIDA's development policy base, can be found on Entre Nous and on the Agency's web site.

### 2.0 Strengthening Aid Effectiveness

CIDA has begun a journey of transformation. The **2002 Policy Statement on Strengthening Aid Effectiveness** confirms new directions for the Agency, including:

- providing increased attention to the leadership role of developing countries;
- promoting greater coordination with other donors; and
- fostering improved coherence in Canada's policies that affect our partners.

#### **2.1 Our commitment**

Canada's development cooperation policy and programs will:

- advance Canadian values of global citizenship, equity and environmental sustainability, as well as Canadian interests regarding security, prosperity and governance;
- deliver visible, durable impact on the world's key development challenges as identified in the Millennium Development Goals (MDGs);
- focus on reducing poverty through an effective and focused approach which will match Canadian niches with developing countries' needs in coordination with other donors;
- recognize and promote sustainable solutions to address the critical linkages between environmental degradation, poverty and social inequity; and
- mobilize Canadians in dialogue and participation to build our society's capacity to contribute effectively to global poverty reduction.

Moreover, the developing international consensus on the principles of aid effectiveness also

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requires that we continue to evolve some of the ways in which we do our work. **CIDA's Policy Statement on Strengthening Aid Effectiveness** describes broadly how the Agency will strive to help meet the MDGs through applying the lessons learned in aid effectiveness that are well encapsulated in the OECD's seminal work, **Shaping the 21st Century**. Functionally, CIDA has begun to incorporate these goals and principles into its annual business plan, the **Report on Plans and Priorities (RPP)**. The RPP is itself an annual update of CIDA's **Sustainable Development Strategy (SDS)**.

### 2.2 A framework for the future

Together, the MDGs, the Policy Statement on Strengthening Aid Effectiveness and the RPP form a multi-level framework for this journey of transformation. Supporting this framework is the MRRS which is currently under development. The MRRS will connect the MDGs with CIDA's program goals and form the foundation for integrated results-based planning, budgeting and reporting.

### 2.3 Integrating gender equality in all CIDA initiatives

For more than two decades, CIDA has been committed to promoting the empowerment of women and equality between women and men. CIDA's approach has evolved over that time to reflect the lessons learned from its work with different development partners, and from the world wide struggles to reach gender equality.

Progress can be made by identifying results that advance women's equal participation with men as decision-makers in shaping the sustainable development of their societies, support women and girls in the realization of their full human rights, and reduce gender inequalities in access to and control over the resources and benefits of development. To achieve these results, CIDA may approve an initiative with gender equality as a principal objective or as one of the objectives. Gender equality expected results should be clearly articulated in the design of all of CIDA's international cooperation initiatives.

Measuring progress on gender equality results requires the tracking of appropriate indicators to capture information on changes which contribute to the achievement of gender equality (This topic is treated more thoroughly in the CIDA documents **Guide to Gender-sensitive Indicators** and **The Why and How of Gender-Sensitive Indicators - Project Level Handbook, 1997**).

Gender analysis provides information to determine the most effective strategies in a particular context and to identify results that support gender equality. Gender analysis is required for all CIDA policies, programs and projects and it should inform the planning, implementation and monitoring of all CIDA initiatives. Application of gender analysis will vary according to the nature and scope of initiatives.

For example, a gender analysis done for a project that aims to increase national capacity for poverty mapping, measurement and analysis would consider the gaps and problems related to existing data and skills for analysis of the gender dimensions of poverty. Appropriate results can then be specified (e.g., improved capacity to generate data required to analyze gender differences in the incidence of poverty). Strategies to achieve these results could also be identified (e.g., technical assistance to identify data requirements, develop appropriate indicators, incorporate these into the design of an information system, and training in analysis of data generated).

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From a general perspective, in the planning process:

- gender equality is recognized as relevant to every aspect of international cooperation from macro-economic reform to infrastructure projects;
- gender analysis is carried out at the earliest stages of the project or program cycle and the findings are integrated into project or program planning;
- institutional weaknesses or cultural biases that could constrain the achievement of gender equality results are recognized in policy, program, or project design, and strategies are developed to address them;
- means are identified to ensure there is broad participation of women and men as decision-makers in the planning process;
- clear, measurable and achievable gender equality results are developed in the earliest phases of the process;
- gender-sensitive indicators, both qualitative and quantitative, are developed (this requires the collection of baseline data disaggregated by sex, as well as by age and socio-economic and ethnic groups);
- a specific strategy and budget is provided to support the achievement of gender equality results;
- partners and implementors are selected on the basis of their commitment and capacity to promote gender equality; and
- gender equality specialists are involved from the start of the planning process.

CIDA's Policy on Gender Equality provides information on the use of gender analysis as a programming tool and on strategies and activities to support the achievement of gender equality. Specific guidance is provided on various types of programming initiatives, including policy dialogue, programming frameworks, program assistance, institutional strengthening and capacity development, bilateral programs and projects, multilateral programs, initiatives undertaken with Canadian civil society partners, humanitarian and emergency assistance and peacebuilding initiatives.

### **2.4 Integrating environment in all CIDA initiatives**

Poverty reduction and the resolution of local, regional and global environmental issues represent important contemporary challenges. For example, the world's population faces various socio-economic and environmental issues associated with inequitable access to potable water, soil degradation and climate change. Although poverty does not necessarily lead to environmental degradation, these conditions are interrelated and have the potential to exacerbate each other. Poorer populations are often the most affected by environmental degradation (for example, water pollution and marginal lands), and are the most vulnerable to environmental risks (for example, weather or geology-related phenomena and conflicts having natural resource implications).

Integrating environmental considerations and optimizing environmental benefits during the design, implementation and monitoring of initiatives is a good development practice which can lead to initiatives that:

- promote sustainable development
- multiply the beneficial effects on the environment, health and society;
- promote participation by the local population early in the planning process
- are more acceptable to local populations and various stakeholders;
- clarify environmental and social problems at the outset, thereby making it possible to



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- alleviate or solve them while avoiding delays and additional costs; and
- enhance the environmental awareness and management skills of Canadian and host country partners.

The international community recognizes the interrelations between poverty and the environment, and views environmental quality as a key factor for achieving sustainable development. For example, goal number 7 of the United Nations Millennium Development Goals (2000) highlights the need to ensure environmental sustainability to efficiently combat poverty and support sustainable development. Many linkages can also be made between the environment and the other Millennium Development Goals. Furthermore, developing as well as industrialized countries have ratified various multilateral environmental agreements, recognizing the need for trans-boundary cooperation on regional and global environmental issues. Examples of such agreements include the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity, the United Nations Convention to Combat Desertification, and the Convention Concerning the Protection of the World Cultural and Natural Heritage.

Beyond these international commitments, a growing number of both industrialized and developing countries are strengthening their environmental policies and legislation to address environmental concerns at a national level. For example, many countries have developed environmental assessment legislation and the majority of donor countries and institutions have adopted environmental guidelines and environmental assessment requirements.

*CIDA's Policy for Environmental Sustainability* (1992) and *CIDA's Sustainable Development Strategy* emphasize that the environment is both a programming priority and an issue that needs to be integrated in all Agency plans, policies, programs and activities. Finally, CIDA's commitment to environmental concerns is also reflected in the CIDA document entitled *Canada Making a Difference in the World – A Policy Statement on Strengthening Aid Effectiveness* (2002) and in CIDA's Key Agency Results (2002).

Finally, as an Agency of the Government of Canada, CIDA has an obligation to enforce Government of Canada legislation and policy relating to international relations and the environment. The Canadian government's and CIDA's commitment to the environment is reflected in Canada's foreign policy statement, *Canada in the World* (1995). CIDA's operations must also comply with the *Canadian Environmental Assessment Act* (CEAA), as well as its regulations and amendments, when they apply abroad. The main purpose of the CEAA is "to ensure that projects are considered in a careful and precautionary manner before federal authorities take action in connection with them, in order to ensure that such projects do not cause significant adverse environmental effects" (excerpt of article 4(1) of the CEAA). In addition, as per the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals, CIDA must conduct and apply strategic environmental assessments when required.

In short, when considering its support for development initiatives, CIDA takes into account the international, Canadian and host country regulatory environmental frameworks. CIDA is committed to working to ensure that initiatives are planned, implemented and monitored in a socially, environmentally and economically sustainable manner.

## Chapter 3 Regulatory and Management Frameworks

### 1.0 Management frameworks

Canadian ODA and OA is planned and delivered within the general context of Canada's Official Development Assistance (ODA) and Official Assistance (OA) Policy Framework, CIDA's Development Policy Base (see Chapter 2) and specific country, regional, institutional or branch programming frameworks. In addition, the program is guided and governed by a number of other regulatory and management frameworks. Among the key Agency program management frameworks are:

- Results-based Management (RBM)
- the Agency Accountability Framework
- the Performance Review Approach
- the Results-based Management and Accountability Framework (RMAF)
- the Logical Framework Approach
- the Framework of Results and Key Success Factors (March 2000)
- the Performance Measurement Framework

**1.1 The Results-based Management in CIDA - Policy Statement** defines the Agency's management philosophy and practice to systematically focus on results to optimize value for money and the prudent use of human and financial resources. RBM is also the basis of all program and project planning, monitoring and reporting, as well as the Agency's reporting to Parliament and the Canadian public on its development achievements. Detailed information on RBM, its tools, guidelines and related materials can be found on CIDA's Performance Review Branch web site.

**1.2 The Agency Accountability Framework** defines CIDA's accountability as a federal government department at the Agency level for CIDA's senior executives, and for program and project managers and key staff at the branch level, including the bilateral programs.

**1.3 The Performance Review** approach encompasses all functions and instruments used by Agency managers and staff at all levels to assess Agency development and enabling results, including monitoring, evaluation, and internal audit and monitoring of programs and projects.

