

Canadian International Development Agency

Estimates
2004–2005

Part III - Report on Plans and Priorities

Minister for International Cooperation

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Acronyms and Abbreviations

ACBF	African Capacity Building Foundation
AIDS	Acquired Immune Deficiency Syndrome
ATA	Afghan Transitional Administration
CEAA	Canadian Environmental Assessment Act
CEE	Central and Eastern Europe
CGAP	Consultative Group to Assist the Poorest
CGIAR	Consultative Group on International Agricultural Research
CIAT	International Centre for Tropical Agriculture
CIDA	Canadian International Development Agency
CIFA	Canada Investment Fund for Africa
CIS	Commonwealth of Independent States
CIT	Countries in Transition
CPB	Canadian Partnership Branch
DAC	Development Assistance Committee (of the OECD)
DFAC	Department of Foreign Affairs Canada
DIP	Development Information Program
DND	Department of National Defence
DPR	Departmental Performance Report
EFA	Education for All
ESAF	Enhanced Structural Adjustment Facility
EU	European Union
EX	Agency Executive
FTAA	Free Trade Area of the Americas
FTE	Full-Time Equivalent
GAVI	Global Alliance for Vaccines and Immunization
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GOL	Government on Line
GPRS	Ghana's Poverty Reduction Strategy
HIPC	Heavily Indebted Poor Country
HIV	Human Immunodeficiency Virus
HRCS	Human Resources and Corporate Services Branch
HRDC	Human Resources Development Canada
HURIST	Human Rights Strengthening Program
IAE	International Assistance Envelope
IAVI	International AIDS Vaccine Initiative
ICHRDD	International Centre for Human Rights and Democratic Development
ICT	Information and Communication Technologies
IDRC	International Development Research Centre
IFAD	International Fund for Agriculture Development
IFI	International Financial Institution
IM/IT	Information Management and Information Technology
IMF	International Monetary Fund
IMM	Integrated Modern Management
IMTB	Information Management and Technology Branch
KAR	Key Agency Result
LDC	Least-Developed Countries
MDG	Millennium Development Goal
MOUs	Memoranda of Understanding
MPB	Multilateral Programs Branch
NBI	Nile Basin Initiative
NDP	National Development Plan
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organization
OA	Official Assistance
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PAHO	Pan-American Health Organization
PKMB	Performance and Knowledge Management Branch

PMFs	Performance Measurement Frameworks
PPIC-Work	Promoting and Protecting the Interests of Children Who Work
PRAS	Planning, Reporting and Accountability Structure
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSD	Private-Sector Development
PWGSC	Public Works and Government Services Canada
RBAF	Risk-Based Audit Framework
RBM	Results-Based Management
RMAF	Results Based Management and Accountability Framework
RPP	Report on Plans and Priorities
SARS	Severe Acute Respiratory Syndrome
SDS-3	Sustainable Development Strategy 2004-2006
SME	Small and Medium Enterprises
STI	Sexually Transmitted Infections
SWAP	Sector-Wide Approach
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
WFP	World Food Programme
WHO	World Health Organization
WSSD	World Summit on Sustainable Development
WTO	World Trade Organization

1.1 Minister's Message

The Honourable Aileen Carroll Minister for International Cooperation



Throughout the world, Canadian aid workers, diplomats and peacekeepers have built relationships based on friendship, trust and mutual respect. They have played an important role in supporting developing country efforts to increase life expectancy, improve health, reduce poverty and illiteracy, protect the environment and support democracy and good governance. Even in the most difficult years, when the Government of Canada was restoring its fiscal health, Canada maintained its international reputation for compassion and a progressive approach to the world's pressing problems. Today, the international community — both developing and industrialized countries — is accelerating its efforts in international cooperation. There is a solid international consensus now on concrete objectives for sustainable development and on the conditions and resources needed to achieve them, articulated in the Millennium Development Goals (MDGs). The MDGs, adopted by the United Nations in 2001, provide a set of mutually-reinforcing targets to eradicate poverty and hunger on which the international community is now mobilized.

Even with this new energy, indications are that if present trends continue, most developing countries will not reach all of their goals. Business as usual is not enough.

What is required is nothing short of a whole-of-government — and, indeed, a whole-of-Canada — commitment to the MDGs. This isn't simply a matter of the government acting alone. We must engage all Canadians in this effort, because Canada is aiming high. Our recent budget increase of 8 per cent per year over the period 2002–03 to 2005–06 is a tangible expression of our commitment to the MDGs, which reflect values Canadians cherish. These values are equality, justice, and a sense of responsibility to one another. These increases also reflect our interest in building a secure and stable world.

But it requires more than money and supportive policies to support sustainable development. It also takes the right strategies and tools. In addition to increasing the development budget, Canada has moved ahead in forgiving debt, opening its markets to imports from the world's poorest countries, encouraging investment in emerging economies, making essential drugs accessible to the poor, and supporting private sector development that creates economic growth and helps people lift themselves out of

poverty. At the Canadian International Development Agency (CIDA), we have moved decisively to strengthen our aid program, focussing our efforts strategically in countries and sectors where Canadian interventions can be most effective, and where Canadian interests and values are best served.

CIDA staff are working closely with their colleagues in trade, diplomacy, immigration, defence and other areas to ensure that all our policies support one another and support sustainable development in developing countries as well. At the same time, CIDA is collaborating closely with international organizations such as the United Nations to support the renewal of the multilateral system. Finally, CIDA is streamlining and modernizing its business practices and deepening its partnerships in Canada and abroad.

This 2004–2005 Report on Plans and Priorities outlines in greater detail the changes CIDA is making to support the MDGs and the principles of aid effectiveness. It outlines our priorities and program of work and the results we expect to achieve over the next three years. I encourage all Canadians to read it, and I respectfully submit it for the consideration of the Parliament of Canada.

Minister for International Cooperation

1.2 Management Representation Statement

I submit, for tabling in Parliament, the 2004–2005 Report on Plans and Priorities , for the **Canadian International Development Agency**.

This document has been prepared based on the reporting principles and disclosure requirements contained in the *Guide to the Preparation of the 2004–2005 Report on Plans and Priorities*:

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

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

Name: Paul Thibault

Title: President

Date: May 04, 2004

1.3 Executive Summary

For more than 50 years, Canada has supported the development efforts of its partner countries in Africa and the Middle East,¹ the Americas,² Central and Eastern Europe³ and Asia.⁴ Beginning in 1995, the Agency took on responsibility for administering Canada's Official Assistance (OA) programs in the countries of Central and Eastern Europe and the former Soviet Union — the countries in transition. CIDA's mandate is to support sustainable development in order to reduce poverty and contribute to a more secure, equitable and prosperous world. In Central and Eastern Europe, CIDA has a supplementary mandate: to support democratic development and economic liberalization as well as international efforts to reduce threats to international security. CIDA works with a wide range of Canadian and international partners to fulfil this mandate which contributes to Canada's three broad foreign policy objectives: promoting prosperity, protecting Canadian and global security, and projecting Canadian values.

The world within which CIDA works is evolving rapidly. Globalization of economies has lifted millions out of poverty, but it has also exacerbated income gaps in the world's poorest countries, especially in Africa. HIV/AIDS continues to be a menace, moving into Asia and Eastern Europe with increasing speed. Environmental problems associated with climate change and water scarcity are impeding economic and social development. The growing impact of international terrorism and security issues, arising from conditions such as poor governance and weak legal systems, is being felt in ways that are unprecedented in all the regions of the world.

Nevertheless, there is good reason to be optimistic. The global community has taken an important step forward in recognizing the need for a partnership approach to poverty reduction. The MDGs, an internationally agreed-upon set of development targets and indicators, have been established as benchmarks of progress by which Canada and other donors will be held to account. Within the MDG framework, there is a strong international consensus on how to achieve sustainable development and how to strengthen partnerships to work effectively. CIDA is playing a significant role in this wide-ranging renewal.

A number of key new directions are highlighted in this year's Report on Plans and Priorities (RPP):

- **The International Policy Review:** The Government of Canada is undertaking a comprehensive review of Canada's place in the world, led by the Department of Foreign Affairs Canada (DFAC). This review will set the stage for an integrated international policy framework that will focus, in part, on enhancing the impact of development assistance consistent with Canadian values and interests.

¹ <http://www.acdi-cida.gc.ca/africa-e.htm>

² <http://www.acdi-cida.gc.ca/america-e.htm>

³ <http://www.acdi-cida.gc.ca/europe-e.htm>

⁴ <http://www.acdi-cida.gc.ca/asia-e.htm>

- **Increasing geographic and sectoral concentration:** Over the next three years, the Agency will be consolidating major reforms outlined in *Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness*. These include a strategic focussing of investments on poor countries committed to good governance and poverty reduction, especially in Africa, to make effective use of resources. An initial list of nine countries has been identified: Bangladesh, Bolivia, Ethiopia, Ghana, Honduras, Mali, Mozambique, Senegal and Tanzania. In addition, a number of countries will no longer require development assistance, and strategies for their graduation to more mature relationships with Canada will be implemented.
- **Increasing the focus on Africa:** In keeping with the commitment made at Kananaskis, CIDA will continue to direct at least half of the incremental resources (\$6 billion in new and existing resources, including the \$500-million Canada Fund for Africa) for Africa's development over five years. In all its programming, CIDA will take into account the evolving New Partnership for Africa's Development (NEPAD) agenda, its implementation plans and its peer review mechanism.
- **Increasing investments in the private sector:** The private sector is the primary source of job creation, capital, and knowledge and is, therefore, critical to poverty reduction. CIDA is committed to moving forward actively on private sector development that benefits the poor. Accordingly, and following public consultations, CIDA launched new policies on both agriculture and private-sector development in 2003–04 and is increasing investments in these areas.
- **Taking an integrated whole-of-government approach to development:** In today's interdependent global economy, an integrated whole-of-government approach to development is required to bring greater coherence to all of Canada's aid and non-aid policies that affect developing countries. CIDA will direct greater efforts to strengthening policy coherence, intergovernmental cooperation and effective prioritization of international commitments.
- **Strengthened support for multilateralism:** This remains a cornerstone of Canada's international policy. CIDA recognizes that the multilateral system has been instrumental in setting the new development paradigm: the MDGs, the principles of fostering local ownership, improved donor coordination and using a results-based approach.
- **Conflict prevention, post-conflict reconciliation, peacebuilding, and security:** A key strategic objective of CIDA's poverty reduction efforts over the next few years will be the promotion of peace and security, especially in Africa, focussing on conflict prevention and building bridges from post-conflict reconciliation to long-term development. This will be particularly true in Iraq and Afghanistan and other post-conflict countries.
- **Internal management transformation:** Finally, with the aim of achieving greater transparency and alignment between strategic priorities and resource allocation, CIDA is introducing new approaches and implementing internal reforms to ensure greater accountability, better performance measurement and improved management systems.

CIDA has established a set of Key Agency Results (KARs) that are the core of CIDA's results-based management and accountability framework (RMAF). They explain the relationship between CIDA's mandate, the MDGs, and the principles of aid effectiveness. CIDA's Development Results — the long-term impacts that CIDA aims to have on partner countries in the areas of **economic well being, social development, environmental sustainability and governance** — constitute CIDA's Strategic Outcomes. CIDA shares accountability with the development community as a whole for the achievement of these results. CIDA has, therefore, included in this RPP for the first time a menu of internationally accepted, macro-level indicators for each development result area. Gender equality and environment are cross-cutting themes. Internally, CIDA is implementing Enabling Results to ensure that the right programs are in place at the right time to achieve the desired development results. Both Enabling and Development Results are supported by Management Results, including people management, strategic policy analysis and improved management and accountability practices.

CIDA's Development Result priorities over the next three years include:

- **Economic well being:** increasing investments in agriculture and rural development; supporting private sector development that contributes to pro-poor equitable economic growth; building capacity to make trade work for disadvantaged groups; and fostering an enabling environment for economic growth and investment.
- **Social development:** continuing to increase its investments in the social development priorities — basic education, health and nutrition, HIV/AIDS and child protection — areas that can make the greatest contribution to reducing poverty and sustainable development. This includes doubling investments in basic education in Africa by 2005, supporting the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), ongoing efforts towards working, war-affected and trafficked children, continuing leadership in gender equality, and timely provision of humanitarian assistance.
- **Environmental sustainability:** continuing to work closely with partner country governments to help them integrate environmental considerations into all their policies and programs and to address global issues like climate change and land degradation.
- **Governance:** helping governments to build democratic systems and processes, reform public service institutions, promote human rights and increase attention to conflict prevention, reconciliation, peacebuilding and security. CIDA's approach links economic growth and development with peace, stability and good governance.

Canadians want their country to play a distinctive and constructive role in international development. Over the coming years, the international assistance budget will be increased and CIDA's ongoing internal renewal will lead to a strategic and effective use of these new resources. CIDA will continue to improve its accountability and transparency, not only through audits and evaluations, but also through a new system of performance measurement that connects resources to plans, priorities and results at the project, program and Agency levels.

This year's RPP reflects the critical linkage between CIDA's projects and programs and concrete results that contribute to the global fulfilment of the MDGs. Progress in all of these areas is strengthening CIDA's ability to fulfil its mandate in an effective and sustained manner, for the benefit of the people of the developing countries and for the people of Canada.

2.0 Agency Raison d'être

For more than 50 years, Canada has supported the development efforts of its partner countries in Africa and the Middle East,⁵ the Americas,⁶ Central and Eastern Europe⁷ and Asia.⁸ For the majority of that period — since September of 1968 — CIDA has been responsible for administering the bulk of Canada's Official Development Assistance (ODA). Beginning in 1995, the Agency took on responsibility for administering Canada's OA programs in the countries of Central and Eastern Europe and the former Soviet Union — the Countries in Transition⁹ — supporting democratic development and economic liberalization.

Over this period, CIDA has established a reputation for excellence in a number of areas, including integrating Results-Based Management (RBM) principles into its programming, involving the voluntary and private sectors in innovative development programs and demonstrating leadership on the importance of gender in development. Recently, CIDA was recognized by the members of the Development Assistance Committee (DAC)¹⁰ of the Organisation for Economic Co-operation and Development (OECD)¹¹ for its special efforts to help lead the international community towards “actions which push out the frontiers of international cooperation, including areas such as gender equality and capacity building.”¹²

Today, CIDA works with a wide range of partners to deliver its development cooperation program. Among them are country governments, other Canadian government departments, Canadian and developing country civil society (including non-governmental organizations [NGOs], community-based organizations [CBOs], academic and research organizations) and private sector organizations, regional and multilateral institutions. Internationally, CIDA cooperates with United Nations agencies and programs such as the United Nations Children's Fund (UNICEF) and the United Nations Development Programme (UNDP); with international financial institutions (such as the World Bank, the International Monetary Fund (IMF) and the regional development banks); with research organizations and networks like the Consultative Group on International Agricultural Research (CGIAR); and with other bilateral donor agencies.

⁵ <http://www.acdi-cida.gc.ca/africa-e.htm>

⁶ <http://www.acdi-cida.gc.ca/america-e.htm>

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

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

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

¹⁰ <http://www.oecd.org/dac>

¹¹ <http://www.oecd.org>

¹² OECD-DAC peer review of Canada's development assistance, September 2002

2.1 Mandate

CIDA's mandate is to

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

Box 1: Development Cooperation: A Key Element of Canada's International Policy Framework

Policy Objectives

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

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

International Policy Framework

The Government of Canada has recently committed to undertaking a comprehensive review of the International Policy Framework. This review is important for CIDA and provides the basis for an Agency-wide strategy to propose a new way of doing business. CIDA will use this opportunity to make recommendations on an integrated international agenda for diplomacy, defence, trade and development. Specifically, CIDA will further its efforts to strategically focus the Agency's activities where they can be most effective and where Canadian interests and values are best served.

The budget for CIDA's expenditures is drawn from the International Assistance Envelope¹³ (IAE), introduced in the February 1991 budget. It funds Canada's ODA¹⁴ and OA¹⁵ initiatives. ODA accounts for 96% of the Envelope. The remaining 4% is OA to the countries of Central and Eastern Europe. (See Section 6.0 of this report for a breakdown of the IAE).

CIDA is directly responsible for managing approximately 84% of the IAE. Responsibility for managing the rest of the IAE is shared with the departments of Foreign Affairs, and of Finance and other government departments (see Section 6.0). Grants, contributions and other transfer payments are major mechanisms of program delivery; (see Annex 1 - Financial Information, for more information). In 2004–2005, this will amount to \$2,532 million, or 92.8 % of CIDA's total expenditures, with the remaining 7.2% of expenditures comprising the Agency's operating budget.

¹³ In addition to the IAE, there are resources managed elsewhere within the Government which are also counted as ODA: for example, first year costs of refugees in Canada as incurred by Citizenship and Immigration. All of these other costs are factored into the calculation of ODA.

¹⁴ ODA is defined by the DAC of the OECD as funding transferred "to developing countries and multilateral institutions provided by official (government) agencies which meets the following tests: (a) it is administered with the promotion of the economic development and welfare of developing countries as its main objective, and (b) it is concessional in character and conveys a grant element of at least 25%."

¹⁵ OA is funding provided to countries which are not eligible to receive ODA (e.g., most of the "countries in transition" of Central and Eastern Europe).

CIDA has approximately 1,499 employees. The Agency is organized into six program branches, plus communications, policy and corporate services branches. For details on CIDA's organizational structure, business lines and strategic outcomes, please refer to Section 5.

2.2 Benefits to Canadians

Support for development cooperation in Canada has traditionally reflected the humanitarian desire of Canadians to improve living conditions in poorer nations. This remains a powerful rationale for development cooperation. Yet, in an interdependent world, it is clear that industrialized countries, including Canada, find their interests — not just their values — engaged in the developing world.

A public opinion survey carried out in September and October 2003 shows that Canadians have made this link. Beginning with trade, Canadians believe that fair prices for developing country products will create the resources that will help meet their goals, not only for jobs, but for improved health and education. The survey also shows that Canadians know that well-managed public health systems in all countries help to protect people here at home from HIV/AIDS, Severe Acute Respiratory Syndrome (SARS) and other infectious diseases; that well-managed environmental programs can help mitigate the effects of global warming everywhere; and that reduction in conflict anywhere in the world makes the entire world a safer place. In sum, Canadians know that broad-based and equitable socio-economic growth creates a stronger global community and contributes significantly to increased peace and security.

Canadians have supported their aid program for over 50 years. The survey also shows that six in ten Canadians support it still, but most, some 82%, need greater assurance of its effective use. Nevertheless, Canadians are optimistic that progress can be achieved, especially in health and access to water and sanitation. Almost 60% of those surveyed believe that Canada should help people in need and that Canada has a moral obligation, as a rich country, to contribute to international development. Another 13% believe that aid is part of Canada's international reputation. This consistent support is a reflection of values important to Canadians: humanitarianism, generosity, equality, and social justice.