**1.4 The Results-based Management and Accountability Framework** documents the logic of CIDA's ODA and OA programming (the Key Agency Results - KARs) and describes the arrangements for program monitoring, evaluation and audit. The RMAF is an important part of terms and conditions for transfer payments. CIDA's RMAF contains the Agency's profile, including its mandate, delivery approach, organizational structure and expected results. It also spells out the Agency's review strategy, including performance management, performance measurement, evaluation and audit, and the Agency's reporting strategy. The RMAF requires a Risk-based Audit Framework (RBAF) which identifies which internal audits must be carried out

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as a priority, based on level of risk.

**1.5 The Logical Framework Approach**, using a **Logical Framework Analysis (LFA)** is a key management tool used essentially at the project level to assist CIDA officers and Canadian and recipient country partners to conceptualize:

- the **results** anticipated from a project;
- the underlying assumptions and risks; and
- how progress towards these results will be measured.

Detailed information on the application of the Logical Framework Approach can be found on CIDA's Performance Review Branch web site. See the **Logical Framework: Making it Results Oriented**.

**1.6 The Framework of Results and Key Success Factors** has established a core set of issues (such as the achievement of results, relevance, cost-effectiveness and sustainability) that form the basis for project monitoring and evaluation as well as reporting at all levels.

**1.7** At the program level, the **Performance Measurement Framework (PMF)** is included in all Country Development Programming Frameworks (CDPFs). The CDPF is a working document between CIDA and partner countries that outlines agreed-upon development priorities in relation to country partner development plans and international development targets. Hence, the **PMF** is a planning and self-assessment tool meant to outline a strategic approach that will bring CIDA, other donor partners and developing country officials together to assess, manage and achieve better development results.

Embedded in the PMF are the results-based management principles of transparency, participation, simplicity, learning by doing, broad application and accountability. More importantly, these frameworks enable us to show our commitment to the MDGs. The primary objectives of the PMF are to:

- set program performance expectations with a focus on longer- and medium-term outcome results;*
- measure and assess CIDA's international development interventions from a country program perspective;*
- enhance management and decision-making in order to track progress toward achievement of the desired results as stated in the CDPF;*
- enable better performance reporting, based on more clearly identified development results grounded in the developing country Poverty Reduction Strategy / National Development Plan (PRS/NDP); and*
- emphasize a results-oriented culture at the program level by serving as a capacity development tool for CIDA geographic branches and all stakeholders (including other donors, Canadian partners and the developing country government administration).*

The latter two objectives of better reporting on results and capacity development are in line with CIDA's programming principles.

The PMF must address the following elements:

- the desired results to be achieved, especially those on the longer- and medium-term outcome-level;
- the link between those results and the priorities of the partner country (e.g. Poverty

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- reduction strategy (PRS), national development plan (NDP)) and with higher-level goals (e.g., MDGs);
- the link between planned project-level results to country program-level results, and how those projects contribute to the overall medium- and longer-term developmental outcomes and impacts desired in a country;
- the balance between results, critical assumptions and resources, through addressing the links between results and resources, and through the monitoring of critical assumptions; and
- the contribution of CIDA's development interventions to particular outcomes and the overall impact, and to certain beneficiaries or beneficiary groups, with particular attention paid to the "value-added" of CIDA's efforts in developing countries.

Just as the CDPF is meant to be a dynamic document subject to continuous analysis and revision, the PMF is a living tool that will require periodic updates to take into account subsequent changes made to PRS/NDP objectives and targets, significant changes in resource allocation, directions, and priority areas, and yearly progress made toward the achievement of expected results. In order to foster dialogue and inform decision-making, it is recommended that the frequency of PMF revisions and updates be part of the annual program planning and performance reporting cycle.

A country program-level development result will be based on the results of a number of projects (or programs equivalent to project-level interventions) which, together with initiatives from other stakeholders, contribute towards the achievement of that particular result.

The PMF is divided into two major sections, the **Strategic Results Framework** (SRF) and the **Results Assessment Framework** (RAF). In general, the SRF outlines the logical results chain of the country program strategy from impact to outcome levels, and links those results to the partner country's development or poverty reduction strategy, CIDA's Agency and branch-specific results (e.g. KARs), and the Millennium Development Goals (MDGs).

The RAF captures the country program results achieved at the medium- and longer-term outcome levels, and compares them to the results expected at those levels. The explanation of the variance between what is achieved and what is expected is further examined in the RAF. Lessons learned from the analysis are to be applied in management decisions, mitigation efforts and other relevant activities in order to keep the country program on track towards the desired results.

The SRF is meant to address the first and the last objectives of the Performance Management Framework - setting program performance expectations and emphasizing a results-oriented culture - as stated above. It is the minimum requirement for the CDPF submission to Policy Committee. The starting point of the CDPF, and hence the Strategic Results Framework, is the partners' national development plan, PRS or equivalent strategy. The impact and longer-term results statements should reflect what partners have stated in their own development strategies.

The CDPF process is expected to outline CIDA's past programming in the country, including the results that have been achieved thus far, as well as the lessons drawn from past development interventions that were both successful and unsuccessful. This previous performance assessment, which may be reflected in a country program evaluation or review, will serve as background material that will inform the drafting of the new CDPF, and hence the SRF.

Since the CDPF and hence the PMF constitute a corporate document, the expected results of

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the country program should be agreed upon by various agency stakeholders involved in programming in that country, which includes both bilateral and the other program branches.

### 2.0 CIDA's regulatory environment

CIDA is designated as a department of the Government of Canada for the purposes of the Financial Administration Act (Order-in-Council P.C. 1968-923 dated May 8, 1968). It acts under the authority of the Minister of Foreign Affairs. The specific authority of the Minister of Foreign Affairs and of the Minister of International Development is found in the Department of Foreign Affairs and International Trade Act, in the Annual Appropriation Act and in the International Development (Financial Institutions) Assistance Act.

As a department, CIDA and its operations are subject to the normal legislative and regulatory requirements established for government departments in a number of acts and regulations, including the Financial Administration Act, the Government Contracts Regulations, the Canadian Environmental Assessment Act, and the various regulations and directives of the Treasury Board Secretariat regarding government operations.

In those cases where the Agency does not follow generic government policies and practices (such as for project approval), CIDA is required to seek the specific approval of the Treasury Board (a committee of Cabinet).

The Results-based Management and Accountability Framework (RMAF) describes CIDA's accountabilities with respect to development, enabling and management results and defines the linkage between CIDA's program activities and the KARs and Millennium Development Goals (MDGs). CIDA's Report on Plans and Priorities (RPP) is its annual workplan based on the RMAF. Its Departmental Performance Report (DPR) to Parliament is the product of the consolidation of the Branch Performance Reports (BPRs), into which are fed program-level results reports with inputs from specific Annual Project/Program Performance Reports (APPRs).

The roles and authorities of specific individuals including the Minister, the President, Vice-Presidents and senior officials of CIDA are further defined in the Agency's delegation of authorities instruments, the Agency Accountability Framework, and various other specific Treasury Board approvals.

### 3.0 Other regulatory and management framework elements

Other key elements of the regulatory and management frameworks governing the ODA and OA programs include:

Government policies, acts and regulations, including:

- the Financial Administration Act
- the Cabinet Directive on Strategic Environmental Assessment (SEA) 1999
- the Government Contracts Regulations
- the Foreign Service Directives
- the Technical Assistance Regulations
- the Treasury Board Policy on Transfer Payments
- the Guide on Grants, Contributions and Other Transfer Payments

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- Results for Canadians: A Management Framework for the Government of Canada (2001)

CIDA-specific policies and regulations, including:

- the Terms and Conditions for International Development Assistance
- the Framework Policy for International Development Assistance
- the Guide on Eligible Aid Expenditures
- the Canada Fund for Local Initiatives Guidelines
- Counterpart Funds Policy and Guidelines
- Administrative Bulletin on Advance Payments
- Interest Earned on Advance Payments
- Tied / Untied Aid Policy - Technical Notes
- Delegation of Selection Authorities and Contractual and Financial Signing Authorities
- Canadian Partnership Cost-sharing Policy
- Contracts and Contribution Agreements Audit Policy
- CIDA Overhead Rate Policy
- Results-based Management in CIDA
- CIDA Evaluation Guide
- Audit Processes

### **4.0 Application of the elements of the regulatory and management framework**

CIDA staff are responsible for the application of the various elements which comprise the regulatory and management framework in their activities. Questions on the application of the various elements of the regulatory and management frameworks should be addressed to the functional specialists (financial and performance review) in your branch.

## Chapter 4 Overview of CIDA's Business Delivery Models

### 1.0 Introduction

CIDA's business management practices are structured around three delivery models, each of which has been designed to allow for the discharge of specific accountabilities in channelling Canadian ODA/OA resources to development initiatives:

- Core Funding
  - used when CIDA chooses to **support entities** (organizations, institutions or recipient countries) involved in development initiatives that are expected to yield developmental results reflecting CIDA goals and objectives;
- Responsive Programming
  - used when CIDA agrees to **support development initiatives** conceived by a proponent which are consistent with the goals and objectives of CIDA's programs; and
- Directive Programming
  - used when CIDA **takes the lead in designing development initiatives**. These initiatives may eventually be implemented by CIDA or through another organization under CIDA's supervision.

### 2.0 Context

The three delivery models are applied within the context of the Terms and Conditions for International Development Assistance, the ODA Policy Framework, CIDA's Results-based Management and Accountability Framework, and other internal or program-specific management and programming frameworks and guidelines.

The Terms and Conditions for International Development Assistance and Framework Policy define classes of ODA/OA-eligible recipients.

Canada's ODA Policy Framework and CIDA's Development Policy Base provide the policy framework within which all ODA and OA programming takes place at the program or initiative level.

The Results-based Management and Accountability Framework articulates a reporting and accountability structure based on the Key Agency Results stemming from program-level initiatives.

Programming and management frameworks:

- define the specific nature of CIDA's relationship with recipients and partners;
- provide a mechanism for consultations with recipients and partners on ODA/OA issues;
- provide coherence to identify, plan, monitor and adjust funding initiatives;
- are essential for reviewing the performance and results of organizations and institutions;
- establish the specific parameters which define the basis upon which CIDA leads or participates in development assistance efforts in a specific country or region or with an eligible institution;
- define the basis for Canadian assistance to particular organizations or institutions; and,
- provide an analytical and planning "bridge" to link CIDA's corporate priorities as expressed in the Key Agency Results with specific programs and initiatives.

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Guidelines are specific to individual business processes within each of the business delivery models. They are defined within the context of programming and management frameworks and define the basis for CIDA contributions to the activities of organizations and institutions involved in programs reflecting CIDA's objectives. Guidelines may also define the extent of CIDA's financial participation for certain types of programming activities. In the case of responsive programming, guidelines clearly define content requirements for proposals.

### 3.0 Overview of the business delivery models

A key concept which underlies the application of the business delivery models is that of Agency-wide use. The relevant models themselves are organizationally neutral; they can be used by any programming branch - bilateral, multilateral or Canadian partnership. Their application in a particular situation is governed by the applicable management and programming frameworks.

#### 3.1 Core funding

***"We have a common interest; let us supplement the institutional resources you have available to allow you to do more."***

In this business model, CIDA determines that it is appropriate to provide support to an organization, institution or recipient country. In such cases, there is a complementarity of interests which can be defined at the institutional level (rather than the individual project level) - a "strategic alliance".

Choice of this model is predicated upon the assumption that CIDA will not become involved in the details of individual initiatives funded by the entity.

CIDA generally plays no role in the initial identification, design, or implementation of the specific programs or initiatives to be implemented. Rather, the Agency provides resources to supplement the actions of another organization or institution that are judged to contribute to attaining the goals and objectives of the Canadian Development Assistance Program at the mandate and policy level.

With this model, CIDA devotes its staff resources to:

- the performance of a due diligence examination of the eligibility and managerial capabilities of the organization or institution involved; and,
- a determination that the developmental results of its activities should contribute to attaining some or all of the development results CIDA itself is trying to attain with its own programs.

In deciding to use this instrument, CIDA assumes accountability for its decision that the other organization or institution:

- is an appropriate partner for CIDA and the use of Canadian ODA funds;
- is capable of identifying and assessing developmental needs;
- can design and implement developmentally sound initiatives; and
- should yield results that reflect Canadian ODA policies and respond to CIDA's priorities.

In summary, in using the core funding business delivery model, CIDA:

- directs Canadian ODA/OA to eligible recipients by supporting the development assistance activities of other organizations or institutions;



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- provides resources to supplement the actions of another organization or institution that is judged to contribute to attaining the goals and objectives of Canadian ODA/OA;
- enters into a funding arrangement with the implementing agent that places minimal conditions on the use of Canadian funds; and
- defines the framework it will use to monitor at the organization or institution level and, exceptionally, at the initiative level (outcomes and impacts).

Examples of initiatives undertaken using this model include financial support to multilateral organizations such as development banks or specialized UN Agencies.; funding of major NGOs at either the organization or general program level; or, in certain cases, pooled funding or budgetary support.

Core funding is normally provided through a grant although, in certain cases, CIDA may wish to have a greater degree of oversight and will therefore provide its support in the form of a contribution.

### 3.2 Responsive programming

#### *“You design, we contribute, you implement”*

In this business model, CIDA agrees to provide financial support to development initiatives identified and put forward by a proponent. A responsive proposal will be considered when it clearly identifies expected results and relates to the priorities of a CIDA programming framework or, where no framework exists, responds to broader CIDA or recipient programming priorities.

CIDA may solicit proposals that must respond to a specific programming framework or parameters either on a first-come, first-served basis or within a time-bound competitive framework. CIDA retains the right to either accept or reject the proposal based on the caliber of the proposal and how well it fits with CIDA or the recipient's programming priorities.

In a responsive context, CIDA does not redesign an initiative submitted by a proponent. However, CIDA does retain the right to identify the deficiencies in the original proposal and to inform the recipient of these deficiencies. In general, these deficiencies would relate to i) the internal consistency of the proposal; ii) whether the resources identified (budget) are sufficient to achieve the results; and, iii) whether the proposed personnel are qualified to carry out the work. This is part of CIDA's due diligence in reviewing the proposal and it would be the proponent's responsibility to redesign the project. CIDA may provide advice to the proponent, but the ultimate responsibility for accepting that advice and modifying the proposal rests with the proponent.

In certain cases, CIDA will determine that, while the underlying concept contained in a proposal has merit, the design of the proposed initiative requires significant additional work in order to make it acceptable for CIDA funding. In a responsive context, CIDA cannot provide technical and design advice to the proponent. CIDA may, however, choose to take the lead in the design of the proposed initiative, in which case:

- the potential project is treated as a directive initiative; and
- the proponent is retained to carry out the design and implementation under a directed contract; however, there are specific and limited reasons for such action under the terms of the Government Contracts Regulations (GCRs). A contract officer must be consulted prior to any discussion with the proponent. Normally, such a course of action would be avoided unless a clear case can be made within the provisions of the GCRs.

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With this model, CIDA devotes its staff resources to:

- performance of a due diligence examination of the eligibility and managerial capabilities of the proponent involved (as with core funding);
- a technical review of the proposed initiative; and
- a determination that the developmental results of the initiative should contribute to attaining some or all of the development results CIDA itself is trying to attain with its own programs (as with core funding).

As is the case with core funding, in deciding to use this instrument, CIDA assumes accountability for its decision that the proponent:

- is an appropriate partner in the use of Canadian ODA/OA funds;
- is capable of identifying developmental needs;
- has designed and can implement a technically sound initiative; and
- will produce results that reflect Canadian ODA policies and respond to CIDA's priorities.

In summary, in using the responsive programming model, CIDA:

- manages contributions towards individual projects or programs proposed by others;
- determines the parameters within which these initiatives may be developed and enters into a dialogue with project proponents as to their plans for the design and delivery of any initiative; and
- remains accountable for deciding whether a specific proponent is competent to implement a development initiative it has developed and whether the goals and objectives established for the initiative are compatible with Canadian ODA/OA policies and programming objectives.

Examples of initiatives undertaken using this model include the Industrial Cooperation Program, the NGO Project Facility, the Conference Secretariat, and the Bilateral and CEE Responsive Mechanisms.

Depending on the degree of oversight and involvement CIDA wishes to maintain and the track record of the organization or institution, CIDA will provide support as either a grant or a contribution.

### 3.3 Directive programming

#### *“We design, we implement”*

In directive programming, CIDA has a direct role in the design of an initiative in order to provide the most appropriate means of ensuring its relevance in meeting recipient needs within the context of CIDA's mandate, programming priorities and policies. While CIDA generally contracts specialized resources to support the design and to implement the initiatives, the Agency retains accountability for the design and the supervision of the implementation of Canada's contribution to the initiatives. This model also applies where CIDA has determined that the design of an initiative proposed under the responsive programming model requires significant additional work in order to make it acceptable for CIDA funding and has chosen to take the lead in the design of the proposed initiative (see Chapter 4, Section 3.2).

The directive model may follow a design and implement approach (two stages, one implementing organization) although in some cases, CIDA may contract expertise to assist in the design and then competitively select an organization to implement the initiative. Implementing organizations are normally selected through a competitive process except where

## The CIDA Business Process RoadMap

a rationale exists for continuing with a well performing implementing organization from a previous project phase or when a directed contract is the most appropriate means of addressing a requirement. In this case, specific approval is sought to continue with the same implementing organization or to use a preselected contractor as an implementing organization. In such cases, a directed contract may occur only in limited, specific circumstances where authorized by the exceptions in the Government Contracts Regulations.

Where a decision is taken to use a design-and-implement approach (using a single implementing organization) it is essential that the Project Approval Document describe the design phase of the project in detail, the likely implementation in more general terms, the methodology for seeking approval for the implementation following completion of the design, and the exit strategy to be used in the event that the proposed intervention is deemed not viable during the design stage or the implementing organization is deemed not suitable to carry out the implementation phase.

In using the directive programming business model, CIDA devotes a significant proportion of its staff time to needs assessment and then the subsequent definition of the detailed design of the project.

In deciding to use this instrument, CIDA assumes accountability for:

- the needs assessment leading to an ODA/OA initiative;
- the "fit" in relation to Canadian ODA/OA policies and priorities;
- the selection of appropriate resources to design and implement the proposed initiative;
- the approval of the ODA/OA initiative; and
- the monitoring of all aspects of the project throughout its life cycle, taking corrective action as appropriate.

Using the directive programming business delivery model, CIDA:

- actively manages the design and supervises the implementation of a specific initiative, generally using contracted expertise;
- negotiates a contract to ensure appropriate design and implementation of the project; and
- has direct involvement throughout the life cycle (identification, design, contracting and monitoring) of the initiative.

Within the context of planning a directive initiative, CIDA may determine that some of the objectives may be best met through the provision of core funding to an institution or through the establishment of a responsive project mechanism within the larger initiative. In these cases, the initiative still remains directive.

Examples of directive programs include traditional bilateral programming.

Directive programs are implemented using a contract.

#### **4.0 Choosing a business delivery model**

The choice of a business delivery model is governed by three factors - accountability, the source of an investment idea and the degree of CIDA involvement in the design and delivery of an initiative.

#### **5.0 Accountability considerations**

The Results-based Management and Accountability Framework establishes CIDA's accountability for developmental and enabling results. While each delivery model may have different accountability considerations, in all cases, CIDA remains accountable for the decisions it takes, including those related to ODA/OA resource allocation and monitoring.