CIDA plays an important role in Canada's presence in the world, along with the Department of Foreign Affairs, the Department of International Trade, the Department of National Defence, and other federal government departments and agencies. Canada's development assistance program forms an essential part of Canada's global reach and influence. In recent years, it has become clear that the well-being and prosperity of Canada is affected by events beyond our borders, events that take root in the poverty and imbalances in economic opportunity in developing countries. This realization reinforces our values-based desire to help the poorest.

2.3 CIDA's Sustainable Development Strategy

CIDA's *Sustainable Development Strategy 2004–2006*¹⁶ (SDS-3) is the Agency's three-year business plan. CIDA reports annually on this business plan through the Departmental Performance Report (DPR) and establishes annual workplans through the RPP. This Strategy is a reflection of CIDA's mandate to support sustainable development in developing countries and countries in transition.

In CIDA's first SDS (1997–2000), the Agency delineated its approach to sustainable development as a complex, multifaceted endeavour involving all aspects of community life: social, political, environmental, cultural and economic. This framework was more fully developed for the Agency's second SDS (2001–2003), which integrated the sustainable development approach into all aspects of its business planning, from policies to programming to management. CIDA continued to build its capacity to support development results, placing a strong emphasis on internal management results and strategies.

Midway through implementation of the second SDS, the Agency adopted a set of KARs that reflect the four interconnected dimensions of sustainable development: economic well-being, social development, environmental sustainability, and governance, including human rights. (See Section 4.) Gender equality and the environment are crosscutting themes across all development results. These development results support the MDGs (see Box 3) agreed to by the international community and they reflect CIDA's own program priorities.

The third SDS (2004–2006), tabled in Parliament in February 2004, consolidates this process of integration. The KARs have been further refined, with clearer outcomes, priorities and indicators that will facilitate CIDA's efforts to measure and report on results. The KARs are now used as the basis for all planning, resourcing, program implementation, and reporting and are an integral part of the DPR and the RPP. These changes strengthen CIDA's accountability in managing for results and facilitate the Agency's efforts to report on results achieved to Canadians.

The third SDS outlines a number of key directions for CIDA over the next three years:

- Greater alignment of aid programming with developing countries' plans and priorities
- Sharpened poverty focus
- Coherence between aid and non-aid policies
- Increased attention to security and governance
- Increased emphasis on economic well-being
- Improved management of development cooperation
- Strengthened effectiveness of institutional partners
- Increasingly engaged Canadians

These directions will be refined each year in the RPP, and each year, the DPR will chart progress achieved against targets set.

¹⁶ <http://www.acdi-cida.gc.ca/sds>

3.0 Planning Overview

3.1 Planning Context

Fifty years of development cooperation have yielded some valuable lessons about what makes aid effective and sustainable. We have learned lessons about the need for human rights, democratization, security and good governance in partner countries; and the need for flexibility, predictability and collaboration among donor governments and organizations. Our experience has also situated the role of development aid within the context of all other sources of national income, including trade, investment and foreign remittances. Today, there is an unprecedented international consensus on how to make development cooperation more effective (see Box 2: *Principles of Effective Development*) and on the key changes that must be made to achieve progress in human development. For governments, aid agencies and multilateral institutions, sustainable poverty reduction is now the overarching goal, and the MDGs, adopted by the United Nations in 2001, provide a set of targets on which the international community is now mobilized (see Box 3: *Millennium Development Goals*).

Box 2: Principles of Effective Development

These principles of effective development are best articulated in a document published in 1996 by the DAC¹⁷ of the OECD,¹⁸ *Shaping the 21st Century: The Contribution of Development Assistance*¹⁹ and are summarized below:

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

At the United Nations Conference on Financing for Development in Monterrey in 2002, world leaders established a new compact for sustainable development. At the heart of this compact is the understanding that developing countries bear the primary responsibility for their own development while industrialized countries are committed to providing effective and predictable aid and removing the inconsistencies in their broader economic and trade policies that affect developing countries. The World Summit on Sustainable Development (WSSD) in Johannesburg in September 2002 renewed the global community’s efforts in many areas of sustainable development, including water and sanitation, agriculture and food supply, and sustainable production and consumption. Further, in early 2003, the first High-Level Forum on Harmonization in Rome endorsed an international agenda for accelerated harmonization of donor procedures, policies, and programming in alignment with developing-country priorities, cycles,

¹⁷ <http://www.oecd.org/dac>

¹⁸ <http://www.oecd.org/dac>

¹⁹ <http://www.oecd.org/dataoecd/23/35/2508761.pdf>

and systems to increase aid effectiveness and support local ownership. CIDA, together with the rest of the donor community, is now developing an action plan that will help implement this agenda internally and in collaboration with its developing country partners and other donors. All of these international agreements establish a set of norms and standards based on a common foundation of values and they reflect an unprecedented consensus on the goals, conditions, and resources needed to achieve sustainable development.

Box 3: Millennium Development Goals²⁰

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

CIDA has made considerable progress in linking the MDGs to its mandate and to its daily work. In 2002, the Agency adopted a results framework that reflects the four interconnected dimensions of sustainable development: economic well-being, social development, environmental sustainability, and good governance. These dimensions support the MDGs and they represent CIDA's strategic outcomes (see Section 4 for details). CIDA is also committed to using sound gender analysis, building on opportunities for the empowerment of women and men, respecting human rights, and working to help close gender gaps that stand in the way of social development

CIDA is also progressing in making the linkage between these results, the resources needed to achieve them, and the whole-of-government partnerships that manage those resources. The Agency is continuing to refine and streamline its working relationships with the other Canadian government departments involved in the management of the IAE. Following the announcement in 2003 of Canada's commitment to increase international assistance by 8% a year for three years, CIDA has been working with key partner departments to develop a new management framework for the IAE, based on the principles of coherence, cooperation and consultation. This

²⁰ <http://www.developmentgoals.org>

new framework takes into account wide-ranging foreign policy, security and other considerations impacting on international assistance through a broad consultation process. CIDA will increase its flexibility to act quickly and effectively to address new security-related and other international issues identified as priorities by the Government of Canada, and will provide guidance to allocating incremental resources among competing demands.

Development Challenges

Since the founding of CIDA in 1968, the developing countries of the world have made significant progress in many areas. All the main indicators of human well-being — life expectancy, health and education — show marked improvement. Between 1970 and 2000, life expectancy at birth increased eight years.²¹ Illiteracy dropped by half to 25% of the world's adult population.²² The global infant mortality rate was almost halved.²³ In the 1990s alone, the number of people in East Asia living on less than \$1 a day dropped by almost half.²⁴ Some 800 million more people have gained access to safe water and 750 million more now have better sanitation services. Worldwide, there has been a clear trend towards democratically elected governments, increased efforts to improve the management of aid, including accountability and transparency, greater attention to human rights and broader participation in decision-making. These advances were gained through the vision and hard work of developing countries themselves, but Canada's support, along with that of the rest of the donor community, has played an important role in helping them achieve their objectives.

Box 4: The Self-Perpetuating Cycle of Poverty

“Poverty results from the lack of human, physical and financial capital needed to sustain livelihoods, and from inequities in access to, control of and benefits from political, social and economic resources.”— CIDA's Poverty Reduction Policy, 1996

People living in poverty experience deprivation in three ways: income, quality of life, and empowerment. All three are interrelated in a self-perpetuating cycle with little room for escape. People with no income cannot maintain health or productivity, improve their earning power with education or training, or acquire productive resources. People with a poor quality of life do not have the health, the energy, or the education to take advantage of opportunities. And people with no capacity to determine their own fate have no motivation and no means to bring about change. Furthermore, widespread poverty can contribute to social instability, conflict and extremism. Working towards poverty reduction plays a significant role in promoting peace and security and reducing tensions that contribute to terrorism.

²¹ UNDP Human Development Report 2003, <http://www.undp.org/hdr2003>

²² Ibid

²³ UNDP Human Development Report, 2002 <http://www.undp.org/hdr2002>

²⁴ UNDP Human Development Report 2003, <http://hdr.undp.org/reports/global/2003/>

Despite this undeniable progress, much remains to be done if the developing countries are to reach the targets set out in the MDGs.²⁵ Perhaps the most striking challenge is the persistence of poverty: more than two billion people still struggle to survive on less than US\$1 a day. The following section outlines the major development challenges for each region of the world and the charts depict progress towards the MDGs.

Africa

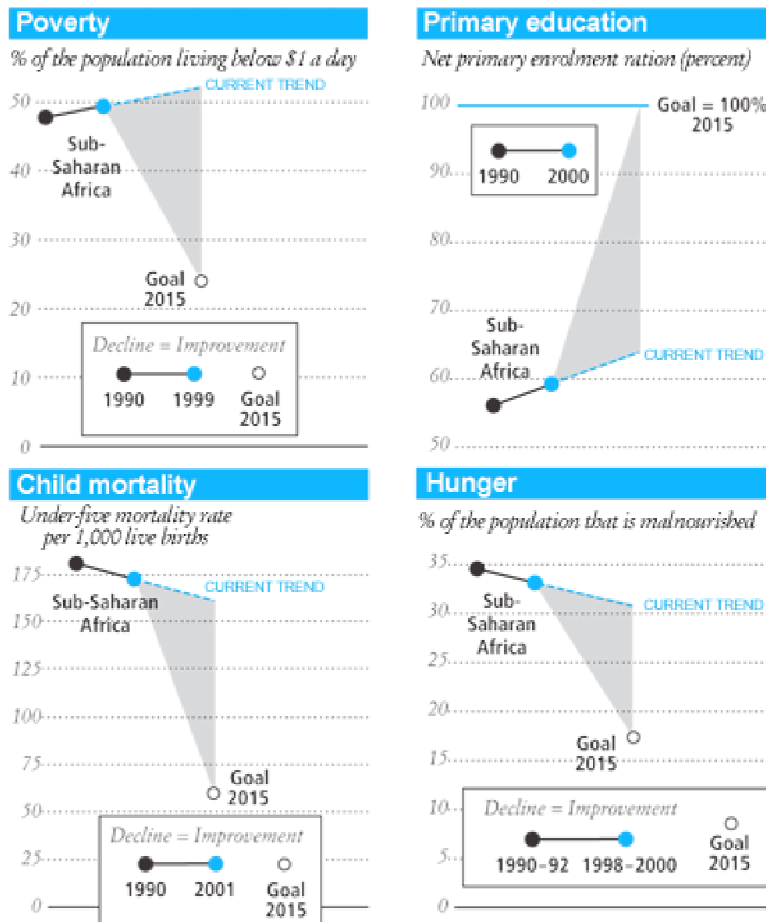
In Africa, the region most deeply affected by poverty and marginalization, all the key social and economic indicators show a deterioration over the last decade. Life expectancy has fallen to 47 years, due mainly to the ravages of AIDS,²⁶ and women, the main food producers, are now more affected than men. According to the annual United Nations report on HIV/AIDS released in November 2003, five million new people contracted the virus in 2003, bringing the total number of people living with AIDS to between 36 and 46 million worldwide. Of the new infections, approximately two thirds occurred in Sub-Saharan Africa. Further, half of Sub-Saharan Africa survives on less than one dollar a day; the continent represents 13% of the world's population but accounts for only 1.6% of its trade and 1% of its investment. More than half of Africa's countries are affected by conflict and at least 14 are suffering from severe water stress. The population is roughly doubling every 30 years and between 42 and 52 million children, a large proportion of them girls, are not in school. As indicated in the following chart, most countries in Africa are not going to achieve the MDGs if present trends continue, especially in child mortality and number of deliveries attended by skilled attendants.²⁷ Primary school completion and child malnutrition are only slightly less likely, but there is some hope for gender equality in school and access to water. This is an area of concern to the donor community and concerted efforts are being made to address the challenges.

²⁵ <http://www.developmentgoals.org>

²⁶ By the end of the decade, 11 countries will have life expectancies of less than 40 years.

²⁷ Skilled attendants include doctors, nurses or persons with midwifery skills who can diagnose and manage obstetrical complications as well as normal deliveries (World Health Organization).

Chart 1: If present trends continue, will Africa meet the targets of the Millennium Development Goals?



Source: UNDP Human Development Report, 2003.

Democratization and regional cooperation are increasing and improved economic management shows that progress is achievable. Some countries are emerging economies with relatively stable although undemocratic political systems; some have good governance and policies and are poised to make progress; many have renewed their commitments to the promotion and protection of human rights, including through the NEPAD,²⁸ still others remain mired in conflict and instability. Nevertheless, while prospects in the past have been bleak for Africa, the emerging consensus around poverty reduction strategies, found in the NEPAD, is promising. Growing commitment among African leaders to improved principles of economic development give cause for optimism.

In the Middle East and Northern Africa, average income is double that of Sub-Saharan Africa; however, a demographic explosion and political conservatism are limiting economic progress and social stability. In the Middle East, conflict will continue to affect the region and there will be a continuing need for humanitarian assistance and postwar reconstruction. In Iraq, particularly, CIDA has moved quickly to address the problems of post-conflict destabilization

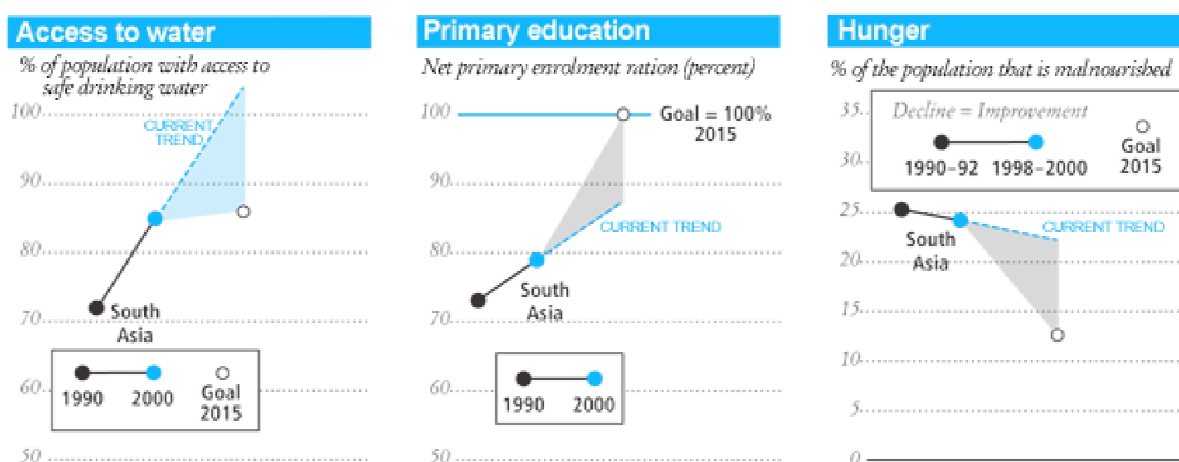
²⁸ <http://www.nepad.org>

through humanitarian relief, peacebuilding and meeting security needs. For most countries of the region, poverty is not as severe as in the Sub-Saharan region; however, governance problems, including varying levels of commitment to human rights, corruption and weak public institutions will continue to hamper economic and social development.

Asia

Population size, economic strength, socioeconomic diversity and serious social tensions combine to give Asia a significant potential to contribute to global prosperity, peace and security — or to destabilize it. Key areas of concern include Afghanistan, which will continue to be a major area of focus in 2004–2005. Security is still a problem outside Kabul, with warlords reasserting their authority and an increase in the drug trade. Another area of concern is North Korea, where responses to the continuing food security crisis have been limited by ongoing restrictions to humanitarian organizations and disputes over the nuclear situation.

Chart 2: If present trends continue, will South Asia meet the targets of the Millennium Development Goals?



Source: UNDP Human Development Report, 2003.

In other parts of Asia, extraordinary advances have been made over the past 25 years — the percentage of the population living in poverty dropped from 60% to 30% — and several countries are moving to “graduate” from the status of aid-dependent countries. East Asia (primarily China) has almost achieved the 2015 target of the MDGs of reducing poverty by half and is making progress on the education and health MDGs. Nevertheless, poverty levels remain high²⁹ in the region as a whole. Some 60% of the world’s poor live in Asia. As shown in the UNDP chart, several countries in South Asia — historically less economically progressive than East Asia — are showing good prospects for meeting the MDGs, particularly in access to safe water, with significant progress in primary school completion and reduction of child mortality. Progress is likely on child malnutrition, but the situation is less positive for gender-based

²⁹ In Asia, more than 2 billion people, one-third of the world’s population, earn less than US\$2 a day.

indicators, including birth attendance rates and equality in the schools. Similarly, issues of discrimination on other bases has proven to have a negative impact on development.

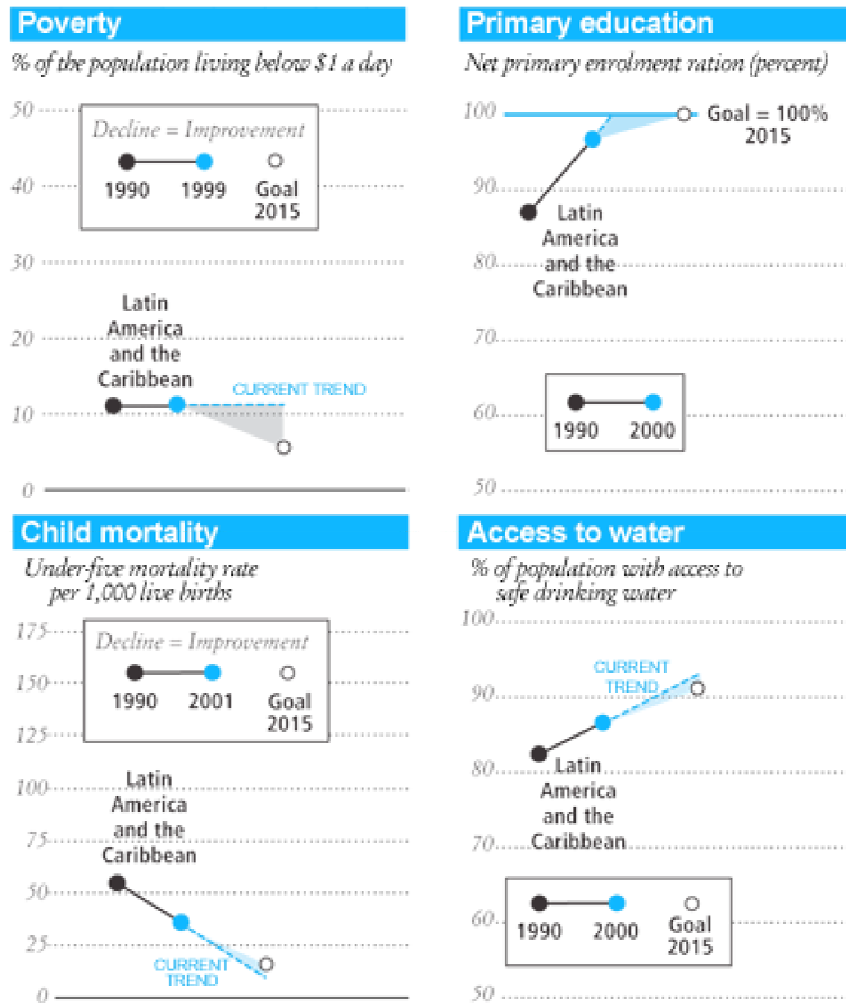
Overall, Asia has the economic capacity and the institutional base to participate in international political and economic systems. However, with greater participation in the rules-based global trading system, many Asian countries will need to strengthen their governance and their institutional capacity so they can compete effectively on the international stage. Continued inequities in income, access to health, education and other services, and the growing menace of HIV/AIDS, especially in South Asia, limit social development, reduce productivity and exacerbate human suffering. In addition, increasing population pressures, declining availability of fresh water and growing carbon emissions undermine the environment. Corruption and cronyism are still problems in some economies, and the continuing intersection between terrorism and local and regional tensions, such as cross-border conflict between India and Pakistan and civil unrest in Indonesia, threatens stability. Asia, especially East and Southeast Asia, is one of the regions where development progress has been most significant. Future prospects for the region will depend on how countries address the remaining challenges.