In general terms, CIDA is fully accountable for establishing appropriate policy frameworks or institutional strategic frameworks and strategies. They form the basis for the selection of development initiatives, identification of relevant partners, formation of development partnerships, design of specific development initiatives and the development of strategies for achieving development results. This involves various forms of analysis (developmental, institutional, financial), identification of expected results, assessment of related risks, performance assessment (e.g., monitoring and operational reviews) and the exertion of influence through policies, advice and dialogue in effecting changes to the conditions important to the development of a region, a country or an institution.

CIDA is accountable for value-for-money calculations (such as implementing organization selection), the management of contractors who carry out tasks on behalf of CIDA, and for taking corrective actions related to the management of development initiatives.

CIDA is also accountable to collect and maintain information on the funded activities so that they can be reported on in reasonable detail to Parliament, to the Canadian public through governmental and other institutional reporting channels, and to international organizations such as the OECD/DAC. In addition, this information is used for planning, analysis and coordination purposes. In the case of directive programming, CIDA gathers and records tombstone data as well as performance and financial information. In the case of both core funding and responsive programming, the funded organization is responsible for reporting relevant and credible information showing the benefits of the funding it has received.

For all delivery models, CIDA is accountable:

- for developing and implementing appropriate policies and practices to ensure compliance with Government policy, legislative and regulatory instruments;
- for the quality of its management and programming frameworks and the clarity of the guidelines it provides to proponents;
- for ensuring that the conduct of the type of ODA/OA activities proposed contributes to furthering Canadian ODA/OA policies and objectives;
- for ensuring the quality of the analysis of the development situation that suggests a particular type of initiative, or program of initiatives, is appropriate;
- for ensuring that facilities exist for its own staff to obtain timely access to current information and knowledge relating to the context within which any initiative will be delivered and to the technical aspects of the initiative itself;
- for ensuring that processes exist for the responsible exercise of delegated authorities and for the appropriate securing of authorities where no delegation exists; and
- for ensuring that an appropriate review process is in place and used to ensure that all initiatives supported by CIDA meet the managerial accountabilities identified above.

## The CIDA Business Process RoadMap

### Summary of CIDA's Accountabilities

Core Funding	Responsive Programming	Directive Programming
The definition of the characteristics of the program of initiatives CIDA wishes to undertake within a specific context (country, region, theme, priority, institution etc.).		
Eligibility of the institution	Eligibility of the proponent and the proposed initiative	Eligibility of the recipient
		<ul style="list-style-type: none"> <li>• Decisions taken in the design of any specific initiative from developmental, technical and managerial perspectives.</li> <li>• The determination that any specific initiative is appropriate from technical and managerial perspectives.</li> </ul>
Appropriate management, risk assessment and mitigation, monitoring and evaluation regimes developed to monitor and measure progress and to assure CIDA obtains value for money appropriate to the initiative and the transfer instrument.		
Assessment of the competence of the institution.	Determination that the proposed initiative is sound and that a proponent is technically and managerially capable of undertaking the proposed initiative.	Decisions taken in the selection of the most competent implementing organization available, including: <ul style="list-style-type: none"> <li>• decisions taken in seeking proposals for the design and delivery of the initiative or, on an exceptional basis, to seek implementation of an initiative that is designed by CIDA; and,</li> <li>• decisions on the selection of the CEA resulting from the analysis and evaluation of proposals submitted.</li> </ul>
Decisions taken in finalizing an intergovernmental arrangement, grant or contribution agreement or contract that observes CIDA and TBS guidelines as appropriate to the initiative being funded.		
Decisions taken in response to information obtained through the implementation of the agreed monitoring (monitoring, audit and evaluation) and progress reporting regimes.		
Assessment of the performance of the recipient institution(s) at the end of funding agreement.	Assessment of the overall performance of the proposal proponents against the established results-based management and accountability framework.	
		Decisions taken to rectify problems or to amend the design or scope of initiatives undertaken.
Determination that a proposed initiative would contribute to the furtherance of Canadian ODA/OA policies / objectives.		

## Chapter 5

# The CIDA Business Process RoadMap

## Core Funding

### 1.0 Introduction

Core funding is used when CIDA seeks out and chooses to support another entity which is implementing developmental activities that contribute directly to the accomplishment of Official Development Assistance (ODA) or Official Assistance (OA) goals and objectives endorsed by Canada. Support is provided at the institutional level.

Chapter 4 (Section 3.1) provides an overview of the core funding business delivery model with respect to the rationale for use, characteristics and accountability considerations.

This chapter provides a description of the principal steps in the generic core funding / institutional support business model. For more detailed information on core funding including the use of pooled funding and budgetary support with the context of program-based approaches staff should consult the Guide to Core Funding.

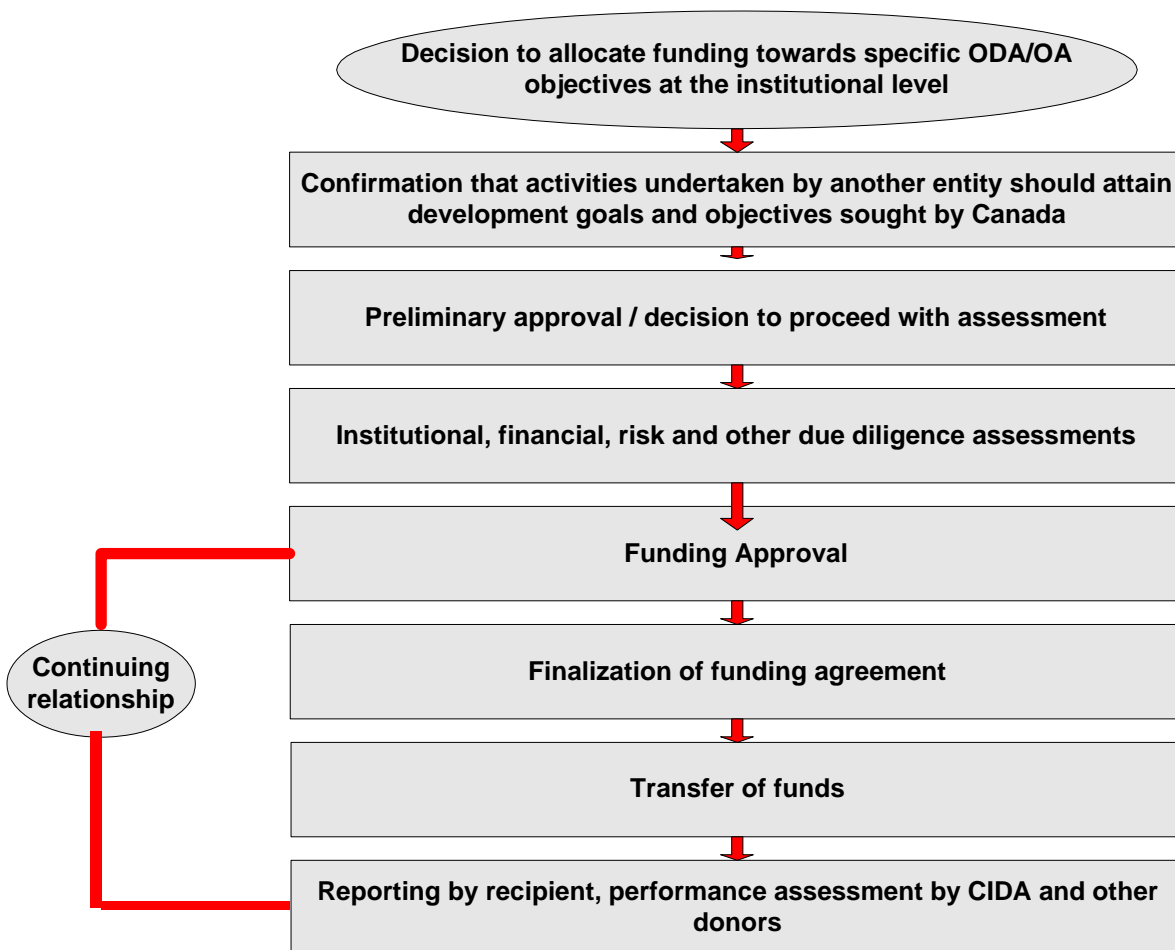


Figure 3 Core Funding Business Process

## **2.0 The generic business model for core funding**

### **2.1 Decision to allocate funding towards specific ODA / OA goals and objectives (preliminary approval)**

CIDA will identify an organization or institution to which it wishes to provide core funding or an organization or institution approaches CIDA seeking core funding for its activities. An initial decision is made as to whether the provision of core funding may further CIDA's goals and objectives.

### **2.2 Confirmation that activities undertaken by another entity should attain developmental goals and objectives sought by Canada**

In the development of program strategies, CIDA will identify those organizations or institutions that are undertaking activities which are considered supportive to CIDA's program goals.

### **2.3 Institutional assessment**

Where an organization has no track record with CIDA, it is particularly important to benefit from the knowledge of other development agencies who have provided funding to the organization or institution.

Performance and institutional information, together with the results of Financial Risk Assessment Unit (FRAU) investigations and other appraisals (such as due diligence or gender equality assessment) all form the basis for a recommendation to provide core funding.

The assessment of an organization to determine its eligibility for core funding must include an examination of the organization's policies and practices with respect to cross-cutting themes, including gender equality and the way the organization addresses gender issues in its programming.

The organization should be assessed for its alignment with the principles outlined in CIDA commitments to gender equality. This assessment will yield some general conclusions about whether the institution is in a good position to achieve gender equality results. The following document sets out the five assessment factors that reflect the rationale for providing core funding as well as the international consensus on strategies for achieving meaningful gender equality results. The gender equality assessment will range from 'excellent', 'good', 'promising', and 'of concern'. With a potential new partner organization, CIDA will have to determine whether an organization with ratings of 'promising' or 'of concern' merits core support or whether CIDA should dedicate resources to assisting the organization in improving its performance.

The [Framework for Assessing Gender Equality Results](#) proposes a review of annual institutional or organizational reports to assess complementarity with CIDA commitments to gender equality. This assessment process will point to strengths and weaknesses that could be the basis of further investigation of factors that contribute to positive performance, or those that constrain performance, and thus provide constructive input to efforts to improve performance.

With respect to the environment, CIDA-funded organizations are expected to possess a level of institutional capacity commensurate with the degree to which their activities affect the environment. This could include having access to, or resources for, environmental expertise. In

## The CIDA Business Process RoadMap

addition, partners are expected to integrate environmental considerations into the planning/design of initiatives.

CIDA strongly encourages organizations whose programming has substantial environmental linkages to develop a basic environmental management system as a means of demonstrating their capacity to meet particular environmental requirements.

An environmental management system is a tool used to translate environmental commitments into practice. It is a systematic management tool that provides a framework for practices, procedures and processes to implement an organization's environmental policy, manage their environmental action plan, and finally, document, communicate and evaluate their environmental performance. This type of tool is recognized internationally and can be useful for any organization that wishes to improve and document the environmental performance of their activities in the field, as well as their internal operations.

The level of detail of an environmental management system varies between organizations depending on the nature of their operations. A basic environmental management system typically presents the organization's environmental policy or objectives, implementation strategy / environmental action plan and associated tools. Fairly extensive systems are suggested for those organizations that carry out physical works or other activities that are closely related to the environment and natural resources.

Internal and possibly interdepartmental consultation establishes a CIDA position which forms the basis for the development of a decision memorandum.

Concurrent with the development of a decision memorandum, CIDA will define any specific performance and reporting requirements that will apply to the funding to be provided. These requirements are negotiated, and once agreed upon, they form part of the final approval decision document.

### **2.4 Funding approval**

The decision memorandum is submitted to the delegated approval authority. The delegated authority for CIDA accepts, modifies and accepts, or rejects the recommendation for core funding. The approval memorandum identifies whether the funding will be provided as either a grant or a contribution. The decision memorandum will include paragraphs on gender equality and on the environment, including applicability of the Canadian Environmental Assessment Act. For decision memoranda submitted to the Minister for approval, the applicability of the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals must be considered.

### **2.5 Finalization of agreement**

The terms and conditions for the funding agreement are negotiated, and once agreed upon, a contribution or grant agreement is signed.

### **2.6 Transfer of funds**

Funds are transferred in accordance with the terms of the funding agreement.

The organization or institution provides narrative and financial reports in accordance with the



## The CIDA Business Process RoadMap

terms of the contribution or grant agreement. Periodic reporting for specific projects may be required by the contribution or grant agreement.

### **2.7 Performance assessment**

Ongoing performance information supports decisions with respect to continued funding of an organization or institution.

### **2.8 Closure**

If no replenishment is undertaken, then project closing documentation is completed and information in the Agency Information System is updated.

Where funding is time-limited, the institution provides any final reports stipulated in the funding agreement. Administrative closing activities are undertaken, any final audits and reconciliations are carried out and final disbursements are made. Lessons learned are identified and disseminated.

### **3.0 Operational or management issues with existing partners**

When ongoing performance assessment activities result in the identification of operational or management problems or deficiencies within an organization or institution, CIDA may, separately or in conjunction with other donors, either suspend funding pending the implementation of acceptable reforms or make currently approved or new funding conditional on defined progress towards the implementation of satisfactory institutional reforms.

In such cases, CIDA would normally consult with other donors and interdepartmentally.

### **4.0 Managing long-standing institutional support / core funding relationships**

When Canada sits on the Board of an organization or institution (or is represented on the Board by another party), there is generally a long standing relationship. In these cases, CIDA plays a role in the overall governance as a member of the Board of Governors or Executive Board. After consultation with other donor partners, sometimes joining their views on performance or governance issues, the Agency provides input on overall policy and program direction and therefore on the broad management framework for the institution (but not individual projects).

Through its membership on the Board, CIDA may participate in the approval of institutional workplans and the definition of performance, monitoring and reporting standards. The information gained through these activities, together with the performance information collected, will support peer reviews of the operation of the organization or institution. It will also allow CIDA to maintain an overview of the overall performance of the organization or institution and the relationship of its activities to Canada's ODA or OA policy objectives such as gender equality and the environment.

## **5.0 Annual funding approvals for UN and Commonwealth organizations**

Each year, the Agency advises the Minister as to which UN and Commonwealth institutions should receive core funding (the list has been relatively stable for many years) and recommends appropriate funding levels for each. Ideally, the recommended amounts reflect a number of factors: the importance of the organization's mandate; its effectiveness (and where necessary, progress on reform measures); the organization's complementarity to CIDA policies and priorities; Canada's relative "share" vis-à-vis other donors; previous levels of support; and perhaps most importantly, the amount of overall funding that is likely to be made available for core programming with the UN and Commonwealth.

## Chapter 6 Responsive Programming

### 1.0 Introduction

The underlying principle behind responsive programming is that CIDA agrees to contribute to development activities proposed by others when those activities are aligned with or coincide with CIDA's own mandate, objectives, themes or programming frameworks.

In some cases, CIDA may agree to support initiatives which meet the broad parameters established for Canada's ODA /OA goals and objectives. In other cases, CIDA will establish specific parameters for a class of recipient (such as educational institutions) or type of program (such as environmental protection, food security or vulnerable populations) within which it will consider proposals for specific development activities.

CIDA will use responsive programming to:

- support an initiative that meets developmental criteria established by CIDA;
- support an initiative that CIDA considers to be technically sound; or
- support a proponent that can demonstrate its capacity to implement the initiative as proposed.

When announcing that it is willing to consider proposals for specific initiatives, CIDA is responsible to ensure that potential proponents are given clear guidelines as to the desired results (goals and objectives) it is planning to achieve with the initiatives supported.

In considering proposals for responsive programming, CIDA will determine, in particular:

- the eligibility of the proponent to receive ODA / OA funds;
- the technical competence of the proponent; and
- the technical merit of the proposal.

### 1.1 CIDA advice to proponents

In a generic sense, the proponent identifies ODA/OA programming opportunities within the context of the broad or specific parameters established by CIDA and is responsible for both the project design and the preparation of all supporting documentation. It is incumbent on the proponent to identify the appropriate policy, sectoral or thematic linkages and to ensure that the proposal conforms to CIDA's proposal submission guidelines for the particular responsive program. Normally, the proponent could seek policy clearance from CIDA, but CIDA does not provide technical input.

In a responsive context, CIDA does not redesign an initiative submitted by a proponent. However, CIDA does retain the right to identify the deficiencies in the original proposal and to inform the proponent of these deficiencies. In general, these deficiencies would relate to i) the internal consistency of the proposal (does the proposed approach match the results expected); ii) whether the resources identified (budget) are sufficient to achieve the results; and iii) whether the proposed personnel are qualified to undertake the work. This is part of CIDA's due diligence in reviewing the proposal and it would be the proponent's responsibility to redesign the project.

In certain cases, CIDA will determine that, while the underlying concept contained in a proposal has merit, the design of the proposed initiative requires significant additional work in order to

## The CIDA Business Process RoadMap

make it acceptable for CIDA funding. In a responsive context, CIDA cannot provide technical and design advice to the proponent. CIDA may, however, choose to take the lead in the design of the proposed initiative, in which case:

- the potential project is treated as a directive initiative; and
- the proponent is retained to carry out the design and implementation under a contract through a directed contract. However, there are specific and limited reasons for such action under the terms of the Government Contracts Regulations (GCRs). A contract officer must be consulted prior to any discussion with the proponent. Normally, such a course of action would be avoided unless a clear case can be made within the provisions of the Government Contracts Regulations.

### **1.2 Summary proposals**

The parameters for certain responsive programs may permit or require the submission of a preliminary proposal for review by CIDA prior to the submission of a detailed proposal. In such cases, CIDA will advise the proponent as to whether it views the proposed initiative as having merit and whether a detailed proposal should be submitted to CIDA for funding consideration.