Latin America and the Caribbean

This region has the highest levels of social and economic inequality in the world. Despite pockets of wealth, some 100 million people live in absolute poverty. The most vulnerable groups are indigenous peoples, women, youth, the elderly and persons living with disabilities who are subject to discrimination and exclusion in social, economic, and political life. Violence against women and children is a continuing human rights problem and violence related to the gun and drug trades, as well as continuing poverty, are contributing to instability. HIV/AIDS is a major concern in the Caribbean and growing urbanization is putting pressure on social services throughout the region. As indicated on the UNDP Chart 3, significant progress on the MDGs is likely, but problems persist in access to safe water.

Deforestation, threats to biodiversity, climate change and increasingly severe weather events add to the region's vulnerability. Political instability erodes the investment climate in several countries, including Haiti. Some democracies are still fragile, commitments to the promotion and protection of human rights vary, public administrations are weak and social unrest is growing, notably in Bolivia and Peru, while the civil war in Colombia shows no sign of resolution. In the Caribbean, the rise of international and domestic crime and the threat of international terrorism are emerging issues.

Chart 3: If present trends continue, will Latin America and the Caribbean meet the targets of the Millennium Development Goals?



Source: UNDP Human Development Report, 2003.

Economic reform has opened the region to the global marketplace, but regulatory frameworks and institutions still need strengthening before significant growth can occur. Excessive reliance on a narrow range of commodities is also a vulnerability, as are debt and unemployment. Small countries continue to struggle with the end of preferential market access for their main exports.

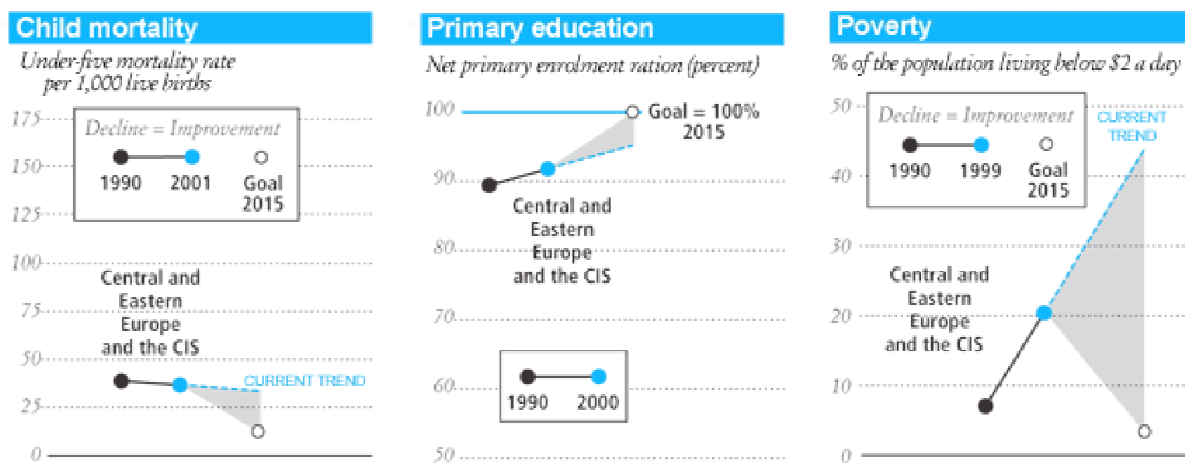
Economic integration continues to grow, not only within regional trading blocks like the Andean Community, but also in the preparations leading up to the Free Trade Area of the Americas (FTAA). The capacity of the regional institutions negotiating these agreements will play a major role in their success. In summary, the greatest single challenge to development in the Americas is the need to achieve economic growth with equity.

Despite a difficult start, the economies of the **countries in transition** (CIT) of Central and Eastern Europe have grown steadily, particularly in Central and Eastern Europe and the Baltic States. The eight CIDA-funded countries — Poland, Hungary, Czech Republic, Slovakia,

Estonia, Latvia, Lithuania and Slovenia — that acceded to the European Union (EU) in 2004–2005 will soon become donors themselves.

Studies have shown the strong link between economic liberalization and democratization throughout the developing world. Those countries having acceded to the EU are performing well while those that have recently started addressing the requirements of EU accession (e.g., Romania and Bulgaria), are performing better than most members of the Commonwealth of Independent States (CIS).³⁰ Russia’s prospects are improving steadily, with its growing economic, political and social stability and its increasingly stable participation in the international community.

Chart 4: If present trends continue, will Eastern Europe and Central Asia meet the targets of the Millennium Development Goals?



Source: UNDP Human Development Report, 2003.

Economic growth has not been shared equally across the region, especially in rural communities, almost half of which live in poverty (70% of those affected are elderly women). The costs of transition have been high for vulnerable populations, who are showing dramatic increases in poverty, unemployment, and mortality rates and decreases in income and education, especially for girls. In addition, increasing HIV infection rates in the Baltics, Ukraine and Russia are worrisome. As indicated in the UNDP chart, this region is not likely to make significant progress in achieving the MDGs, although progress is possible in reducing child mortality, and improving primary school completion and birth attendance rates.

Many countries in Southern and Eastern Europe continue to suffer from weak and ineffective institutions; real political and economic power often resides outside of state structures, and war criminals still evade capture in the Balkans. Corruption and high crime rates reduce the inflow of aid and investment, keeping states weak and economies flat. In Central Asia and the Southern Caucasus, troubled states form an arc of instability and unrest that make them vulnerable to

³⁰ CIS, or Commonwealth of Independent States: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan

terrorists, the arms and drug trades, human trafficking, ethnic conflict and human rights abuses. Development challenges are most profound in this area, particularly with respect to poverty reduction and security issues; however, the entire Eastern and Southern Europe and Central Asian region will need to strengthen security and governance structures and practices if progress is to be sustained.

Meeting the Challenge of the MDGs

Achieving the targets in the MDGs³¹ is a key condition for addressing these challenges, but many countries will not meet the 2015 deadline for any of the goals. If the trend of the 1990s continue, only the goals of halving income poverty and halving the proportion of people with no access to safe drinking water will be met by 2015. During the 1990s, international development assistance declined drastically, especially for Sub-Saharan Africa, the region in greatest need. An estimated \$100 billion a year is needed to fulfill the millennium vision, and the UN has launched an intensive period of advocacy for resources to fill the gap and research so that policies are in place to ensure the goals are reached.

Important progress has already been made. At the 2002 Financing for Development Conference, the industrialized nations pledged an additional \$16 billion, which tops up the current \$34 billion total to \$50 billion, leaving the donor community at just one-half of the \$100 billion objective. A number of developing countries are committing themselves to devoting both resources and efforts to the MDGs through their Poverty Reduction Strategy Papers (PRSPs). Discussions between developing and industrialized countries on issues like new approaches to debt relief, market access and access to knowledge and technology are taking on new urgency.

Canada is doing its part to achieve the MDGs, mobilizing not just the government, but all partners across Canadian society: the volunteer sector, the private sector and individual Canadians. Canada is well-equipped to provide support and expertise in achieving the MDGs, particularly in governance, private sector development, health and education. Canada has committed itself to doubling the IAE from its 2001–02 level by 2010. Starting in 2002–03, the IAE has been increasing by 8% annually, which will bring it to \$3.1 billion in 2004–05 and \$3.348 billion by 2005–06, well on the way to meet the 2010 commitment. In 2004–2005, 46% of CIDA's ODA/OA budget will be dedicated to social development, including basic education, health and HIV/AIDs, which are key aspects of the MDGs (see Section 4.2.2). Canada has also been a leader in identifying ways to increase global investments in education and health, through the Education for All-Fast Track Initiative and the High-Level Forum on the Health MDGs, respectively.

But increases in aid and aid effectiveness will not achieve the MDGs. Policy changes in industrialized countries like Canada in areas such as debt, trade and technology transfers are also needed because poor countries cannot tackle on their own the structural constraints that keep them trapped in poverty. Canada has already forgiven most of its ODA-related debt, has opened its market to duty-free and quota-free imports of most goods from the poorest developing countries, and is working to ensure greater coherency of Government of Canada policies. In

³¹ <http://www.developmentgoals.org>

addition, Canada is proposing amendments to domestic legislation to make much-needed HIV/AIDS drugs more accessible to the world's poorest countries.

Furthermore, Canada supports the UN system and Bretton Woods Institutions (e.g., the World Bank and the IMF) in their collaboration with developing countries which are working towards the MDGs. Canada is helping to strengthen the multilateral system, which also includes the G8,³² G20,³³ the OECD and the World Trade Organization (WTO), working to ensure that the voices of developing countries shape their deliberations.

3.2 Lessons Learned

CIDA's 35 years of development cooperation, combined with the experience of other donor organizations as well as developing country partners, their governments and their people, have yielded some valuable lessons about the nature of development and the role that assistance can play in supporting it. The foremost lesson is that aid effectiveness involves more than the successful implementation of projects; it requires that CIDA make a difference in the overall development context of a country on a sustainable basis.

Other key lessons include the need to

- focus on **better coordination** among all players, to ensure **consistent and coherent policies** across all areas affecting developing countries, and increase the emphasis on obtaining **results**;
- emphasize the critical role that **local ownership** plays in development effectiveness — developing country partners must determine their own needs and priorities, manage the resources and programs devoted to achieving them, and assume accountability for their results;
- strengthen **knowledge management** — all donors recognize the need to strengthen learning in their organizations by ensuring that lessons learned about effective development cooperation are integrated into plans and programs;
- renew our efforts to **target the poorest of the poor** — in developing countries, nearly three-quarters of the absolute poor live and work in rural areas, and most of these are women and children;³⁴
- take accelerated action to reverse the marginalization of **Africa**, where poverty and underdevelopment are most severe. African leaders in several key countries have clearly

³² Since 1975, the heads of state or government of the major industrial democracies have met annually to deal with the major economic and political issues faced by their domestic societies and the international community as a whole. G8 members include Canada, United States, the United Kingdom, Germany, France, Italy, Japan, and Russia.

³³ Joint Forum of Industrial and Emerging Countries — Members are finance ministers and central bank governors of Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Korea, Mexico, Russia, Saudi-Arabia, South Africa, Turkey, the United Kingdom, the United States and the European Union.

³⁴ Source: International Fund for Agricultural Development (IFAD) 2001. *Rural Poverty Report 2001 - The Challenge of Ending Rural Poverty*. Oxford University Press: New York. See also www.ifad.org

signaled their commitment to positive change, including improved governance, creating the NEPAD, the first comprehensive made-in-Africa development plan.

Finally, there is a growing understanding of the linkages among poverty, marginalization and **peace, order and governance**. Peace and security are now accepted elements in the larger conflict prevention and peacebuilding agenda and are integral aspects of good governance and public sector management. Many conditions which allow terrorists to find recruits, establish and finance organizations, and secure safe havens are facilitated by poor governance, violent conflict, human rights abuses, and lack of accountability and transparency in public institutions. These conditions can be, in part, addressed through well-targeted development assistance. The international community is moving quickly to address some root causes of instability in the world through peacebuilding and improved governance in states in crisis.

A final important lesson learned is that **public support** — particularly favourable attitudes and active participation by Canadians — **is critical to the success of the development program**. CIDA's efforts to improve performance measurement and accountability for results (see Section 2.3, the Sustainable Development Strategy) has made a marked difference in how it reports to Parliament and how it communicates with Canadians through its Web site and its outreach programs.

3.3 New Directions

CIDA is changing the ways in which it operates, in response to lessons learned, but also in response to the changing nature of international cooperation, the global consensus on MDGs, and the emphasis on achieving results.

The following is an overview of these new directions for the next three years:

- **International Policy Review:** The Government is undertaking a comprehensive review of Canada's place in the world. The Minister of Foreign Affairs will lead the development of an integrated and coherent international policy framework, in collaboration with the Minister of International Trade, the Minister of National Defence, the Minister for International Cooperation, and the Minister of Finance (on matters regarding International Financial Institutions [IFIs]). This fundamental review will set the stage for an integrated international agenda which encompasses areas of particular interest to CIDA:
 - targeting and enhancing the impact of international development assistance, consistent with Canadian values;
 - developing a strategy for renewing the multilateral system to enhance its effectiveness in promoting global governance;
 - leveraging Canadian expertise to promote domestic governance in developing countries;
 - showcasing Canadian creativity and know-how abroad.

- Increasing geographic and sectoral concentration of investments:** Canada's development program must be strategically focussed. CIDA is increasing investment in the coming years in the world's poorest countries and in sectors chosen to contribute on a strategic level and make effective use of resources. There will also be opportunities for further concentration based on the criteria identified in the International Policy Review. The following countries were identified in December 2002 to receive a greater share of the incremental funds provided through the IAE: Bangladesh, Bolivia, Ethiopia, Ghana, Honduras, Mali, Mozambique, Senegal and Tanzania. In Asia, where development progress has advanced significantly, several countries are expected to make the transition from an aid relationship with Canada in favour of a relationship based on mutual interests: Malaysia in 2003–04; Thailand in 2005–06, and in India, CIDA's bilateral program will be phased out by March of 2006, following India's payment in full in 2003 of past ODA loans made by Canada. CIDA has already moved on focussing its resources strategically in Asia. In Central and Eastern Europe, where eight of CIDA's program countries will be acceding to the EU in May 2004,³⁵ the locus of Central and Eastern Europe Branch's (CEEB) programming by 2010 will be focussed on six countries, in stark contrast to the widely dispersed branch program that covered 28 countries of the region in 2001. The six countries are Bosnia and Herzegovina, Serbia and Montenegro (including Kosovo), Ukraine, Georgia, Russia and Tajikistan.
- Focussing on Africa:** At the G8 Summit in Kananaskis, Alberta, in June 2002, Canada announced \$6 billion in new and existing resources for Africa's development over five years, including the \$500-million Canada Fund for Africa (see Box 5). The Canada Fund for Africa is a key element in Canada's contribution to the implementation of the G8 Africa Action Plan over the next five years. CIDA is also increasing support to its Canadian and multilateral partners working in Africa, especially in agriculture, including the CGIAR. In all its programming, CIDA will take into account the evolving NEPAD³⁶ agenda, its implementation plans and its peer review mechanism. CIDA's support to multilateral organizations also reflects a focus on Africa, as many of these organizations direct a significant proportion of their funding to Africa (UNDP, 46%; UNICEF, 47%; United Nations Population Fund [UNFPA], 43%). CIDA's food aid, humanitarian assistance, peacebuilding and mine action programming is also focussed on Africa.

³⁵ the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

³⁶ <http://www.nepad.org>

Box 5: The Canada Fund for Africa³⁷

The Canada Fund for Africa is designed to support bold new initiatives and predominantly large-scale programs that have a major impact on sustainable development in Africa. Its objectives are to foster innovation and economic growth, strengthen African institutions, improve the well-being of future generations of Africans, and help Africans build their capacity to achieve their own development goals. The \$500-million Fund supports the following:

- the African Capacity Building Foundation (ACBF), which strengthens civil society's capacity to participate in governance and increase effectiveness for service delivery within the public sector. It is also working to enhance its own programming to mobilize African, international and Canadian expertise as it provides support in the areas of economic policy analysis, gender equality, financial management and accountability, national statistics, public sector management and public participation in government (\$28M)
- the African Union, which will strengthen its ability to identify and respond effectively to emerging conflicts through better early warning systems, mediation efforts and political coordination, as well as the creation of a Special Envoy for the Protection of Civilians (\$4M)
- the International AIDS Vaccine Initiative (IAVI) and the African AIDS Vaccine Programme, which are facilitating vaccine trials and prepare communities for acceptance and distribution of vaccines once they are available. This initiative strengthens African expertise and research facilities and enables the development of vaccines most appropriate to the HIV strains prevalent in Africa (\$50M)
- the Canada Investment Fund for Africa (CIFA), which will provide risk capital for private investment in Africa to generate growth. It is expected that at least an equivalent amount will be raised from private sector partners. CIDA is currently working with other government departments to develop a framework for CIFA that will meet our objectives and the interests of our partners in Canada and Africa (\$100M).
- UN-HABITAT's Water and Sanitation Trust Fund, which is improving water and sanitation governance in selected African cities. Focussing on the poor, it will promote water demand management, education and awareness campaigns, and strengthen management capacity (\$15M).
- the African Trade Policy Centre, to be established within the Economic Commission for Africa, which will increase the capacity of Africans to represent their interests in negotiating trade agreements, integrate trade into national economic policies, and promote trade both within Africa and with the rest of the world (\$5M)
- Connectivity Africa promotes connectivity and increased access and support for the creation of local content and applications in Africa through research, development and effective uses of Information and Communication Technologies (ICTs) in innovative, low-cost applications; connectivity across regions; research and development; and partnership and convergence (\$15M)

The Minister for International Cooperation will report to Parliament on an annual basis.