**The CIDA Business Process RoadMap**

**2.0 The Generic Business Model for Responsive Programming**

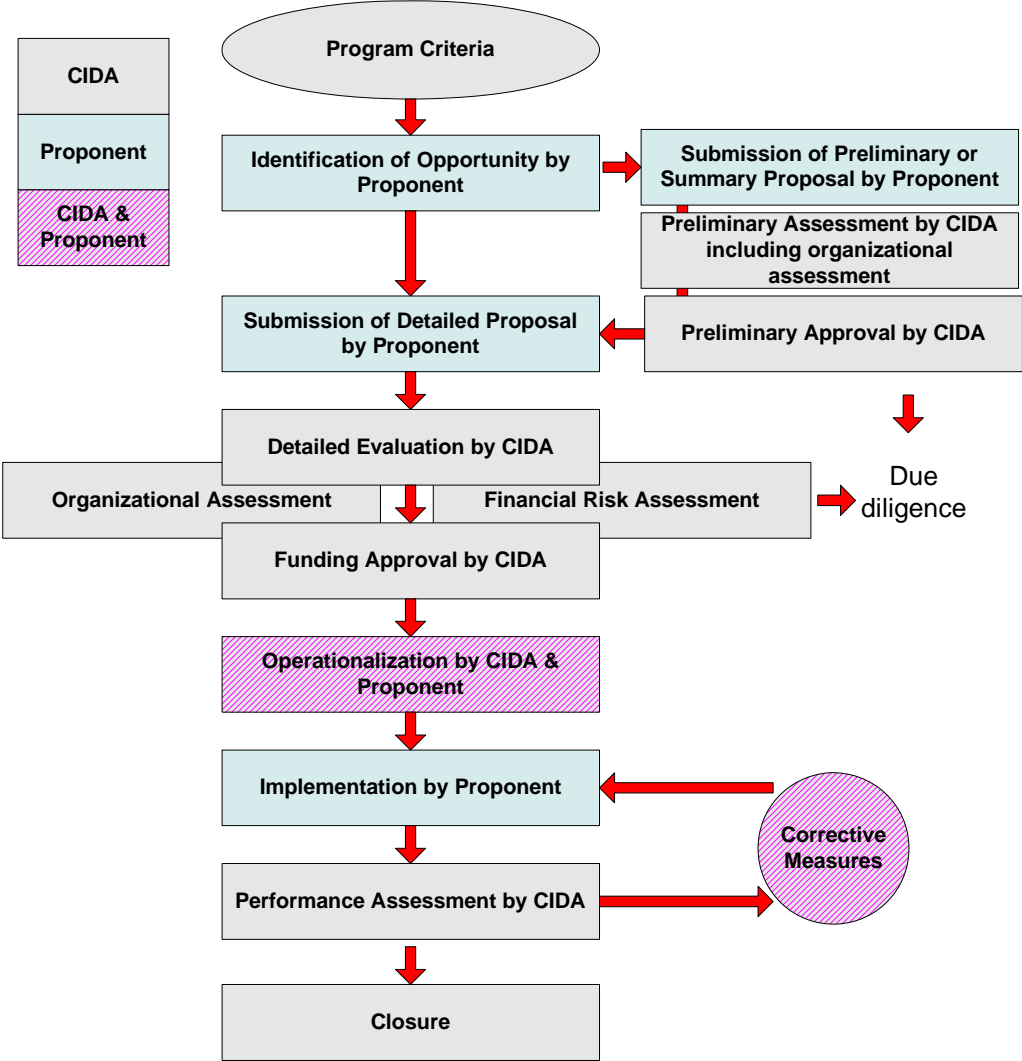


Figure 4 Responsive Programming Model

**2.1 Proposal submission**

Having identified a programming opportunity, the proponent prepares a preliminary or summary proposal and submits it to CIDA. The proposal is entered in the Agency Information System. The proposal must conform to the broad or specific parameters of the program under which it is submitted, as well as established eligibility criteria and the published proposal submission guidelines. The specific program requirements will indicate whether the proponent may submit a preliminary proposal or, alternatively, must submit a fully detailed proposal.

### 2.2 Proposal assessment

The responsible program desk undertakes a preliminary assessment of the proposal. This may include the carrying out of a detailed institutional assessment, an analysis by the Financial Risk Assessment Unit, and a preliminary review of the proposal in relation to the requirements of CIDA's Policy for Environmental Sustainability and Gender Equality Policy. Staff should consult the [CEAA Handbook](#) for the applicability of the Canadian Environmental Assessment Act, and the [SEA Handbook](#) for the applicability of the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program proposals. Staff should also consult the [Statement of Commitment to Gender Equality](#), and [Frameworks for Mainstreaming Gender Equality into CPB Programs and Projects](#) for guidance.

In some cases, the program desk will utilize a Project/Program Review Committee or Peer Review Committee as part of the assessment process. Where the program guidelines provide for the use of a review committee, the summary proposal, together with the results of the preliminary assessment and a recommendation from the program desk, is submitted to the committee.

The committee then makes a recommendation to the delegated approval authority as to whether the proposal should be accepted and the proponent is advised to prepare a detailed proposal, or the proposal should be rejected.

### 2.3 Preliminary approval

The delegated approval authority determines whether the proposal is accepted for further development or rejected.

The proponent is then advised that the proposal has been conditionally accepted or rejected. If the proposal is rejected, the proponent may have the opportunity to submit a significantly revised proposal. Conditional acceptance may also require that the proponent either elaborate on or further develop some aspects of the proposal. Revised proposals are again assessed and either retained for further consideration or rejected.

The specific parameters for a program may require separate approval/selection of the proponent and the project. If this is the case, selection approval must be sought before the proponent is advised to submit a detailed proposal.

Separate approval documents are prepared unless both the selection authority and project approval authority are vested in the same individual. Normally, the delegated approval authority grants preliminary approval and a memorandum is then submitted to the Minister seeking approval to negotiate a contribution agreement with the proponent subject to the submission of an acceptable detailed proposal. Officers should consult the delegation instrument and the management framework for the particular funding mechanism to confirm the appropriate approval authorities, which are based on the dollar values of the selection and project. If the project/program has been retained, the proponent then submits a detailed proposal to CIDA. The detailed proposal will contain all required coding information that is entered in the Agency Information System.

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### **2.4 Detailed evaluation**

Following the submission of a detailed proposal by the proponent, an evaluation of the proposal takes place with respect to the general or specific parameters established for the program and the developmental and technical merit of the proposal. This evaluation includes completion of the **Gender Equality Assessment Form** and the CEAA Applicability Form. If the proposal is retained, an approval memorandum is prepared.

### **2.5 Approval of the proposal**

Following completion of the detailed evaluation of the proposal, a memorandum is prepared and submitted to the delegated approval authority recommending either approval or rejection of the proposal. The decision memorandum will include paragraphs on gender equality and on the environment. For initiatives requiring ministerial approval, an SEA Applicability Form must be completed. The proponent is advised of the decision. Concurrently, monitoring and performance reporting standards are established or confirmed.

### **2.6 Operationalization**

A funding agreement is prepared and signed by CIDA and the proponent. If necessary, the recipient provides financial securities. Any necessary performance assessment and/or compliance measurement activities are implemented. The nature of these activities should be discussed in detail with the proponent prior to the signature of the contribution agreement.

### **2.7 Implementation**

The recipient implements the project/program in accordance with the terms of the contribution or grant agreement. Performance assessment takes place and the recipient provides any required progress and financial reports.

### **2.8 Closure**

Upon completion of the project/program, the recipient provides all required final progress, performance and financial reports. Where required, final audits and reconciliations are carried out and final disbursements are made. Lessons learned are identified and disseminated. Project/program closing documentation is completed and information in the Agency Information System is updated.

## Chapter 7 Directive Programming

### 1.0 Introduction

In directive programming, CIDA takes the lead in the design and implementation of development initiatives which are normally implemented by another organization under CIDA's supervision. While CIDA generally contracts specialized resources to support the design and to undertake the implementation, it has direct involvement throughout the life cycle. As such, CIDA is accountable for planning, approval and implementation.

CIDA uses directive programming when it wishes to ensure that development initiatives comprising specific features are brought to bear on development issues which can be addressed within Canada's Official Development Assistance (ODA) / Official Assistance (OA) policies and programming priorities.

Directive programming is undertaken when

- a framework defines the parameters of ODA/OA investments;
- opportunities for ODA/OA initiatives are defined through a country, regional or institutional programming framework or a programming strategy related to CIDA's mandate and programming priorities; and,
- adequate criteria, parameters and frameworks exist to permit CIDA to move forward with programming initiatives.

### 2.0 Directive programming approaches

There are two approaches to the directive programming business delivery model: the CIDA-led design, or two-stage directive approach, and the design-and-implement directive approach.

#### 2.1 CIDA-led design

In the case where CIDA leads the design of the project and engages an organization to implement it, the essential details of the initiative are not known in advance. Identification and selection (preliminary screening) are undertaken by CIDA staff. Appraisal, feasibility and design are undertaken either by CIDA staff or by contracted expertise (a design contract or contracts). Where CIDA leads the appraisal, feasibility and design work, external experts are contracted to supplement CIDA's own in-house resources.

Implementation is generally undertaken by contracted expertise under the terms of a separate implementation contract. Following the signature of the implementation contract, the implementing organization would normally undertake an inception mission to validate the design and prepare the Project Implementation Plan. Any entity contracted to carry out part or all of the design work is not eligible to bid on the implementation work; however, that entity may be engaged to do the monitoring. Section 8.1 provides more detail with respect to this approach.



## **2.2 Design-and-implement approach**

In the case of a design-and-implement approach, a decision has already been taken at the program level through the CDPF, donor consultations, or other means to proceed with a specific initiative in a defined sector or in response to a specific requirement where objectives, expected results, budget parameters, and time frames are predetermined and understood by CIDA and the recipient country partner. In addition, Canadian capacity to undertake the initiative is known.

With the detailed parameters of the intervention (results, time, budget) already determined, the requirement is not to assess the feasibility and viability of a potential initiative, but rather to design and implement it within these specific and predetermined parameters, or, alternatively, to design and implement an initiative where continuous adjustment is required and where the design requirement is ongoing.

In such cases, there is a single Ministerial selection for a design-and-implement contractor before the design work is undertaken. The work can be carried out under two separate contracts with the same implementing organization or one phased contract. The implementation phase of the initiative is dependent on the completion of a satisfactory design and the final approval of the initiative. Your contract officer should be consulted in order to determine the appropriate choice for your circumstances. Section 8.2 provides more detail with respect to the design and implement approach.

## **3.0 Identification**

Potential initiative ideas are gathered, put forward or identified within the context of a programming framework (for core countries), or the ODA/OA programming priorities (for non-core countries), Poverty Reduction Strategy Papers (PRSPs) or national development plans. Potential projects may be identified through donor consultations, program reviews, planning missions or as complementary activities to existing interventions.

## **4.0 Screening**

Screening of potential interventions is the first decision point in the identification and selection of potential interventions. Screening will determine which potential interventions show the most promise and should be retained for further assessment.

Potential project ideas are initially tested against program-specific parameters which include:

- the linkage with the applicable programming framework at the results level;
- the relationship to cross-cutting themes such as gender equality (GE) and the environment and to areas of CIDA focus such as capacity development and sustainability;
- the extent to which the enabling environment is conducive to success;
- the impact on target groups (see below for further details);
- the linkage with the intentions/priorities of other donors and IFIs in the country/region and opportunities for Canadian participation in coordinated aid delivery approaches;
- the Canadian capacity to deliver; and
- the lessons learned from previous or existing initiatives (Canadian or otherwise) in the country/region.

#### 4.1 Target group screening

A key part of the initial screening is the target group screening. This starts with information and priorities from the CDPF and confirms/clarifies the important social dimensions in which development activities take place within the region/country. In particular, it considers:

- a preliminary assessment of the roles, needs and priorities of women, men and children in the target group(s), and the cultural context of the region/country;
- a preliminary assessment of the potential differential impact of project ideas on women and men and possible entry points for reducing gender gaps and promoting gender equality;
- the increased capacity for self-reliance and the potential impact on the built and natural environment in which the target group(s) live and work and opportunities to maximize the initiative's environmental benefits and contribution to sustainable development; and
- the potential benefits and risks of possible interventions on potential target groups, such as children, the poor, minority groups and other disadvantaged groups, disaggregated by sex.

In consultation with a gender equality specialist, a preliminary assessment of gender equality issues in the proposed initiative is carried out using the **Gender Equality Assessment Form**.

If the proposed initiative idea is rejected, the requestor (normally a recipient government institution) is informed of CIDA's decision. When a potential intervention is selected for further development, a project is created in the Agency Information System and preliminary coding and other tombstone information is entered.

#### 5.0 Establishing a project team

For each idea that is retained for further development, a project team is formed and assigned responsibility for the potential project. For information on the composition and role of the project team, see Chapter 6 of the Reference Desk. The project team develops and refines the proposed initiative to the point where approval in principle can be sought for the commitment of resources in order to fully develop the proposed project to the approval stage. As part of this work, the team begins to identify information resources related to similar and / or related projects undertaken by CIDA and other donors to support the design work.

#### 6.0 Environmental analysis

In consultation with an environment specialist, a preliminary determination is made with respect to the scope of the environmental analysis required.

#### 7.0 Logical framework analysis

The project team develops a preliminary logical framework analysis (LFA) consistent with the work breakdown structure to guide the design activities. See Chapter 2 of the Reference Desk for additional information on the LFA.

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### 8.0 Choice of a directive programming approach

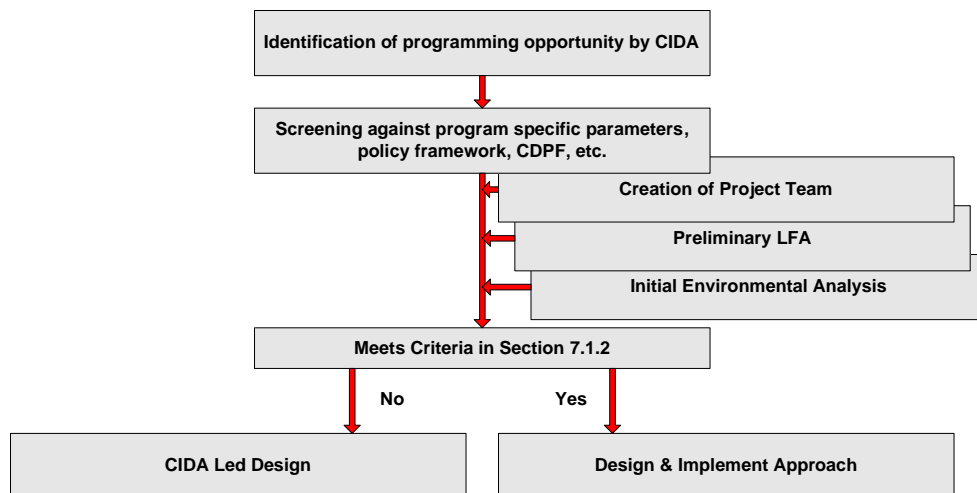


Figure 5: Choosing the Programming Approach

Prior to seeking approval in principle for the initiative through a Concept Paper (see the Guide to Directive Programming), the project team:

- identifies preliminary outcomes, potential time frames and a notional overall project budget;
- determines whether the initiative can be best designed and implemented *by the same implementing organization* using the design-and-implement approach or whether design and implementation should be separated into distinct phases with CIDA *leading* the detailed design *using contracted expertise* prior to the selection of an implementing agency; and
- develops preliminary terms of reference and analytical requirements (see the Guide to Directive Programming for a description of the analytical framework applied to directive initiatives) for the design phase in order to establish the design stage budget.

When a decision is taken to use a design-and-implement approach, it is essential that *the Concept Paper* describe the design phase of the *initiative* in detail, the likely implementation in more general terms, the methodology for seeking approval for the implementation following completion of the design, and the exit strategy to be used in the event that the proposed intervention is deemed not viable during the design stage or the *contracted* organization *is* deemed not suitable to carry out the implementation phase.

#### 8.1 CIDA-led design

There are eight major steps in the life cycle of a directive initiative when CIDA leads the design:

- identification and selection;
- approval in principle (the Concept Paper);
- appraisal;
- feasibility and design;
- final approval (the Project Approval Document);
- operationalization;
- implementation; and
- closure

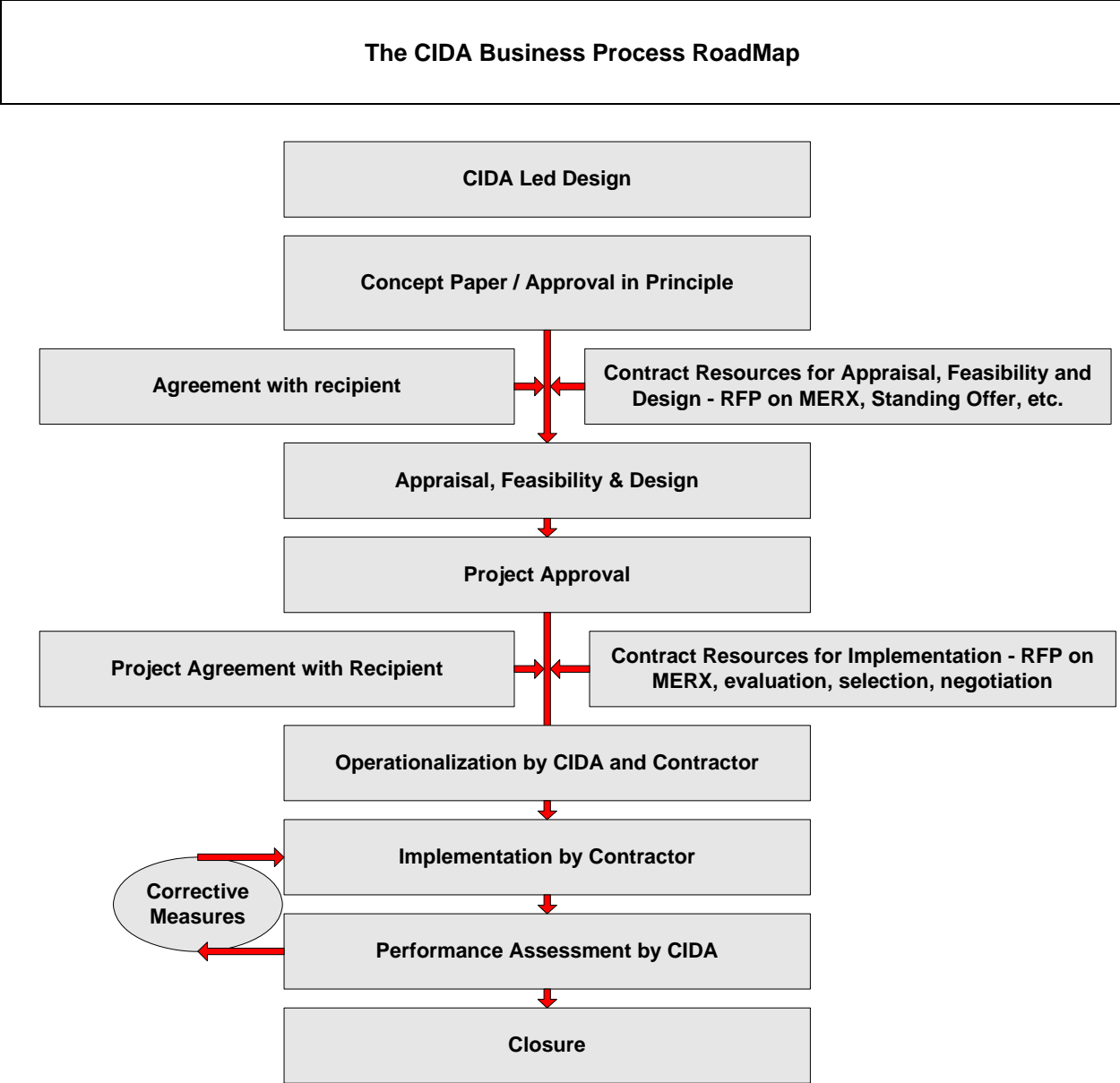


Figure 6: CIDA-led Design

When CIDA leads the design, the results of the screening (See the Guide to Directive Programming, Chapter 1, Section 2) are used to develop the Concept Paper (see Guide to Directive Programming, Chapter 6) and to define the extent of the appraisal, feasibility and design work that is required to support the development of a Project Approval Document (PAD).

Appraisal examines why CIDA should invest in a particular initiative and what the initiative should accomplish. As such, it is part of the continuum leading from good ideas to good development results and is built on a partnership with the recipient country, beneficiaries and other development partners and stakeholders. Appraisal comprises a series of analyses which provide the information required to make an informed decision (see Chapter 3 of the Guide to Directive Programming for details on the analytical framework) .