- **Increasing investments in agriculture and private-sector development:** CIDA is fully in agreement with the international consensus on the need to renew attention to agrarian reform and to strengthen and diversify the private sector, particularly in the rural areas, given that the majority of population in developing countries is dependent on agriculture. CIDA's 2002 review of private-sector development (PSD) programming presented clear linkages between PSD programming³⁸ and poverty reduction³⁹ and committed CIDA to moving forward actively on private sector development that benefits the poor. Accordingly, and following public consultations, CIDA launched new policies on agriculture and private-sector development in 2003–04 and is increasing investments in these areas. For example, in Africa, spending in agriculture will increase from approximately \$14 million in 2001–02 to an estimated \$56 million by 2005–06. In the next two years, programming in private sector

³⁷ For further details, please see <http://www.acdi-cida.gc.ca>

³⁸ *Private-sector Development: Synthesis Report*, December 2002

³⁹ *Private-sector Development: Synthesis Report*, December 2002

development will also increase, particularly in the rural areas of developing countries. CIDA has agreed to support a UNDP Task Force to follow up the recommendations made by the UNDP Commission on Private Sector Development in February 2004, which was co-chaired by the Right Honourable Paul Martin and former Mexican President Ernesto Zedillo. The Task Force will examine the scope for a brokerage function to harness the capacity of the private sectors in developing countries, in particular, small and medium enterprises (SMEs), to stimulate economic growth and poverty reduction. CIDA will also fund a pilot local enterprise investment centre in Bangladesh that will provide services to help SMEs prepare for and identify investment opportunities.

- **Taking an integrated whole-of-government approach to development:** In the context of today's interdependent global economy, an integrated whole-of-government approach to development is required at national and international levels. CIDA is already working in consultation with other government departments in the allocation of IAE resources to strengthen policy coherence, intergovernmental cooperation and effective prioritization of international commitments. CIDA will continue to work towards coherence for both aid and non-aid issues affecting developing countries. This is fully in line with the approach of bringing together diplomacy, development, defence and trade in a coherent, whole-of-government vision for sustainable development in developing countries and countries in transition. The Agency will develop new and innovative approaches to working with fragile states in crisis and increase efforts to mainstream conflict prevention / post-conflict reconciliation programming.⁴⁰ Examples of this approach are in Box 6: *The "Three Ds" - diplomacy, defence and development - in the Balkans and Afghanistan.*

⁴⁰ This includes support to legal and judicial reform, civilian policing, disarmament, demobilization and integration of former combatants and other peacebuilding activities, small arms control and demining, and strengthening of public institutions, especially in the security sector, to be democratic, transparent and accountable.

Box 6: The “Three Ds” - diplomacy, defence and development - in the Balkans and Afghanistan

There is a growing recognition among donors that all aspects of international policy towards a country must be integrated and working together in order to support development fully. This is especially critical in countries in crisis, where no development can begin before security is established.

In the **Balkans**, the “three D” approach has characterized the program since its beginnings in the 1990s. The program was managed by DFAC, which worked closely with the Department of National Defence (DND) on the delivery of humanitarian assistance. When the program was transferred to CIDA in 1995, DND was tasked with the delivery of several CIDA-funded initiatives in Bosnia-Herzegovina related to small-scale reconstruction and mine action. The Balkans teams at CIDA and DFAC worked closely together on policy issues, as well as programming initiatives in mine action, peacebuilding, and the deployment of Canadian experts to the region. Following the 1999 NATO engagement in Kosovo, CIDA/DFAC/DND policy coordination and programming initiatives were expanded from a focus primarily on Bosnia-Herzegovina to the broader Balkans region. An example of the results of this fruitful collaboration: the Canadian “three D” approach to mine action has been recognized by the international community as having provided appropriate and effective expertise, thus contributing to the rapid and complete demining of Kosovo’s territory. This in turn has fed into broader international recognition of Canada’s lead role on landmines, including through the Ottawa Convention.⁴¹

In **Afghanistan**, the “three Ds” work together in Canada’s support to reconstruction and long-term development:

- Operation Athena, Canada’s participation in the International Security Assistance Force in Afghanistan, involves 1,800 Canadian forces personnel to help maintain security in and around Kabul;
- CIDA’s program, which includes \$250 million announced in March 2003, supports the operational budget of the Afghan Transitional Administration (ATA), civil-military cooperation projects, support to mine action programs, and ongoing support to health, basic education, water and sanitation, shelter, women’s rights, rural development and natural resource management. An additional \$250 million will support poverty reduction in rural areas through agricultural development, microfinance, alternative livelihoods, natural resource management, and elections support during the period 2005–2009;
- the Canadian Embassy in Kabul is now open. It is managing Canada’s overall presence in the country and providing an on-the-ground contribution to the fight against terrorism.

- **Strengthened support for multilateralism:** This remains a cornerstone of Canada’s international policy. The multilateral system and its institutions have been instrumental in setting the new development paradigm: the MDGs, the principles of fostering local ownership, improved donor coordination and the use of a results-based approach. UN reforms will continue and the UN’s role in development and security will continue to be refined. The UN will also continue to play a critical role in policy coherence. Regarding policy coherence, Canada depends on the multilateral architecture, including the UN development and humanitarian system, the WTO, the World Bank and the IMF, to smooth the way for trade, market access, debt relief, untying of aid, migration, environment and sustainable development.

⁴¹ The Ottawa Convention bans future use (and production, stockpiling, export, etc.) of antipersonnel mines — and also commits countries to deal with the results of previous decades of mine-usage. See <http://www.mines.gc.ca/convention-fifth-en.asp> for more information.

- **Conflict prevention, post-conflict reconciliation, peacebuilding, and security:** A key strategic objective of CIDA’s poverty reduction efforts over the next few years will be the promotion of peace and security, particularly in Africa, focussing on conflict prevention and building bridges from post-conflict reconciliation to long-term development. For example, CIDA will work to strengthen the capacity of a number of institutions in Africa, such as the new African Union, with respect to conflict prevention, management, and resolution. CIDA will continue to work with other donors on reform of the multilateral architecture, in particular to address emerging issues such as the global response to the problem of fragile states, and the increasing need to engage the U.S. and emergent powers such as India and China in the multilateral system. A key component of CIDA’s work in this area will be continued collaborative work with other government departments on a “three D” approach to global security — encompassing diplomacy, development, and defence, for example, in the post-conflict reconstruction of Afghanistan and Iraq.
- **Internal management transformation:** With the aim of achieving greater transparency and alignment between strategic priorities and resource allocation, CIDA is introducing new approaches. Through the general framework of the Integrated Modern Management initiative⁴² CIDA is designing and implementing major internal reforms to ensure greater accountability, better performance measurement and improved management systems. This includes the simplification of work processes, the modernization of human resource management, the introduction of sound knowledge sharing practices, the development of risk management and performance measurement and ongoing renewal of information and communications technologies. The Agency is developing new mechanisms to enhance its effectiveness, including the mainstreaming of costed workplans, which were introduced in 2003–04. This process seeks to align individual program priorities with Agency-wide priorities and link them with aid and operating budget projections. Costed workplanning will allow CIDA to better align its aid and operating budgets with its development priorities, to track investments against results and to improve resource allocation and decision-making. Finally, CIDA will include in these considerations the new skills and resources required to strengthen its field presence in support of the new program-based approaches and greater local ownership.

⁴² Relates to the government-wide Modern Comptrollership Initiative that supports efforts to strengthen strategic leadership, shared values and ethics, mature risk management, motivated people, clear accountability, integrated performance information and rigorous stewardship.

3.4 Strategic Focus of Resources for Greater Effectiveness: Planning over the next 3-5 years

CIDA is committed to bringing greater focus to its aid program. At the present time, CIDA has chosen to achieve greater strategic focus by increasing investments in a limited number of the world's poorest countries that are also committed to using aid effectively. The overall aim is to increase the impact of CIDA's investments and to demonstrate that Canada is committed to using its resources for optimal results.

A first step in this process was to select an initial list of countries for increased investment. This list was announced by the Minister for International Cooperation in December 2002. The countries are **Bangladesh, Bolivia, Ethiopia, Ghana, Honduras, Mali, Mozambique, Senegal, and Tanzania**. All nine countries have long-standing development ties with Canada, and have demonstrated an ability to implement aid programs efficiently, through commitments to improve governance, respect human rights and end corruption. The number of countries of concentration may grow over time if circumstances and resources permit. This could include selecting some countries for increased focus on the basis of their regional significance and their impact on the development prospects of neighbouring countries. The Government of Canada has recently committed to undertake a comprehensive review of the international policy framework. This review will help CIDA make strategic use of its resources for greater effectiveness.

Chart 5 presents a brief development overview of these countries including key development indicators, levels of investment, tentative planning figures and sectors of concentration both existing and planned. We will be using these factors as key tools in the planning, programming, reporting and evaluating of our progress over the longer term.

Chart 5: Development Statistics (1998 and 2002) and Total Investments 1998–2002

Country	Country situation, end 2002 (country situation in 1998)				Total investments 1998–2002		Proportion of budget to top 3 sectors ⁴³		
	HDI rating (/175)	GNI per capita	Pop. (millions)	Pop. below \$1/day (%)	Total ODA Receipts* (US\$M)	CIDA contri- bution-all channels (CAN\$M)	Sector - all CIDA Program Channels	Current (%)	Future (%)
Bangladesh	139 (146)	360 (380)	136 (128)	36 (29.1)	2,952.3	383.16	Education	27	28
							Health	20	33
							Legal reform	33	34
Bolivia	114 (116)	900 (900)	9 (8)	14.4 (11.3)	2,567.4	116.1	Health	10	31
							Gov. Admin	24	16
							PSD	42	32
Ethiopia	169 (171)	100 (100)	67 (60)	81.9 (31.3)	1,864.6	199.2	Food security	63	NA
							Agriculture	6	NA
							Health	17	NA
Ghana	129 (133)	270 (380)	20 (19)	44.8 (78.4)	1,838	142.73	Water and Sanitation	10	4
							Social Infrastructure	17	42
							Agriculture	37	43
Honduras	115 (119)	930 (740)	6.76 (6)	23.5 (40.5)	1,612.8	110.97	Health	11	11
							Education	32	33
							Agriculture	9	11
Mali	172 (171)	240 (250)	11 (10)	72.8 (72.8)	1,306.7	156.4	Health	21	24
							Education	36	43
							Governance	17	18
Mozambique	170 (166)	210 (200)	18 (19)	37.9 (37.9)	5,045.6	148.41	Education	55	54
							HIV/AIDS	8	17
							Agriculture	19	24
Senegal	156 (158)	470 (520)	10 (9)	26.3 (26.3)	1,890	145.06	Education	48	65
							PSD	11	22
							Agriculture	8	11
Tanzania	160 (150)	290 (220)	35 (31)	19.9 (19.9)	3,915.8	159.63	Education	42	31
							PSD	2	17
							HIV/AIDS	8	19

* Source: OECD, Geographical Distribution of Financial Flows to Aid Recipients (1999-2002) 2004 - Total Receipts Net (ODA+OOF+Private)

⁴³ These percentages include investments from all aid channels: bilateral, multilateral and Canadian partnership.

4.0 Plans and Priorities by Strategic Outcome

4.1 Introduction

In 2001, CIDA established a set of KARs, which were further refined over the following 18 months. The KARs are the core of CIDA's Results-Based Management Framework – its accountability structure with Canadians. They show the relationship linking CIDA's mandate, the MDGs, and the principles of aid effectiveness. They provide the conceptual basis against which CIDA can plan, resource and report: efficient management approaches support effective enabling strategies that in turn contribute to long-term development results.

The Development Results constitute CIDA's Strategic Outcomes that have been used for planning and reporting since the 2002–03 RPP.

The KARs are defined as follows:

- **Development Results (strategic outcomes)** are the long-term impacts CIDA aims to have in partner countries in four interconnected areas: **economic well-being, social development, environmental sustainability, and governance**. CIDA will address gender equality and environment issues throughout these four areas. These development results reflect the MDG commitments, as well as Canada's contributions to development that are not explicit in the MDGs (such as in the area of governance). CIDA shares accountability with developing countries and with the development community as a whole for the achievement of the development results. Given that development is a complex, long-term process, these results have a horizon of between five and ten years.
- **Enabling Results** identify **strategies** to ensure that the right programs are in place at the right time to enable the achievement of development results. These strategies are grounded in the principles of strengthening aid effectiveness and constitute an appropriately allocated and effective portfolio of international programs. CIDA is fully accountable for these results. Enabling results are demonstrable in the shorter term, and have a horizon of between three and five years.
- **Management Results** set out the **approaches** CIDA will deploy in areas such as human resources, knowledge and information management, planning and resource allocation to support enabling results and thus achieve development results. CIDA is fully accountable for these results. Management results are also achievable in the shorter term, and have a horizon of approximately three years.

While the four development results or Strategic Outcomes are presented individually, development is a dynamic and integrated process, as illustrated in Chart 6, where all the circles intersect at various points. The three levels of KARs — development, enabling and management — are inter-connected as well. Box 7: *The Mutually Reinforcing KARs: Education Support in Tanzania*, explains how they all work together.

Box 7: The Mutually-Reinforcing KARs: Education Support in Tanzania

CIDA has been helping to improve basic education in Tanzania since 1997, investing a total of \$19 million to date in the program. CIDA's long-term aim is to increase the capacity of Tanzania to provide equal access to, and ensure completion of, basic education, thus improving literacy rates and increasing the education levels of primary school students. This constitutes the *development result* of the program.

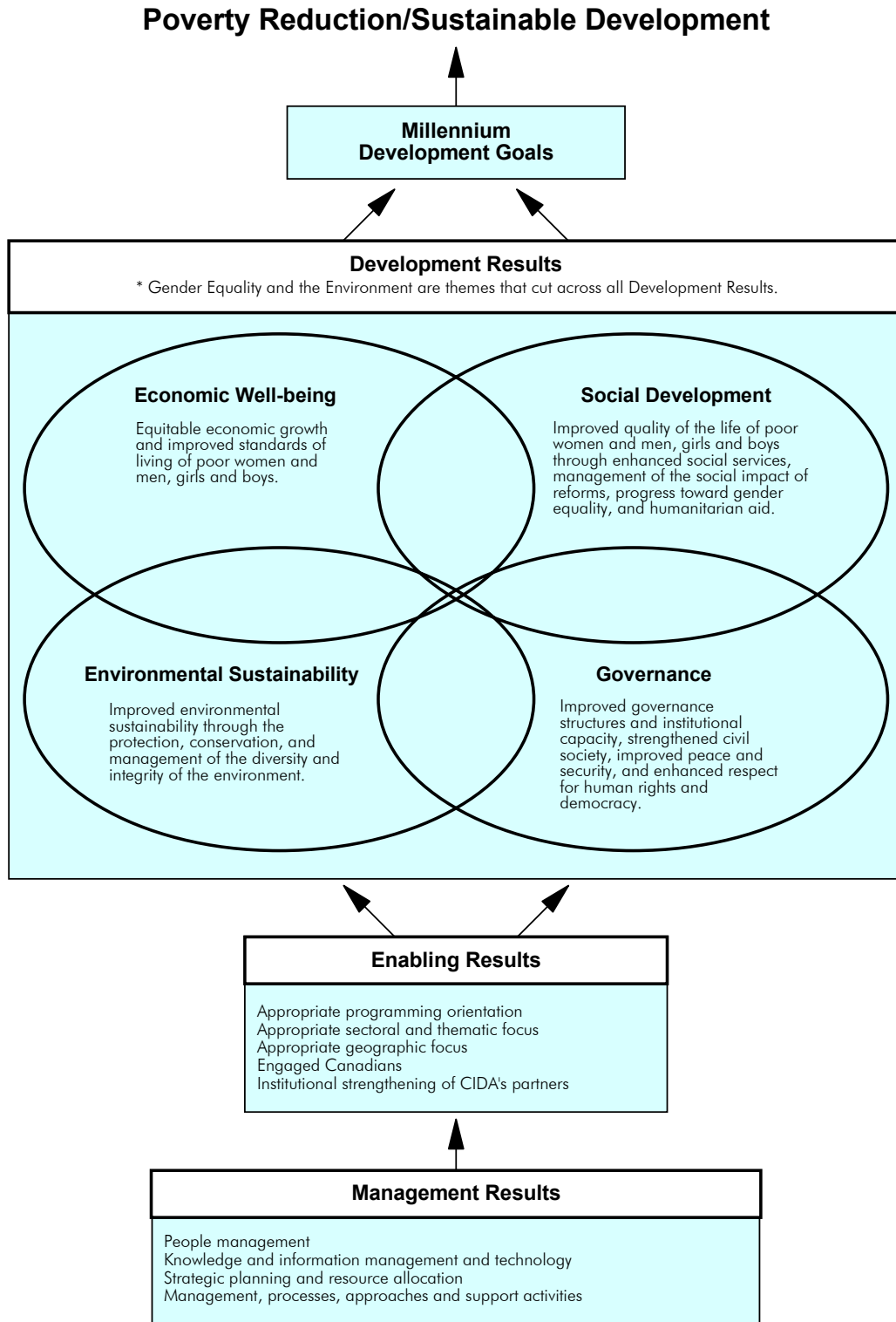
To achieve this long-term goal, CIDA has played an active role in building local ownership. CIDA has worked with the Tanzanian government on its national strategies for poverty reduction and has worked with other donors to better harmonize policies, practices and systems to reduce the delivery costs of aid. CIDA has played an effective role through its programming orientation, which increasingly favours program-based approaches. For example, CIDA currently supports basic education in Tanzania through a primary education Sector-Wide Approach (SWAP)⁴⁴ (harmonized sector program) and through direct budget support to Tanzania's PRSP. The Agency's new strategies on geographical concentration (through countries of concentration) and on sectoral concentration (focussing on social development) have also given CIDA programming the necessary focus to support development results in basic education in Tanzania. These programming strategies constitute the *enabling results*.

In terms of *management results*, CIDA has developed several mechanisms to improve efficiency in program delivery. For example, CIDA has increased its field presence with dedicated education specialists in Tanzania to ensure that the sectoral knowledge is current and that the analysis and corporate experience contributes to the development of basic education policy and programming.

Over time, it is hoped that support to basic education, coupled with support in other areas, will lead to an improved standard of living, as better-educated Tanzanians improve their livelihoods, increase their potential for economic growth, and participate actively in society. As CIDA and other donors are working through Government of Tanzania systems, our support will also lead to improved governance, by strengthening the capacities of governments at all levels to manage a complex, multifaceted basic education system.

⁴⁴ See Box 18: Program-based Approaches: A Primer, for further information on SWAPs and budget support.

Chart 6: CIDA's Key Agency Results Framework



CIDA has updated and refined elements in the KARs to reflect new policies, directions and commitments since 2002. Measuring progress on these results is done through a series of indicators developed as the KARs themselves were further refined. They are based on indicators developed for partner countries' Poverty Reduction Strategies (PRS), National Development Plans (NDP), or their equivalents, and on indicators developed for the MDGs. This is the first year that they have been included in the RPP.

With the development of the KARs, CIDA is now in the process of producing annual, results-based workplans that connect and consolidate resource allocation with results at all levels within the Agency. This RPP presents, also for the first time, a summary of CIDA's costed workplans for the years 2004–05 and 2005–06.