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Feasibility examines whether an initiative can be undertaken while design examines the best way to structure an initiative in order to achieve the desired results. Feasibility includes an examination of viability and sustainability. Design involves the application of structured tools. (For additional information, see Chapter 4 of the Guide to Directive Programming).

Risk assessment is an essential part of appraisal, feasibility and design and a key input to the overall due diligence, decision making and implementation processes. For information on assessing and managing risks, see Chapter 3 of the Reference Desk.

Appraisal, feasibility and design may be undertaken by CIDA staff, external contracted expertise or a mix of both. The approach to be used is defined in the Concept Paper.

Appraisal, feasibility and design work lead to a decision on whether to recommend proceeding with the implementation of the initiative, necessitating the preparation of a Project Approval Document. Recipient country acceptance of the proposed design is essential prior to the preparation of the Project Approval Document.

Operationalization follows approval and is concerned with putting in place any necessary arrangements with the recipient country (Memorandum of Understanding, exchange of letters) and with contracting resources for implementation, monitoring and other performance assessment and management compliance activities. Implementation contracts should normally be competitive with an RFP posted on the open bidding system. A contracts officer must be involved throughout the process.

For the program desk, implementation comprises contract management, risk assessment and management, performance and other reporting, monitoring, and audits and evaluations as necessary.

When contracted activities are complete, specific steps are undertaken to close out contracts, release holdbacks and letters of credit, transfer assets, complete performance assessment, audit and evaluation activities and record and disseminate lessons learned.

### **8.2 Design-and-implement directive projects**

The life cycle of a design-and-implement directive initiative comprises seven stages:

- identification and selection;
- approval in principle (the Concept Paper);
- operationalization;
- design;
- final approval (the Project Approval Document);
- implementation (of the approved design), and
- closure.

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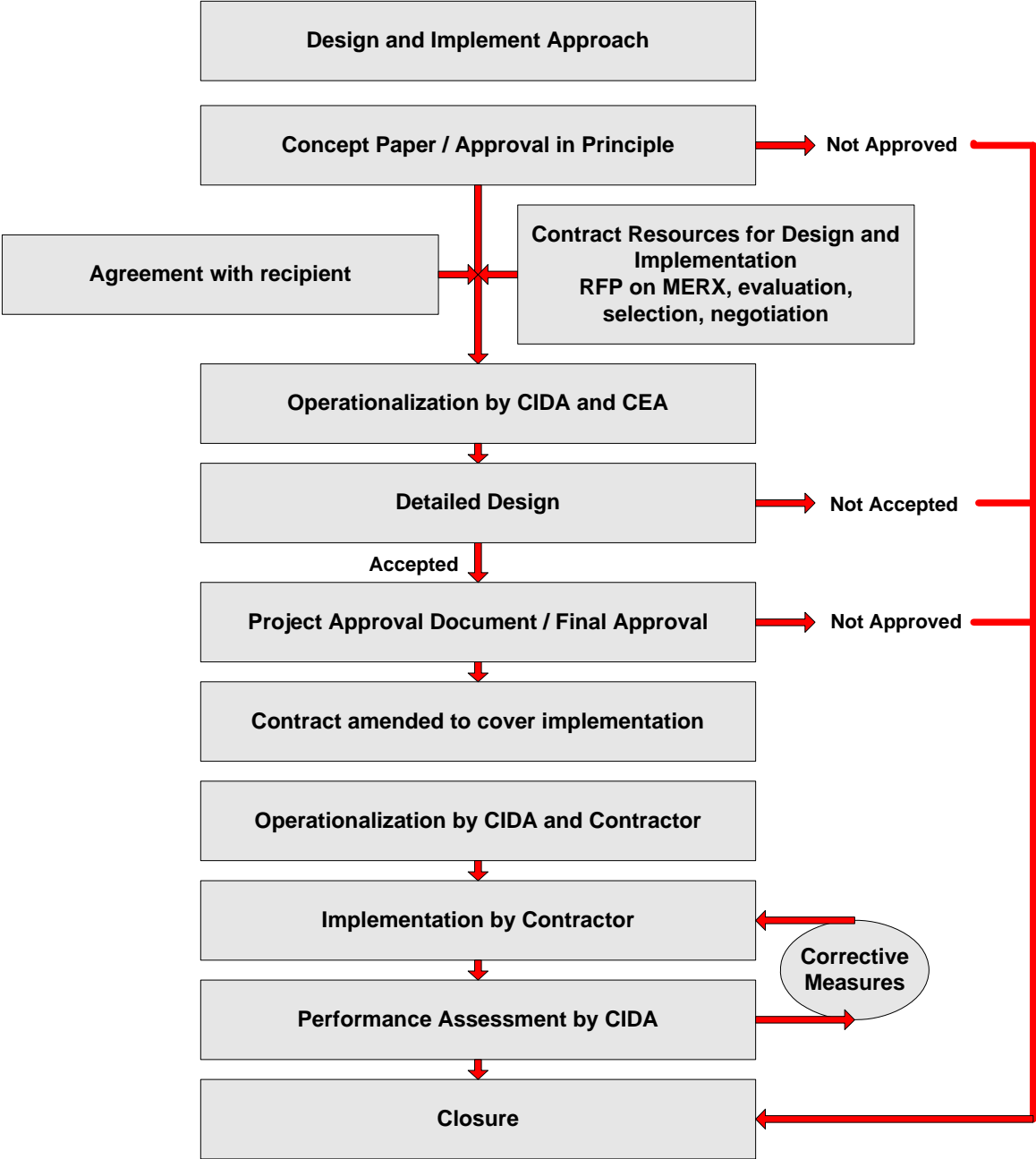


Figure 7: The Design-and-Implement Approach

In the design-and-implement approach, the results of the screening are used to develop the Concept Paper (see Chapter 1, Section 2.4 of the Guide to Directive Programming) and to define the parameters of the design work that is required to support the development of a Project Approval Document (PAD).

By definition, the design-and-implement approach does not normally require appraisal and feasibility work as the essential details of the initiative in terms of beneficiaries, expected results, time frames and budget are known at the outset. As such, the concept paper provides

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the justification for using a design-and-implement approach, specifies the details of the design work to be undertaken and provides a general overview of the work as a whole which is sufficient to provide for informed decision making. An RFP is used to select a single entity to undertake both the design and implementation work. The Concept Paper approves funds for the design stage with the implementation stage being dependent on the development of a satisfactory design and the approval of the Project Approval Document by the delegated approval authority. Operationalization takes place following selection approval for the entity selected to undertake the design and implementation.

Risk assessment remains an essential part of the design and a key input to the overall due diligence, decision-making and implementation processes. For information on assessing and managing risks, see Chapter 3 of the Reference Desk.

The design work leads to a decision on whether to recommend proceeding with implementation, necessitating the preparation of a Project Approval Document. Recipient country agreement with the proposed design is essential prior to the preparation of the Project Approval Document.

Approval to proceed with the implementation stage of the initiative involves the amendment of the contract to include implementation of the approved design or signature of the implementation contract if two contracts with the same implementing organization are used. Arrangements with the recipient country are modified as necessary to reflect the agreed-to design. Any other contracts for monitoring and other performance assessment and management compliance activities, if not already concluded, will be put in place. A contracts officer must be involved throughout the process.

For the program desk, overseeing the design and implementation stages comprises contract management, risk assessment and management, performance and other reporting, monitoring, audits and evaluations as necessary.

When contracted activities are complete, specific steps are undertaken to close out contracts, release holdbacks and letters of credit, transfer assets, complete performance assessment, audit and evaluation activities and record and disseminate lessons learned.

### **9.0 Selection and approval requirements**

All directive initiatives are subject to a two-stage approval process. Preliminary approval is provided through the signature of the Concept Paper by the Branch Head. Final approval is initiated through the submission of a Project Approval Document to the Branch Head. In cases where the value of the initiative:

- exceeds the authority delegated to the Branch Head, a decision memorandum is then submitted for approval by the Minister;
- exceeds the authority delegated to the Minister, a Treasury Board submission is prepared for the Minister's signature and submitted to the Treasury Board for approval; or
- is within the delegated authority of the Branch Head but selection authority exceeds the amount delegated to the Branch Head, the Minister is asked to approve the selection of the contractor.

In the case of a design-and-implement approach where the total value of the project (excluding design) exceeds the authority delegated to the Vice-President, the approval of the Minister is sought at the Concept Paper stage rather than at the Project Approval Document stage. In

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such cases, a decision memo is submitted to the Minister following approval of the Concept Paper by the Branch Head. The decision memo to the Minister will:

- describe the proposed initiative, including budget and time frame;
- provide the rationale for using the design/implementation approach;
- Indicate that the Project Approval Document will be completed following design work; and,
- seek delegation of final approval to the Vice-President subject to a satisfactory design being developed.

The Minister may choose to retain rather than delegate final project approval authority.

Specific standard documentation and content requirements are described in Chapters 2 (the Concept Paper) and 5 (Project Approval) of the Guide to Directive Programming. At the Concept Paper stage, a simplified regime exists for initiatives valued at less than \$500,000.

### 10.0 Project closure or termination

Project closure is the final stage in the project cycle. Formal closure of a project ensures that CIDA's financial and contractual involvement in the project is ended and that any outstanding issues are addressed. The project completion stage also affords CIDA an opportunity to review project performance and results and to identify key lessons. Formal closure of a project is undertaken when:

- all project activities are completed and reported upon, all contractual obligations have been fulfilled and cost audits have been resolved; or
- CIDA elects to terminate a project prematurely. When a project is to be terminated prematurely, the responsible officer must first consult the contracts officer and Legal Services Division before undertaking any action with the implementing organization.

If an end-of-project evaluation funded from the project budget is planned or in progress, closure should be delayed. Evaluations funded from a source other than the project budget should not delay project closure. Chapter 8 of the Guide to Directive Programming describes the specific requirements with respect to project closure.