4.2 Strategic Outcomes: Development Results

As noted, CIDA's development results constitute its strategic outcomes and are at the heart of the Agency's work. The development results are in four priority areas:

- **economic well-being:** equitable economic growth and improved standards of living of poor women and men, girls and boys;
- **social development:** improved quality of life of poor women and men, girls and boys, through enhanced social services, management of the social impact of reform, progress toward gender equality, and humanitarian aid;
- **environmental sustainability:** improved environmental sustainability, through the protection, conservation and management of the diversity and integrity of the environment;
- **governance:** improved governance structures and institutional capacity, strengthened civil society, improved peace and security, and enhanced respect for human rights and democracy.

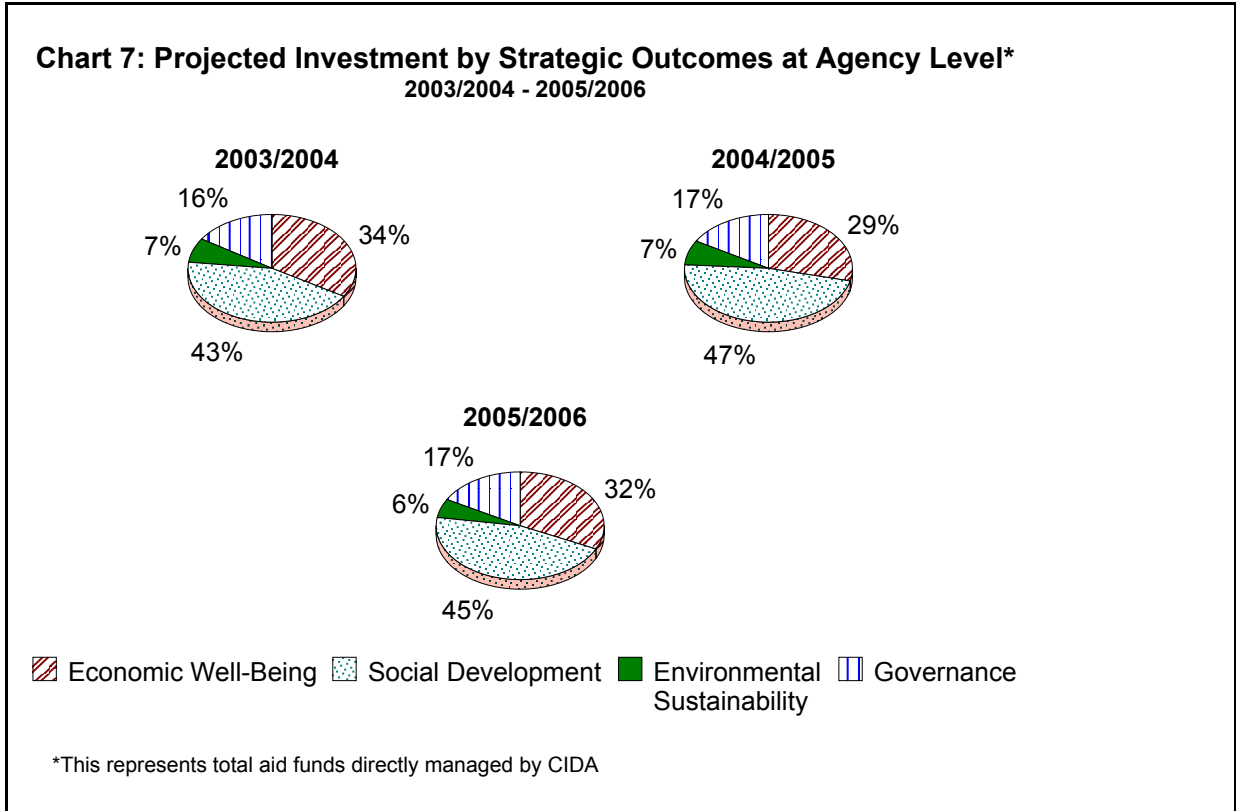
Gender equality and the environment are crosscutting themes — themes that are considered in programming in all the development results areas. Although these results areas are presented separately, they are interdependent. For example, economic well-being depends on good governance, which includes such essential elements as sound economic policies, the promotion and protection of human rights, a predictable and responsive legal framework and transparent, accountable and professional systems.

The measurement of development results presents a number of challenges. First, development impacts can only be measured within a longer time frame (at least five to ten years). Second, CIDA shares accountability for the achievement of development results with many others in the international development community, including developing country partners, international organizations, other donors, and CIDA's Canadian partners in government, civil society, and the private sector.

CIDA has, therefore, included in this RPP a menu of internationally accepted, macro-level indicators of development (including appropriate MDG indicators) for each development result area. The selected indicators are intended to demonstrate progress toward the achievement of the stated development outcomes for each result area. In measuring results such as increases in enrollment rates or decreases in the incidence of disease, for example, CIDA uses a number of

well-established sources, including UN bodies such as the UNDP, the United Nations Children’s Fund (UNICEF), and the World Health Organization (WHO), or IFIs such as regional development banks. This approach is consistent with measuring progress toward the attainment of the MDGs.

For the coming years, programming will be based on CIDA’s four Development Results (as stated in Section 4.1). Proportions of planned investments for each of the Development Results are stated in Chart 7 below. From the Chart, the trend in allocation of funds among strategic priorities demonstrates that CIDA’s priorities have stabilized.



4.2.1 Economic Well-being

Strategic Outcome 1: Economic Well-being:

\$755.4M or 34% of CIDA's 2003–04 ODA/OA budget, increasing to \$797.3M in 2004–05 and rising to \$833.9M in 2005–06

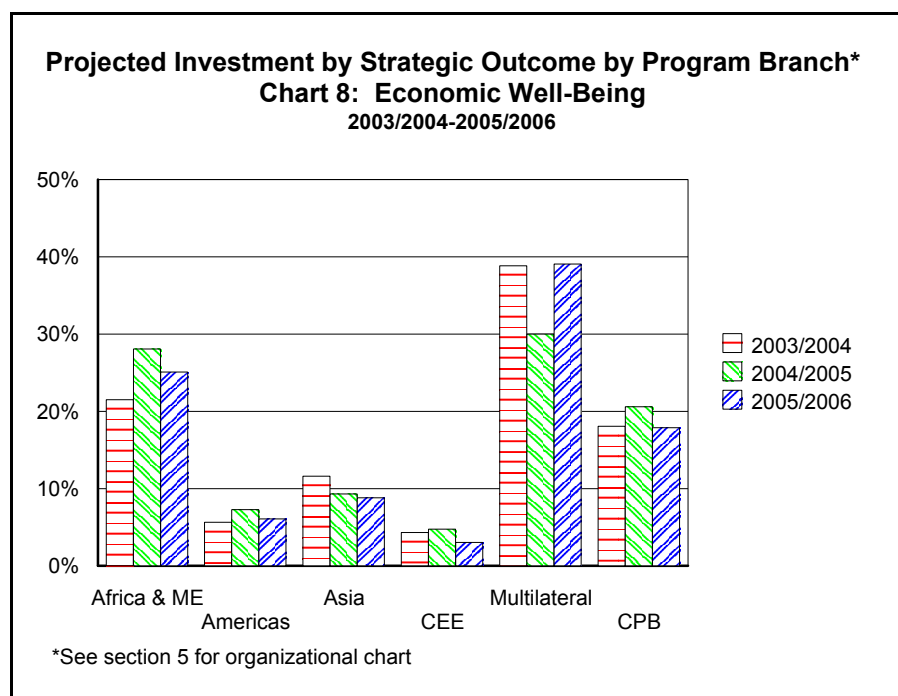


Table 1: Economic Well-being: Strategic Outcomes, Priorities and Sample Indicators

Strategic outcome	Priorities	Sample Indicators (SDS3)
Equitable economic growth and improved standards of living of poor women and men, girls and boys.	<ul style="list-style-type: none"> Strengthen investments in agriculture and private sector development Support private sector development that contributes to pro-poor equitable economic growth and improved and sustainable standards of living of poor women and men, girls and boys Build capacity to make trade work for poor women and men, girls and boys Foster an enabling environment for economic growth and investment 	<ul style="list-style-type: none"> Proportion of population below \$1 per day Poverty gap ratio (incidence and depth of poverty) Extent of male/female income gap Trade volumes, market access for developing countries Broad indicators of economic performance (i.e., economic growth rates, unemployment rates, growth in private sector activity) Indicators of sound monetary policy (e.g., inflation rates, real interest rates)

Context

Economic growth is a prerequisite to reducing poverty, provided the poor can benefit from it. Investments in the private sector, especially in agriculture and rural development, where most of the world's poor struggle to earn a living, are often the means to better living conditions and economic growth for millions. A fair trading system can provide the basic elements for growth across the economy, and reform of institutions which govern and facilitate economic growth, including financial institutions, is critical if poor people are to gain access to the assets they need to participate in the economy. Finally, an enabling environment that encourages economic growth and investment in the economy is essential for sustainable development.

Priorities and Plans

Over the next three years, CIDA will pursue the following priorities (see Table 1) in economic well-being:

- Strengthening investments in agriculture and rural development
- Supporting private sector development that contributes to pro-poor equitable economic growth and improved and sustainable standards of living of poor women and men, girls and boys
- Building capacity to make trade work for poor women and men, girls and boys
- Fostering an enabling environment for economic growth and investment

In the area of strengthening its investments in agriculture and private sector development, CIDA will

- Implement its new policy, *Promoting Sustainable Rural Development Through Agriculture: Canada Making a Difference in the World*, with enhanced programming and new investments in all regions, especially Africa, where spending will increase from \$14 million in 2001–2002 to an expected \$56 million by 2005–2006. This will support African producer organizations, including a \$19.3 million program for the economic development of the Niaye region in Senegal;
- Increase Canada's core support to the CGIAR from \$13.27 million to \$17.37 million. Through these investments, Canada aspires to support the CGIAR's research agenda, embodying both strategic and applied research, with a focus on increasing agricultural productivity, protecting the environment, saving biodiversity, improving policies, and strengthening national research. The CGIAR is an international association, supporting a system of 15 international agricultural research centres working in more than 100 countries.

- Provide additional funding to agricultural research, for example, through a \$30 million contribution from the Canada Fund for Africa to support small producer productivity through the International Livestock Research Institute, which is part of the CGIAR. Enable poor rural communities to attain sustainable livelihoods by income enhancement and food production activities for female-headed households in ten countries of Eastern, Southern and Central Africa, whose poverty is further exacerbated by high rates of HIV/AIDS, through a five-year, \$7.2 million contribution to the Pan-Africa Bean Research Alliance. The Alliance has already improved nutrition for 15 million people in the regions, and increased yields by \$18 million in Rwanda alone;
- Develop and disseminate appropriate production and processing technologies and raise household productivity and incomes, primarily among women, through \$5 million in support to the Ghana Regional Appropriate Technology Industrial Services;
- Emphasize natural resource management and sustainable agriculture as well as research. In the Americas, a \$20-million contribution to the International Centre for Tropical Agriculture (CIAT) aims to increase iron and zinc levels and vitamins in common staple foods. In Asia, the agriculture sector will be strengthened in several countries, including Afghanistan, Vietnam, Cambodia and China, where a 12-year, \$12-million project is supporting development of a modern, commercially viable lean-pork industry in four provinces. Support will also be given to sustainable, transparent, market-based agriculture and water resource management, practices and structures at the national and local levels in water-scarce countries, such as in Tajikistan. Finally, CIDA continues to support the International Fund for Agricultural Development, which targets small rural agricultural producers in countries throughout the world; and
- Use varied economic programming instruments to make a concerted effort to reduce Ethiopia's vulnerability to famine and, over the long term, to reduce systemic poverty. See Box 8: *Ending Chronic Famine in Ethiopia*.

Box 8: Ending Chronic Famine in Ethiopia

An estimated 7% to 8% of Ethiopians remain in chronic food insecurity, and between 30% and 40% are vulnerable to seasonal shortages. On average, more than five million people were enlisted for daily food relief over the last decade, even when conditions were favourable. In 2002–03, Ethiopia suffered a major drought similar to the one which ravaged the country in 1984–85, with this most recent drought affecting 13.2 million people.

Achieving greater food security and reducing vulnerability to famine are priorities of the Government of Ethiopia. The government recognizes that food insecurity is a major contributor to poverty and highlights agricultural development-led industrialization as one of the four building blocks in its national development strategy. In mid-2003, the government established the New Coalition for Food Security to develop a new strategy and investment package to address the problem of chronic food insecurity. The priorities include increased agricultural production, improved access to productive assets and income-generating opportunities, promotion of preventative and curative health services, and voluntary resettlement. CIDA is working closely with the Government of Ethiopia and the other Coalition members to develop a comprehensive program based on this strategy.

Meanwhile, CIDA's ongoing efforts to prevent famine for the most vulnerable and to build up Ethiopian institutions' capacity to address food security continue. Among current activities supported by CIDA are two projects focussed on capacity-building in water harvesting and irrigated agriculture production; support to the development and extension of agricultural technologies; a contribution to the World Bank Food Security Project designed to tackle food security issues at the district and community levels; and disaster prevention, preparedness and mitigation. The crosscutting issues of gender equality, HIV/AIDS and environment figure prominently in all of CIDA's programming. CIDA is considering support to the Coalition for Food Security as well as Ethiopia's rural development and water sector development programs.

In addition, CIDA's Pan-African Program is supporting the Nile Basin Initiative (NBI), in which Ethiopia is a key member. The objective of the NBI is to fight poverty and promote socio-economic development in the region through improved management of the Nile's water resources and watersheds.

In the area of supporting private sector development that contributes to pro-poor equitable economic growth and improved and sustainable standards of living of poor women and men, girls and boys, CIDA will

- Support multilateral partners like the regional development banks, which provide loans to micro and small enterprise, such as the African Development Bank, where 21% of loans go to support SMEs in Africa. Another key partner is the World Bank's Consultative Group to Assist the Poorest (CGAP), which builds microfinance institutional capacity and helps ensure that the needs of the poorest are met. CIDA provides \$500,000 a year to CGAP. This type of support helps to create the enabling environment for private sector development to occur, from setting the rules for trade and investment, to local regulatory systems, to support for macro and micro-finance, including private sector development trust funds, which provide technical assistance;
- Provide direct assistance to partner countries. In Africa, CIDA targets micro-enterprise development, with particular attention to women in Burkina Faso, Guinea, Senegal, South Africa, Rwanda, Democratic Republic of the Congo, Cameroon and Mali, where more than 9,000 women have been trained in microenterprise management and many more have received loans from the CIDA-supported Réseau Nyèsigiso, a credit union with 100,000 members. (See Box 9: *Financial Services for the Poor: Building the Institutions*, which shows

how CIDA strengthens local institutions and thereby fosters local ownership and long-term sustainability in poverty reduction in several countries of concentration in Africa). In Asia, support to private sector development, especially expansion of credit facilities, continues, including in Bangladesh, where the Rural Maintenance Program provides income generation, training and credit for eventual self-employment for impoverished widows. In the Americas, sustainable family income generation opportunities are being supported in Ecuador, where the Canada-Ecuador Development Fund has benefited more than 55,000 families through improved production and marketing activities, and in Peru and Bolivia, opportunities are being expanded for the poor to benefit from natural resource development;

Box 9: Financial Services for the Poor: Building the Institutions

CIDA supports a wide range of institutions that provide financial services to the poor, including the Asian, InterAmerican and African Development Bank's private sector lending capacity building operations, which target small and medium-sized businesses. The Agency also supports developing country institutions. For example, in West Africa, six partner networks of credit unions have formed a group to coordinate their activities. Located in Senegal, Burkina Faso, Benin, Togo and Mali, they are responsible for 80% of the microcredit in the region. They account for 400 branches, over one million beneficiaries, savings of over 50 billion CFA francs and credits of 32 billion CFA francs. The networks commonly operate with the same currency, report legally to the Central Bank of the West African States, and are governed by the law regulating mutual or cooperative savings and credit institutions.

In early 2001, the partner networks, with CIDA's financial support, adopted a common vision of the development of the mutual financial institutions that will carry them for a ten-year horizon. The vision deals with strategic dimensions such as the configurations of the networks, the products and services, problems of governance, computerization, the legal environment and the creation of business units revolving around the networks. This vision calls for a vast project to upgrade and transform the mutual networks and CIDA will be supporting this process with a contribution of \$25 million over the decade.

- In addition, CIDA supports joint ventures between Canadian and partner country firms which benefit the local economy in countries around the world, including support to business development services for SMEs in Egypt (\$2.9 million in 2004–05). This support enables Canadian enterprises to establish long-term business relationships with local partners to help build the local private sector through investment, access to new markets, and the transfer of knowledge, skills and technology; and
- Design new country-led, demand-driven approaches to investment facilitation that build the investment readiness and capacity of local enterprises in countries of enhanced partnership, such as Bangladesh, where a Local Enterprise Investment Centre will be piloted. This facility will help small and medium-sized businesses to attract investment by providing core services such as project design, feasibility studies and business planning.

In the area of building capacity to make trade work for poor women and men, girls and boys, CIDA will

- Build capacity to compete in trade and investment in all regions, including the most marginalized, Africa, where the Canada Fund for Africa is providing \$8 million in technical assistance to small and medium-sized firms and the institutions that support them to improve their capacity to do business internationally and promote their own exports;
- Provide trade-related technical assistance in the areas of negotiation and implementation of regional trade agreements through a variety of partners, including the InterAmerican Development Bank's Hemispheric Cooperation Program, which benefits the Central American countries, and directly to countries in the Caribbean, such as Jamaica, where support from the Caribbean Trade Issues Project, valued at \$300,000, enabled that country to develop anti-dumping legislation and regulations; and
- Support trade facilitation programs, including the Canada Fund for Africa's \$7-million contribution to the UN's Joint Integrated Technical Assistance Program, which is helping 16 African countries to better integrate into the multilateral trading system.

In the area of fostering an enabling environment for economic growth and investment, CIDA will

- Promote economic reforms and strengthen governmental and institutional capacities for economic management, including in Vietnam, where CIDA is supporting development of legal and regulatory frameworks for WTO accession as well as banking sector reform through the \$10-million Vietnam-Canada Financial Management Project;
- Support partner country governments' efforts to develop policies, practices and laws that favour economic growth, such as the efforts of African regional partners to encourage the development of a secure investment climate by improving legal, regulatory and accounting practices; and
- Work with private sector institutions and organizations to stimulate market development and innovation in developing countries.

4.2.2 Social Development

Strategic Outcome 2: **Social Development:**

\$965.5M or 43% of CIDA's 2003–04 ODA/OA budget, rising to \$1,130.9M in 2004–05 and to \$1,179.1M in 2005–06

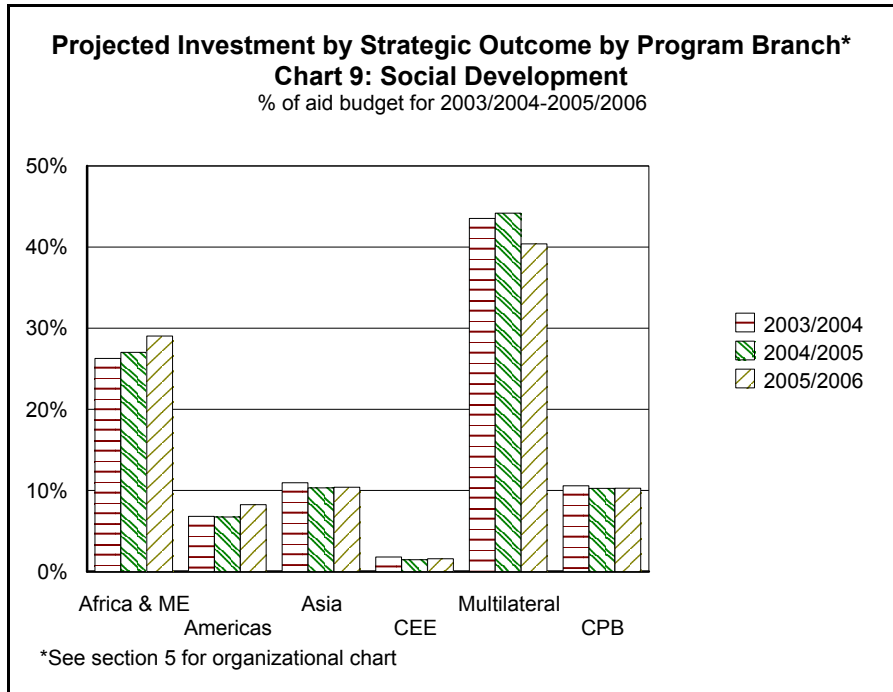


Table 2: Social Development: Strategic Outcomes, Priorities and Sample Indicators

Strategic outcome	Priorities	Sample Indicators (SDS3)
Improved quality of life for poor women and men, girls and boys, through enhanced social services, management of the social impact of reform, progress toward gender equality, and humanitarian assistance.	<ul style="list-style-type: none"> • Strengthen its programming in basic education, HIV/AIDS, health and child protection; • Support and promote the integration of gender equality considerations in all development policies, programs and projects; • Provide humanitarian assistance in times of natural disaster and/or conflict. 	<ul style="list-style-type: none"> • Net enrollment ratio in primary education • Proportion of pupils (male/female) starting Grade 1 who reach Grade 5 • Ratio of girls to boys in primary, secondary and tertiary education • Percentage of patients (male/female) with Sexually Transmitted Infections (STI) at health care facilities, who are appropriately diagnosed, treated and counseled • Mortality rates: infant, under five, maternal • Incidence of malaria and tuberculosis (male/female) • Knowledge/skills of women and women’s organizations for advocacy and participation in decision-making • Early warning systems in place in vulnerable countries

Context

Social development is a necessary counterpart to economic well-being, and investing in education and health has proven to be the single most effective contribution to poverty reduction and sustainable development. The benefits are both short- and long-term: healthy, well-nourished children and adults learn better, produce more and participate in society more effectively. Experience has shown that these advantages must be shared equally among women and men, girls and boys, for sustainable development to occur. CIDA’s emphasis on social development priorities have brought greater emphasis in four areas: health and nutrition, HIV/AIDS, basic education, and child protection.

Priorities and Plans

Over the next three years, CIDA will pursue the following priorities (see Table 2) in social development:

- Strengthening its programming in basic education, HIV/AIDS, health and child protection;
- Supporting and promoting the integration of gender equality considerations in all development policies, programs and projects;
- Providing humanitarian assistance in times of natural disaster and/or conflict.

In order to help meet its goals in social development and contribute to the MDGs in this sector, CIDA will double its spending in health and nutrition and quadruple its investments in basic education, HIV/AIDS and child protection over the period 2000–2005 to an expected total of \$2,811 million.

In the area of strengthening programming in basic education, CIDA will

- Renew its focus on Africa, where the needs are greatest, by doubling Canada’s investment in basic education to \$100 million per year by 2005, including contributions to the active implementation of the international Education for All Initiative⁴⁵ in Mozambique and Tanzania, where CIDA will contribute an additional \$10 million in each country between 2003 and 2008; and
- Renew support to programs in South and Central America, such as the Peru Local Education Fund, valued at \$1.1 million, which will support new approaches to educational reform on a pilot basis to improve quality and access by rural, poor and high-risk groups, and strengthen management and community participation.

Box 10: *A Quality Education for All in Bangladesh*, illustrates CIDA’s strategic planning in basic education and the expected results over the next three years in one of the nine countries of concentration. It also demonstrates the critical integration of gender equality analysis and results.

⁴⁵ <http://www.unesco.org/education/efa/index.shtml> The Education for All (EFA) initiative provides a set of goals, action plans and tools for donors, countries and civil society to ensure, by 2015, that all children of primary age have more access to and complete free schooling of acceptable quality; that gender disparities in schooling would be eliminated; levels of adult literacy would be halved; early childhood care and education would be expanded; learning opportunities for youth and adults would be greatly increased; and all aspects of education quality would be improved.

Box 10: A Quality Education for All in Bangladesh

Bangladesh has made remarkable progress in increasing access to primary education over the last decade, bringing basic skills to isolated populations and adult learners and closing the gender gap in children's enrolment rates. However, girls are still pulled out of school when times get tough, and their achievement and completion rates lag behind boys throughout the country. Only one out of every four children completes primary school in Bangladesh, and in some rural areas, more than 85% of the population is still illiterate.

CIDA is helping Bangladesh to meet its commitment to the MDGs in primary education, investing up to \$67 million in its Education Sector Support Program over the next six years. This new program aims to help the government to undertake the policy, institutional and system reforms needed to improve quality and access within a system that is poverty-focussed, equitable and inclusive. Known as a SWAP, this program involves a large group of donors, including the Asian Development Bank, the World Bank, the U.K., the Netherlands, Norway, Sweden, Australia, Japan and UNICEF. Donor funds are pooled into a common budget supporting a locally defined program, and CIDA will be participating actively in donor working groups and reviews to support the achievement of quality improvement and gender equality.

Among the activities included in the program are organizational development and capacity building for institutions that deliver primary education; improved curriculum, teaching methods and community participation; building of up to 35,000 new classrooms and facilities; plans for inclusion of previously marginalized populations, such as disabled, ethnic minority, working and impoverished children; and technical assistance for system reform such as research, workshops, improved coordination and development of action plans.

In the area of strengthening programming in HIV/AIDS, CIDA will

- Support large multilateral programs, including the Joint United Nations Programme on HIV/AIDS (UNAIDS) (\$5.4 million per year), and the GFATM (\$25 million in 2003–2004 and \$40 million in 2004–2005);
- Support national HIV/AIDS programs in a wide range of countries, including Mozambique, where CIDA support will total \$30 million over five years, and will support strengthened institutions implementing the plans, improved epidemiological surveillance, and improved health care service delivery and public awareness programs;
- Support larger regional programs, such as the Southern African AIDS Training program, (\$12 million in the next two years) which supports nearly 150 community partners implementing prevention programs, care for those affected, support groups and advocates for gender equality and human rights-based approaches to the pandemic; or the Caribbean's Epidemiology Centre, (\$4.1 million over four years) which helps member-countries to plan, manage and program for the prevention and control of HIV/AIDS/STIs, as well as care and support those living with HIV/AIDS; and
- Strengthen the capacities of educational institutions, for example in Mozambique, where a \$9.1-million, three-year program is supporting, among other things, the training of trainers and health workers who are committed to new community health practices and are focussed on their communities' needs and priorities, such as dealing with malaria and HIV/AIDS.

Box 11: *Seeking a Cure: AIDS Vaccine Research in Africa*, illustrates CIDA's support to the fight against one of the greatest threats to poverty reduction and social development in Africa.

This project shows how direct support to local institutions not only ensures that African priorities are respected, but also that African institutions are strengthened.

Box 11: Seeking a Cure: AIDS Vaccine Research in Africa

A vaccine is one of the world's best hopes for ending this human tragedy, but only a small percentage of the world's research funds go to Africa, where 70% of the world's HIV-positive people live. The International AIDS Vaccine Initiative (IAVI), which is being supported by \$50 million from CIDA's Canada Fund for Africa, is carrying out human trials in South Africa and Switzerland to test a candidate vaccine to prevent people uninfected with HIV/AIDS from contracting the disease.

This initiative has two unique features. First, collaboration with developing country scientists at all stages of vaccine development is required, and second, IAVI retains intellectual property rights to help ensure that the vaccine, if successful, will be provided to developing countries at a reasonable cost. IAVI's activities also include mobilizing support through education and advocacy and encouraging industrial participation.

In the area of strengthening its programming in health, CIDA will

- Address health sector reform and health threats via support to multilateral and regional organizations, including the WHO, UNDP, UNICEF, the United Nations Population Fund (UNFPA) and the Pan-American Health Organization (PAHO) as well as through health-specific programming via the GFATM, the Micronutrient Initiative (\$28 million per year), the Global Alliance on Vaccines and Immunization (GAVI) and IAVI;
- Support health sector reform directly, for example, in Bolivia, where a new \$15-million, five-year Comprehensive Health Program aims to improve public health through assistance to health financing and planning, district health and public governance, data collection and human resource development;
- Improve service delivery, through support to such programs as the \$28-million Health and Population Reform Program, which is upgrading family planning and reproductive health services in Bangladesh; improving quality of human resources management and the health sector in Mali; and improving access to water and sanitation services in Honduras, where some 16,000 people in 50 communities are benefiting from a \$5-million, five-year project;
- Address major health threats with our partners, such as providing \$5 million to the World Bank-led multi-donor effort to assist China in the development of a national program to contain the spread of SARS and reduce new infections;
- Contribute to regional efforts to control widespread illnesses, such as river blindness, through a \$5-million contribution over five years to the African Programme for Onchocerciasis, which affects 15 million people; and malaria, through a \$2-million yearly contribution to the Roll Back Malaria in Africa campaign; and
- Overcome the legacy of Hurricane Mitch in Honduras with strengthened health care programs developed through international coordination and locally-driven priorities. (See Box 13: *Overcoming the Legacy of Hurricane Mitch: Strengthening Health Care in Honduras.*)

Box 12: Overcoming the Legacy of Hurricane Mitch: Strengthening Health Care in Honduras

When Hurricane Mitch roared through Central America in the fall of 1998, it destroyed critical health infrastructure, including water and sanitation systems, housing, hospitals and clinics. Even today, some 38% of Hondurans still have no access to health services; about one in five have no safe water or sanitation, and malnutrition, maternal and infant mortality rates remain high.

The international community joined forces to provide both emergency aid and long-term development support. CIDA's three-year, \$5M Primary Health Care project is part of this integrated approach. In Honduras, CIDA supports the priorities and activities identified at government-donor coordination groups, known as sector tables, and in Nicaragua, activities support priorities determined by the government and its partners, including the Red Cross. The goal of this project is to support the Red Cross Societies of Nicaragua and Honduras in their efforts to improve the health of vulnerable populations, by supporting specific activities, such as upgrading of primary health care services, particularly for women, children and those suffering from infectious diseases, and by strengthening the capacity of national and local health authorities and institutions to sustain reforms and improvements. Community awareness and participation has a major role in this project, which also strengthens coordination among health-related institutions, as important partners in health care, and across various sectors, such as water and sanitation and education.

In the area of strengthening programming in child protection, CIDA will

- Continue to support UNICEF. CIDA's primary contribution towards child protection programming is through a yearly contribution to UNICEF (\$13.5 million), which works in the following priority areas, all focussed on children: child protection, girls' education, immunization, and HIV/AIDS;
- Base its programming on the rights of the child. As set out in *CIDA's Action Plan on Child Protection*, the rights-based approach to child protection uses the United Nations Convention on the Rights of the Child as a framework for promoting the respect of all children's rights. This approach recognizes the rights of girls and boys to participate in decisions affecting their lives, analyzes the structural causes which lead to violations of children's rights, and advocates a holistic response in areas such as private sector development, agriculture, education and health, with specific attention to children in need of special protection from exploitation, abuse and discrimination;
- Promote child participation in development initiatives (See Box 13: *Egypt: Promoting and Protecting the Interests of Children Who Work (PPIC-Work)*);

Box 13: Egypt: Promoting and Protecting the Interests of Children Who Work (PPIC-Work)

A key element of Egypt's economic and social reform program is employment creation through micro and small enterprise development. This is a highly effective strategy for reducing poverty among poor and marginalized populations, including children. The \$4.8-million, six-year PPIC-Work project collaborates with microfinance and business support agencies to address the rights of working children. Working children participate in identifying and addressing workplace hazards, health and safety requirements and educational opportunities. The project also assists the Egyptian government to review small enterprise policies to include children's rights, and to participate in the international debate concerning children and work.

In the coming year, working children will continue to identify and monitor many of the interventions. PPIC-Work will also continue to introduce business and loan products that can provide unique support and benefits for working children that are not possible through other types of development interventions.

- Build capacity for children's rights programming through knowledge management, training, the Child Protection Network, and lessons learned from the Child Protection Research Fund;
- Support initiatives focussing on rehabilitation and reintegration of war-affected girls and boys in Democratic Republic of the Congo, Uganda, Rwanda, Sierra Leone and Colombia, where a \$3.5-million, three-year project is reintegrating as many as 3,000 girls and boys in the most affected areas through basic education and training in peacebuilding and leadership skills; and
- Focus on initiatives in child labour and child trafficking, for example, through support to multilateral partners such as the Inter-American Children's Institute's Child Labour project, and through a \$3-million, four-year project in capacity building for local partners in West Africa, who are working to reduce child trafficking through rescue and reintegration of more than 6,000 children and to increase public awareness.

In the area of supporting and promoting the integration of gender equality considerations in all development policies, programs and projects, CIDA will

- Enhance capacity for gender analysis and gender-sensitive programming by governments and institutions in Bolivia, Malawi and many other countries, both directly and through international partners, such as the United Nations Development Fund for Women (UNIFEM) and the Organization of American States, where a \$500,000 contribution enabled the General Secretariat to develop and implement a gender analysis training course for 240 trainees, including in-country representatives; and
- Strengthen women's empowerment through support to community organizations that work to increase women's participation in community development and political decision making, for example, in Peru and other Andean countries, through the \$5-million regional Gender Equity Fund. Box 14: *In Gender Equality: A Regional Approach for the Americas*, outlines CIDA's strategy for supporting gender equality by building capacity of local institutions and networks to integrate gender issues into the decision-making processes in their societies. It also underlines CIDA's commitment to integrating gender equality into its daily work through training and use of tools such as assessment guidelines.

Box 14: Gender Equality: A Regional Approach for the Americas

Despite significant progress, gender inequalities persist in the Americas, constraining social, economic and political progress and poverty reduction. These inequalities are most evident in the continued under-representation of women in decision-making, the lower wages paid to women, widespread violence against women and girls, and the extremely high illiteracy and maternal mortality rates among indigenous women.

Promoting gender equality is an important element of Canada's policy agenda in the Americas. CIDA will continue to support gender equality through direct programs and projects which focus on building capacity with partners, increasing women's representation, participation and influence over local and regional decision-making, and addressing priority issues such as gender-based violence. The Agency will also undertake specific initiatives to improve the integration of gender equality within all of its other initiatives. This will include the implementation of a new corporate gender equality assessment process for use during project and program planning, as well as specific program-level initiatives to build capacity of staff to integrate gender equality effectively into their everyday work.

In the area of providing humanitarian assistance in times of natural disaster and/or conflict, CIDA will

- Provide appropriate, timely and effective responses to appeals for humanitarian assistance, including provision of emergency food aid;
- Continue our work in Iraq, supporting not only short-term emergency assistance but also longer-term development, by building the capacity of local institutions to meet the needs of the population and govern effectively. (See Box 15: *Working Through the International Community to Rebuild Iraq*); and
- Provide assistance to refugees and internally displaced persons with a particular emphasis on women and children, through core and non-core funding of multilateral organizations and NGOs. In the Democratic Republic of the Congo, there are some 3.4 million internally displaced persons and 250,000 refugees, and a further 20 million Congolese are at risk. In 2003, CIDA responded with \$6.7 million to support humanitarian activities through partners including the International Committee of the Red Cross, the UN Office for the Coordination of Humanitarian Affairs, CARE, World Vision, Action Against Hunger and Médecins Sans Frontières, plus \$5.2 million for food aid and measles vaccinations via the World Food Programme (WFP) and UNICEF.

Box 15: Working through the International Community to Rebuild Iraq

Canada, through CIDA, was one of the first countries to signal a major commitment to helping the Iraqi people rebuild their lives following the 2003 war. An initial contribution of \$5.6 million helped plan the humanitarian relief effort, for which CIDA subsequently pledged up to \$100 million. The bulk is being channeled through UN humanitarian agencies and international non-governmental organizations to help provide clean water, proper sanitation, food and shelter, and primary health care. Resources were also devoted to mine action and health and safety for aid workers.

Canada then pledged an additional \$200 million for reconstruction activities. Following an earlier humanitarian contribution to UNICEF to upgrade maternal and child health, rehabilitate the water supply and sanitation, protect children and support basic education, CIDA provided a grant of \$40 million to expand and continue UNICEF’s work. Another \$5 million went to CARE Canada to work with CARE Iraq for improved access to clean water and sanitation, primary health care and education facilities in the city of Kerbala, which had been severely neglected under the former regime. CIDA is also helping to reform the security sector in Iraq, funding the deployment of up to 20 Canadian police instructors to train local forces and including provision of a security consultant to determine further cooperation in this sector.

Another contribution of \$100 million to the International Reconstruction Fund Facility for Iraq will help to build the capacity of local and national institutions to meet the basic social and economic needs of the population, such as basic health and education, water and sanitation and food security, as well as strengthen governance, human rights and democracy in Iraq.

4.2.3 Environmental Sustainability

Strategic Outcome 3: Environmental Sustainability:

\$164.8M or 7% of CIDA’s 2003–04 ODA/OA budget, rising to \$175.6M in 2004–05 and dropping to \$145.3M in 2005–06.

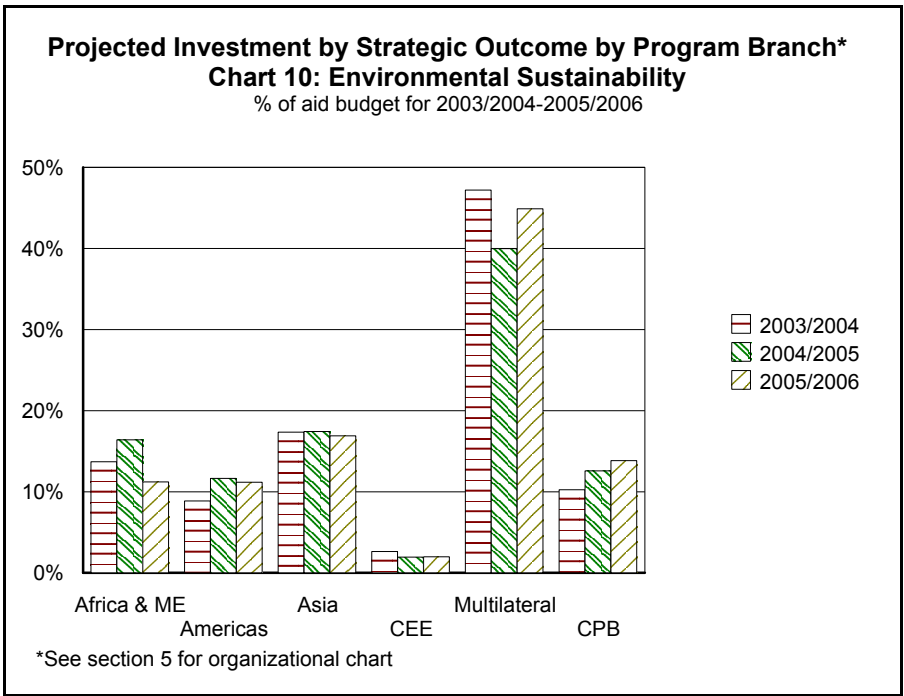


Table 3: Environmental Sustainability: Strategic Outcomes, Priorities and Sample Indicators

Strategic outcome	Priorities	Sample Indicators (SDS3)
Improved environmental sustainability, through the protection, conservation and management of the diversity and integrity of the environment	<ul style="list-style-type: none"> • Support and promote the integration of environmental considerations in countries’ policies, programs and projects in support of the achievement of the MDGs; • Contribute to increasing capacities to address environmental issues such as desertification, climate change and water and sanitation in ways that reflect the priorities and interests of poor women and men, girls and boys 	<ul style="list-style-type: none"> • Number of initiatives incorporating sustainable, integrated water-resources management approaches leading to an increase in the proportion of people with access to safe water and to sanitation • Number of policies, programs and projects addressing climate change, leading to decrease in carbon dioxide emissions • Number of initiatives integrating sustainable land-management approaches leading to increase in proportion of land area covered by forest; land area protected to maintain biological diversity; proportion of people with access to secure tenure of land

Context

CIDA integrates environmental sustainability into all of its programming through policy guidance and management practices and procedures (e.g., environmental assessment). The objective is to ensure that a CIDA intervention involving any sector sustains or enhances environmental services and assets, the fundamental underpinning of sustainable development and poverty reduction. CIDA also works through strategic alliances and partnerships — such as the Multilateral Environmental Agreements — to influence the international agenda on environment and development. Finally, CIDA also helps to build the capacity of partner countries to deal with global issues like climate change and land degradation.

Priorities and Plans

Over the next three years, CIDA will pursue the following priorities in environmental sustainability (see Table 3):

- support and promote the integration of environmental considerations in countries’ policies, programs and projects in support of the achievement of the MDGs; and
- contribute to increasing capacities to address environmental issues such as desertification, climate change and water and sanitation in ways that reflect the priorities and interests of poor women and men, girls and boys.

In the area of supporting and promoting the integration of environmental considerations in countries' policies, programs and projects in support of the achievement of the MDGs, CIDA will do the following:

- increase capacity to address and manage environmental issues through multilateral partners such as the Global Environmental Facility (CIDA's yearly contribution average \$30-\$40 million), which supports preparation of national action plans for adaptation to climate change;
- improve regulatory frameworks and increase capacity to address and manage environmental issues, for example, through direct support to the mining sector in Peru, where a \$4.5-million project is training operators in the treatment and control of issues like acid drainage and site reclamation in medium-sized underground mines;
- take a regional as well as a country approach to natural resource management, such as in the Nile, Niger and Zambezi Basins. In this way, multi-country and national initiatives may reinforce common goals and objectives. See Box 16: *Integrating Water Supply and Sanitation and Promoting Hygiene in Uganda*; and
- review development programs and proposals and ensure they are in full compliance with the *Canadian Environmental Assessment Act* (CEAA) and are environmentally sustainable.

In the area of contributing to increased capacity to address environmental issues such as land degradation and desertification, climate change and water and sanitation in ways that reflect the priorities and interests of poor women and men, girls and boys, CIDA will do the following:

- strengthen government, NGO and community capacity to manage natural resources, such as land management in China, water and sanitation in Ghana, and land use and water resources management in the Zambezi Basin, where a \$5-million program supports the development of policies and management structures for the management of water, fish and wildlife, as well as improvement of agriculture and biodiversity conservation in communities in both Zambia and Mozambique;
- strengthen soil conservation in countries affected by desertification, including Malawi, Nigeria, Zambia and Tanzania; and limit greenhouse gas emissions through enabling legislation and renewables in Honduras; support developing countries, and the poorest people in those countries, in addressing environmental issues like water and sanitation through the development of practical, affordable technologies like the involvement of community members, including women and youth; (See Box 16: *Integrating Water Supply and Sanitation and Promoting Hygiene in the Nile Basin*); and

Box 16: Integrating Water Supply and Sanitation and Promoting Hygiene in Uganda

Uganda is in the midst of completing a transformation from 20 years of chaos and violence to a period of stability, recovery and growth. While the national economy as a whole has steadily improved over this period, the northern region of the country continues to face key development challenges. WaterCan is currently working (2003–2006) in partnership with CPAR-Uganda, a local NGO operating in the Apac District in northern Uganda, where less than half the district’s population has access to safe drinking water and sanitation facilities, and diseases such as diarrhoea, intestinal parasites, and skin and eye infections impose a heavy health burden.

The project (\$1.05M) will increase access to safe-water supplies and sanitation facilities and knowledge of good hygiene practices. To date, 38 hand-dug and drilled wells fitted with hand-pumps, 17 rainwater tanks, 39 protected springs, and eight rehabilitated wells are serving an estimated 51,000 people in rural areas. Some 1,000 sanitary platforms or “sanplats” have been cast and will be distributed to community members for pit-latrines construction. Intensive hygiene promotion activities have been carried out in the communities. To reach as many people as possible, villagers, primary school teachers and students have been trained and are active as community health promoters.

As a result of these interventions, community members, particularly women and girls, now spend less time collecting water and can focus their energies on other activities such as attending school, child care, and farming. Villagers have reported marked improvements to their health, especially among children, and are more aware of good hygiene and clean-water storage and collection practices. The success of the project can be attributed to several key factors: a strong emphasis on community participation at all stages of the project; recognition of the important role women have in collecting water; gender-sensitization workshops for community leaders; the scheduling of community meetings at times and locations convenient for women; the promotion of technologies such as hand-pumps that can be operated and maintained by local people; and the communication of hygiene practices through culturally-appropriate channels such as songs and dramas performed in the local language.

- increase capacity for disaster and environmental management among communities, organizations and institutions in Eastern Caribbean countries, where the \$4.995-million, six-year Caribbean Disaster Prevention Project is emphasizing disaster mitigation and prevention and providing assistance to meet critical needs following major disasters.

4.2.4 Governance

Strategic Outcome 4: **Governance:**

\$354.1M or 16% of CIDA's 2003–04 ODA/OA budget, rising to \$400.6M in 2004–05 and to \$438.4M in 2005–06.

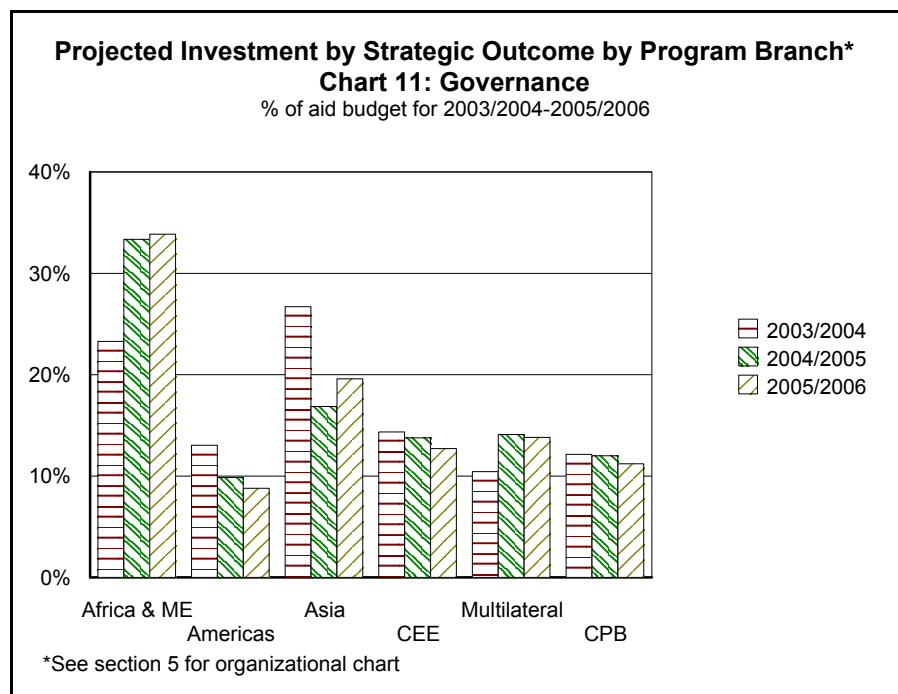


Table 4: Governance: Strategic Outcomes, Priorities and Sample Indicators

Strategic outcome	Priorities	Sample Indicators (SDS3)
Improved governance structures and institutional capacity; strengthened civil society; improved peace and security; and enhanced respect for human rights and democracy	<ul style="list-style-type: none"> Promote public-service reform and greater use of rules-based systems to govern economic, political and social affairs; Build democratic institutions and processes that represent and engage all members of society; Support the increased promotion and protection of human rights by institutions, governments and civil-society organizations; and Increase attention to conflict prevention, post-conflict reconciliation, peacebuilding and security 	<ul style="list-style-type: none"> World Bank Institute composite indicators for Rule of Law, government effectiveness, control of corruption and regulatory quality; Extent of country compliance with international human rights instruments (e.g., via treaty body Concluding Observations) Number of violent conflicts / threats to security; and Proportion of females / males participating in decision-making in peace- and conflict-related institutions, mechanisms and processes

Context

In today's interdependent world, the soundness of governance, including national institutions, plays a key role in sustainable development, human dignity and integration into world markets. On the national level, good governance, including reduction of conflict, is essential if sustainable development is to occur. Public-service reform and the rule of law are necessary to the efficient and effective delivery of social services, human security and other public goods; the promotion and protection of human rights and strong democratic institutions support the just and equitable treatment of all members of society and help increase accountability and transparency.

Priorities and Plans

Over the next three years, CIDA will pursue the following priorities in governance (see Table 4):

- promote public-service reform and greater use of rules-based systems to govern economic, political and social affairs;
- build democratic institutions and processes that represent and engage all members of society;
- support the increased promotion and protection of human rights by institutions, governments and civil society organizations; and
- increase attention to conflict prevention, post-conflict reconciliation, peacebuilding and security.

In the area of promoting public service reform and greater use of rules-based systems to govern economic, political and social affairs, CIDA will do the following:

- reform, redesign and/or rebuild legal and judicial institutions, for example, in Mali, Rwanda, Ethiopia, and Bosnia-Herzegovina, where the \$1.35-million support to human rights institutions through the Organization for Security and Cooperation in Europe is strengthening, among others, the Commission for Real Property Claims (enabling returning refugees and displaced persons to reclaim their homes and restore legal and social stability); and
- strengthen regional organizations, for example, through a \$1-million contribution for capacity building within the Nairobi-based Centre for Corporate Governance, to enable it to coordinate and implement corporate-governance programs, networks and activities, as well as promote corporate governance standards.

In the area of building democratic institutions and processes that represent and engage all members of society, CIDA will do the following:

- increase capacity, transparency, accountability and use of participatory approaches in the civil service, parliaments and local governments, including through the decentralization of services across Africa and in Bosnia-Herzegovina, where a \$2.3-million project is building capacity in

local and cantonal governments, including in public-participation practices;

- support Public Sector Reform Funds, managed from the field, that aim at improving public sector efficiency and effectiveness to better and more equitably serve all sectors of the population and at strengthening democratic practices involving civil society and governments. (For example, in Bolivia, the \$3-million Public Sector Reform Fund is providing technical assistance to develop laws on financial institutions and regulations for the telecommunications and mining industries, and helping governments to implement the public participation law.);
- support policy analysis and applied research carried out by CIDA's civil-society partners to illustrate civil society's contributions to poverty reduction, peacebuilding, and international agreements that promote and protect human rights; and
- strengthen local community-based organizations and institutions to serve rural areas in a wide range of countries, including Afghanistan and Indonesia, where the \$4.95-million Partnership Program for Development is providing institution building for Indonesian non-governmental organizations, supporting community development and enhancing policy dialogue on key development issues.

In the area of supporting the increased promotion and protection of human rights by institutions, governments and civil society organizations, CIDA will do the following:

- support national and international human-rights organizations in Ukraine, Zimbabwe, Kenya, Cameroon and the Democratic Republic of the Congo, the Office of the High Commissioner for Human Rights in Colombia and the Offices of the Ombudsman in Bolivia and Peru;
- support to the establishment of accountable and transparent institutions in the Balkans, with particular emphasis on the rule of law;
- increase the integration of human rights principles into programming by CIDA, as well as by our partner institutions, governments and civil-society organizations, including through the Human Rights Strengthening (HURIST) program of the UNDP and OHCHR;
- lead and coordinate discussion at the OECD-DAC Network on Governance (Govnet) on human rights and development to improve donor coordination and coherence around these issues;
- support research, analysis and discussion of the integration of human rights into emerging development issues, including trade and human rights and conflict, and human rights;
- Support legal and judicial reform that promotes and protects human rights, including in Afghanistan, China and Vietnam; and
- Support civil-society organizations which have as their goal the promotion and protection of human rights, including through human rights education programs.

In the area of increasing attention to conflict prevention, post-conflict reconciliation, peacebuilding and security, CIDA will do the following:

- Support pan-African and regional conflict prevention, management and resolution efforts by strengthening the capacity of the African Union, through a \$4-million contribution from the Canada Fund for Africa; and improved capacity to promote human rights, rule of law and peaceful approaches to conflict resolution in Afghanistan (see Box 17: *Building Democracy in Afghanistan*), the Philippines and Pakistan; and
- Integrate gender equality in all aspects of conflict prevention, peacekeeping, peacemaking and post-conflict reconstruction in partnership with government and civil society.

Box 17: Building Democracy in Afghanistan

Following September 11, 2001, Canada provided \$116.5 million in humanitarian aid, peacebuilding and reconstruction assistance in 2001 and 2002. In 2003, Canada pledged a further \$250 million for Afghanistan reconstruction. This was the single-largest country pledge in the history of Canada's development assistance program and represents a 10-fold increase over the pre-September 11, level, making Canada the third-largest bilateral donor to Afghanistan. Canada's investments in Afghanistan are beginning to produce results. Our military contribution has helped to assure greater security in Kabul and surrounding regions, and has helped to create an environment in which the Bonn peace process continues, a new constitution has been adopted, and the presidential elections anticipated this year can proceed. Three million refugees have returned to Afghanistan with the support of Canada and other donors. With Canadian funds, mine clearance is proceeding rapidly, disarmament of armed factions has begun, consultations on the new constitution were completed, and the registration of voters is underway. Pledges of support from Canada and by international community, followed up by prompt delivery, is important to sustain the transition to democracy, stability and therefore more sustainable governance in Afghanistan. (For information on recent announcements, please refer to Section 3.3, page 27.)

4.3 A Summary of Enabling Strategies

CIDA's Enabling Strategies represent the Agency's approach to achieving a well-chosen, optimal portfolio of international programs and institutions: appropriate programming orientation, appropriate sectoral and thematic focus, appropriate geographic focus, engaged Canadians and institutional strengthening. These strategies are based on the OECD principles of aid effectiveness and reflect trends in the strategies of CIDA's Canadian and international partners as well. The successful implementation of these strategies creates the enabling environment for achieving long-term development impacts.

For this Report on Plans and Priorities, we will be featuring **eight** of the Enabling Results:

- new programming approaches and funding modalities applied;
- policy-based programming and increased policy coherence between CIDA and Canadian partners;
- facilitation of local ownership;
- consensual and collaborative partnerships established between CIDA, other donors, recipient countries and partners;
- appropriate sectoral and thematic focus;
- appropriate geographic focus;
- engaged Canadians; and
- institutional strengthening of CIDA's partners.

These **eight** represent the key enabling results that CIDA will be targeting over the next three years, and particularly over the next year. (For a list of the remaining enabling results, please consult Annex 2)

4.3.1 Appropriate Programming Orientation

New programming approaches and funding modalities applied

In addition to existing programming approaches, new programming approaches enable CIDA to fund developing-country programs and priorities. These priorities are set out in key planning documents, such as national development plans or poverty reduction strategy papers (see Box 21: *The Poverty Reduction Strategy Paper: Blueprint for National Development*) produced by developing-country governments. These documents provide the basic foundation for such programs as national health or poverty reduction plans, or multi-country initiatives such as cross-border crime prevention or environmental management (see Box 18: *Program-based Approaches: A Primer*).

Box 18: Program-based Approaches: A Primer

Definition: a program-based approach is a way of engaging in development cooperation based on the principle of coordinated support for a locally-owned program of development. It has four key elements:

- leadership by the host country or organization;
- a single program and budget framework;
- donor coordination and harmonization of procedures; and
- efforts to increase the use of local procedures over time for program design and implementation, financial management, and monitoring and evaluation.

These approaches are not suitable in all countries or all circumstances but when properly implemented, they help foster local ownership and capacity building, reduce administrative costs for both recipient and donor, and place assistance within an integrated framework that operates in a common context. They are characterized by joint programming and financial approaches and joint accountability. Financial support is provided through pooled, or “common basket” funds; in some cases, those funds are earmarked for specific activities, while in others, they simply support an entire program. Support can also be provided through direct financial contributions to specific activities within the larger program. The most common program-based approach is the SWAP, that is characterized by a single sector policy and expenditure program — in, for example, education — under government leadership. Financial contributions can also be provided as **direct budget support** to the host country’s own budget for its poverty reduction strategy or for a particular institution’s program, such as an Ombudsman’s Office.

SWAPs — An innovative programming approach

SWAP is an innovative programming approach that contributes to greater development effectiveness. Support using this approach is directed to comprehensive, locally-owned programs that encompass an entire sector, such as education or health. Partners in a SWAP include local institutions and the donor community who share a common vision, common objectives and, often, common systems and procedures. CIDA is involved in many SWAPs, including in the education sector in Mali, Tanzania, and Uganda and in the health sector in Bangladesh and Malawi.

CIDA is involved in 36 current and planned program-based approaches, including SWAPs in education in Honduras, Mozambique, Senegal, Tanzania, Uganda, Burkina Faso and Zambia; SWAPs in health in Mali and Bangladesh; budget support for poverty reduction strategies in Tanzania and Ghana (see Box 19: *A Three-tiered Approach to Food Security: The Case of Ghana*); and budget support for the Ombudsman’s Office in Bolivia and the Bangladesh Rural Advancement Committee’s education program in Bangladesh. In the Caribbean, a regional framework is now in place and a number of opportunities exist to consolidate and integrate programs, move to a more thematic approach in HIV/AIDS, governance and education, and to strengthen donor harmonization. By 2005–06, program-based approaches will account for over 60% of total disbursements in Africa. This proportion will increase as programming becomes more concentrated.

Box 19: A Three-tiered Approach to Food Security: The Case of Ghana

Ghana is one of the most stable countries in Africa, well endowed with natural resources and strongly committed to reform. CIDA has been a long-time partner with the Government of Ghana, collaborating on major projects in agriculture, poverty reduction and water supply, mainly in the impoverished northern region. Ghana's capacity to plan and manage its own development has strengthened over the years, and its new development plan includes a decentralized approach and an emphasis on public participation in local development. The foundation for this plan — Ghana's poverty reduction strategy (GPRS) — was finalized in February 2003.

CIDA has since confirmed its program priorities in Ghana as food security, rural potable water and governance, focussing on the north, and is shifting its program gradually from project to program support. For example, the Agency is now participating in multi-donor budget support programs to implement its program at three levels: the policy level, with budget support for the implementation of the GPRS; focussed, or meso level, with budget support for the implementation of Ghana's Food and Agriculture Sector Development Policy; and the targeted, or micro level, with budget support for 24 districts in three northern districts to implement their District Development Plans. This directly targets, works with, and benefits people living in poverty, and leads to poverty reduction through the promotion of sustainable livelihoods and the broader participation of the poor in society.

The *budget support approach* provides predictable, regular funding, based on agreed criteria, for the Government of Ghana's programs. It respects Ghana's priorities and coordinates donors around Ghana's needs and schedules. Putting accountability into the hands of the Government of Ghana and using its own systems of procurement, administration and planning, the project will build capacity and develop and reinforce the relationships among different levels and agencies of the government. The *tri-level approach* mitigates against the impact of potential obstacles and delays that could arise at each level at different times. In this way, donors' risks of disbursement lapses and exposure to significant obstacles and problems at each level are reduced. Tying disbursements to intermediate performance targets also mitigates donor risk.

Over the next three years, CIDA will do as follows:

- implement new program-based approaches, where appropriate;
- continue to advocate for their greater use at multilateral institutions such as development banks; and
- continue to share research and lessons learned in this area.

Policy-based programming and increased policy coherence between CIDA and Canadian partners

Today, official development assistance is only a small part of the resources that flow to developing countries — resources that include foreign direct investment, trade receipts, and remittances from citizens working overseas. Major policies which affect these flows, including those on trade, crime, financial stability, peace and security and debt, do not always support one another, undermining development and preventing many countries from lifting themselves out of poverty.

In close collaboration with its colleagues in other government departments and agencies, CIDA promotes the need for policies adopted by the Government of Canada that affect developing countries to work together in a coherent fashion. This all-of-government approach takes several forms. CIDA is an active participant in interdepartmental policy committees, including one established for the formulation of trade policy positions on WTO and FTAA negotiations. CIDA

strongly supported the adoption of Canada's new Market Access Policy, which came into effect on January 2003, allowing substantially all exports from least-developed countries to enter Canada duty- and quota-free.

CIDA also works with its colleagues in the international donor community, including the UN system and its component institutions, and the regional development banks, to ensure that all policies adopted by developing countries and donors reinforce their common objectives. That involves active participation in donor groups such as the DAC-OECD, G8, the Global Coalition for Africa, the Utstein Group, the Consultative Group to Assist the Poorest (CGAP) and through participation in the governing boards of various UN and multilateral development bank institutions.

Finally, CIDA is furthering its own understanding of policy-based programming by supporting research on the coherence of Canada's relationships with developing countries, particularly on international trade issues and climate change policies and agreements. The Agency is also developing its own policy statements in key areas, including conflict prevention, security sector and poverty research, and human rights approaches to development.

Over the next three years, CIDA will continue to participate actively in the following:

- interdepartmental committees and other fora involving other Canadian government partners;
- donor groups, governing bodies and other international venues; and
- ongoing policy dialogue with developing-country partner governments and institutions.

Box 20: Spotlight on the 3Cs: Horizontal policy coherence, coordination, and collaboration

It has been recognized within the Canadian government that CIDA has a key role to play in ensuring that the perspectives of developing countries are better factored into the design of Canadian policy positions. For example, six particular areas of strength for Canada were highlighted in *Canada's Memorandum to the OECD Development Assistance Committee (DAC): 2002*. These included trade, foreign direct investment, and broader economic and financial issues; food and agriculture; equality, human rights, and governance; conflict prevention and security; and social issues.

CIDA is implementing a new consultation process with other government departments on the allocation of the budget envelope for international assistance activities (the IAE) to build greater coherence across government. New or emerging issues such as security sector reform and complex emergencies present new challenges and have demonstrated the inadequacy of ad hoc arrangements to address these issues in a timely and comprehensive fashion. As a result, new forms of interdepartmental cooperation and collaboration are being established. CIDA will also broaden the scope of its Country Development Programming Frameworks to better integrate the work of other departments in various country strategies.

Additional initiatives will be implemented between 2004 and 2006 in support of policy-based programming and increased policy coherence between CIDA and its partners. CIDA will continue to improve policy coherence (as outlined in *Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness*, including, but not limited to, the areas of environment, agriculture, security, health and immigration), such as the following:

- supporting the formulation of Canadian trade policy and negotiating positions to ensure that human development and poverty reduction objectives are incorporated;
- contributing to the development of a more effective approach to security and development across the Government of Canada; and
- developing new and innovative approaches to working with fragile states in crisis.

Facilitation of local ownership

Development is not sustainable if it is not locally owned. This means that development goals, priorities and strategies must be determined by developing-country governments and their people, not by donors. It also means that partner countries and institutions must assume responsibility for the financial and human resources that are used to implement those strategies. One of the most important ways to reinforce local ownership is to support programming that lies within the priorities set by partner country Poverty Reduction Strategy Papers (see Box 21: *The Poverty Reduction Strategy Paper: Blueprint for National Development*) and national development plans.

Box 21: The Poverty Reduction Strategy Paper: Blueprint for National Development

Under the World Bank/IMF Heavily Indebted Poor Countries (HIPC) initiative, countries must develop a poverty reduction strategy paper (PRSP). These strategies must be as follows:

- country-driven, involving broad-based participation by civil society and the private sector at all stages;
- results-oriented, focussing on outcomes that would benefit the poor;
- comprehensive in recognizing the multidimensional nature of poverty;
- partnership-oriented, involving the coordinated participation of all development partners; and
- based on a long-term perspective for poverty reduction.

In addition to meeting the HIPC requirements, these strategies have become the national development plan for many developing countries. They include an in-depth analysis of the constraints to economic growth and poverty reduction, costed priorities for economic, structural and social policies in response to these challenges; and targets, indicators and systems for monitoring and evaluating progress. These plans now form the basis for development assistance in the international community, including major institutions like the World Bank and bilateral donors like CIDA. They are also used by CIDA as the starting point for the Agency's country programming strategies, to ensure complementarity with actions taken by the country and by other donors. A key challenge for PRSPs is to increase their attention to gender equality and to increased participation of women in decision-making processes.

Greater untying of Canadian aid is a major contributor to local ownership. It enables developing country partners to choose their own local or third country suppliers and helps build local capacity. CIDA will continue to untie its program. For example, in the least-developed countries in Asia, programs have gone from 56% to 75% untied; in the Americas, from 34% untied to 42%, in Africa and the Middle East, from 53% to 65%.

Over the next three years, CIDA will continue to do the following:

- support partner-country PRSPs and national-development plans;
- support community-based approaches that build local capacity;
- support decentralization to encourage greater participation in governance at the grassroots level; and
- untie Canadian aid.

Consensual and Collaborative Partnerships Established between CIDA, other donors, recipient countries and Partners

Development is at its most effective when partnerships are equal and partners are acting in a complementary, mutually supportive fashion that supports local ownership and priorities. Donors are strengthening the capacity of developing-country partners to take more and more control over all aspects of their development, assuming a role as partner and facilitator, rather than executor, of development programs and projects. An important element of this evolving relationship between donors and developing countries is the harmonization of aid practices, which will reduce costs and duplication, build up developing-country capacity and enhance impact and effectiveness.

In Vietnam, CIDA is co-financing a program to harmonize aid procedures, with a special emphasis on procurement, and in Bolivia, CIDA has adopted performance measurement indicators to assess program results that are common to the Donor Consultative Group working in the country. The Agency is also supporting the Special Partnership for Africa, which is promoting greater harmonization between donors and developing country partners. CIDA is also focussing on key strategic issues, such as the nuclear safety and security program in Central and Eastern Europe, and on collaborative mechanisms, such as the Honduras PROMESAS program,⁴⁶ and is working with its regional partners on special programs, such as the follow-up to the Third Summit of the Americas. Finally, CIDA is also supporting delegated cooperation⁴⁷ with other donors in Uganda and Mali.

Over the next three years, CIDA will as follows:

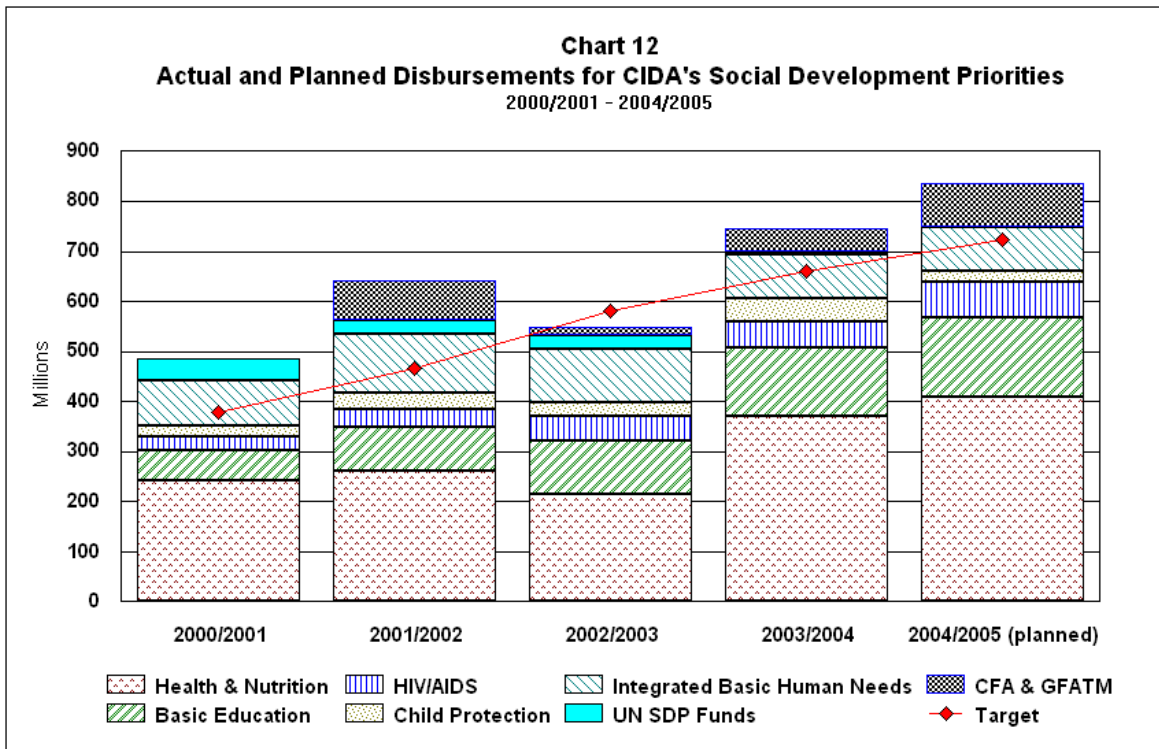
- implement its new Action Plan to Promote Harmonization, working with developing country partners, other donors and within the Agency itself;
- continue to pursue opportunities for harmonization of procedures, issues and mechanisms;
- continue to pursue regional cooperation activities; and
- continue to pursue new types of partnerships, including delegated cooperation.

4.3.2 Appropriate Sectoral and Thematic Focus

In order to achieve greater impact and to use its scarce resources more strategically, CIDA is reducing the number of sectors in which it works. Country programs identify two or three priorities, based on several factors: the country's own priorities; CIDA's comparative advantage; consultations both in Canada and within the recipient country; and discussions with recipient governments.

⁴⁶ This project provides technical support to six sector roundtables established by the Government of Honduras.

⁴⁷ Two or more agencies agree that a lead agency will manage a development program or project on behalf of the group.



CIDA is continuing to implement the Social Development Action Plan, approved in 2002, focussing on basic education, health and nutrition, HIV/AIDS and child protection. All programs in the Agency have been increasing investments in social development since 2000 (see Chart 12). Investments in agriculture and rural development have increased, particularly in Africa, where planned increases of about \$150 million will include investments in food security and agricultural production, natural resource management, research and governance in the sector across the continent.

A significant proportion of investments in agriculture also support economic growth for the poor. CIDA is continuing with its support to microenterprise, both urban and rural, especially for poor women, and on the trade front, support for trade-related technical assistance has also grown, especially in Africa and the Americas.

Over the next three years, CIDA will do the following:

- reduce the number of sectors and themes within which it works;
- implement the Social Development Priorities; and
- implement the new policies on agriculture/rural development and pro-poor private sector development.

4.3.3 Appropriate Geographic Focus

The emerging international consensus around aid effectiveness principles indicates that aid is most effective when it is targeted towards very poor countries committed to developing strong policy and institutional environments, as noted earlier. In late 2002, CIDA selected an initial group of the world's poorest countries for increased investment in a limited number of sectors.⁴⁸

In addition, CIDA is enhancing its presence in a smaller number of countries and institutions in Central and Eastern Europe, focussing on Bosnia-Herzegovina, Georgia, Russia, Serbia/Montenegro (including Kosovo), Tajikistan and Ukraine. This has been made possible in part by the 2004 "graduation" of several countries from an aid relationship with Canada.⁴⁹ Further, exit strategies will be produced for Romania and Bulgaria, which will take effect upon their EU accession, expected in 2010.

Malaysia will graduate in 2004–05 and Thailand in 2005–06, while bilateral programming will come to an end in India at the end of 2005–06. Across the board, CIDA will review its development relationships with maturing countries in order to better address their particular stage of development, using the Central European experience as a guide, and further opportunities for geographic concentration will be explored.

Over the next three years, CIDA will do as follows:

- concentrate new resources on a select group of poor countries identified as countries of concentration;
- enhance its presence in a small number of countries and institutions in Central and Eastern Europe; and
- seek new opportunities to concentrate programming through a review of its development relationships with maturing countries in conjunction with Canada's broader economic, strategic and social relationships with each country.

4.3.4 Engaged Canadians

Public support is a key element of the enabling environment for the delivery of Canada's aid program. Over the years, Canadians have consistently shown support for the aid program, while noting concern about its effectiveness, so CIDA strives to foster **an improved perception of the value, efficiency and effectiveness of ODA and OA programs**. In addition, public support would be on a more solid foundation if Canadians, in addition to their strong humanitarian desire to help others, understood more fully that their long-term security and well-being is very much linked to the security and well-being of people in developing countries (see Section 2.2).

Guided by a renewed Corporate Communications Strategy, CIDA will work to communicate these two key messages. The Agency is strengthening its efforts to get its message out to the media, Canadians' primary source of information on international development, by providing them with timely information and enhancing their capacity to cover development issues through

⁴⁸ Bangladesh, Bolivia, Ethiopia, Ghana, Honduras, Mali, Mozambique, Senegal and Tanzania

⁴⁹ The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia

programs like the Journalism and Development Initiative.⁵⁰ The Agency will develop an outreach plan to engage Ottawa's decision-makers and will continue to pursue its efforts to engage the Canadian public, and especially youth, in international development and to position international cooperation as part of core Canadian values and identity, through such programs as volunteer cooperation, youth internships, Butterfly 208⁵¹ and the Global Classroom Initiative.⁵²

CIDA will renew its *Public Engagement Strategy*, working in collaboration with strategic partners to communicate development messages and increase awareness of development issues. That includes working more closely with other government departments involved in the aid program, such as DFAC and the Department of National Defence, and others who implement various aid programs on behalf of CIDA.

Over the next three years, CIDA will as follows:

- enhance efforts to get its message out to the media;
- develop an outreach plan to engage decision-makers;
- renew its public engagement strategy and continue to engage Canadians, especially youth;
- position international development as a core part of Canadian values and identity; and
- continue to hold public consultations and make planning and policy documents available to the public.

4.3.5 Institutional Strengthening of CIDA's Partners

Multilateralism is a cornerstone to Canadian international policy. CIDA delivers about 40% of its official development assistance and most of its humanitarian assistance programming through multilateral organizations. The Agency directs its efforts to the development arms of the World Bank, IMF, regional development banks and the UN development and humanitarian organizations. CIDA manages the institutional relationships with more than 25 key institutions through substantial core funding and membership on governing and advisory boards.

CIDA will help its multilateral partners to program in key areas, such as disaster management and HIV/AIDS in the Caribbean or gender equality in the Organization of American States. The Agency will also contribute to the momentum in important areas by participating in international meetings of states who are parties to agreements such as the Landmines Treaty or the Convention on Desertification to assess progress and plan for the future.

CIDA will also continue to help its non-government partner institutions to enhance their capacity and effectiveness. This includes working with NGOs in Canada and developing countries to develop a better understanding of important operational systems and approaches, such as the use of results-based management, integration of gender-equality analysis and results, environmental considerations, new reporting or contracting processes, or evaluation methodologies.

⁵⁰ This program supports journalists who wish to investigate and write/broadcast items on development issues.

⁵¹ This is an art and writing contest on selected development issues, and first prize-winners visit development projects.

⁵² This project supports the production of teaching materials on development issues for use in the classroom.

Box 22: A Commitment to Multilateralism: Supporting Greater Effectiveness and Accountability in our Multilateral Partners

As a member country of the UN system, CIDA supported the formulation of the MDGs and will further them through its development programming. CIDA is also working to strengthen UN and Commonwealth governance structures and is encouraging further institutional capacity in results-based management and evaluation in the World Bank and the regional development banks. The multilateral system is committed to furthering the MDGs and is in a position to track progress towards them across countries. In addition, CIDA supports evaluations, audits, performance assessment and monitoring, such as the MOPAN (Multilateral Organizations Performance Assessment Network) pilot, which looked at the World Bank, WHO, UNICEF and regional development banks' health programming in nine countries. These reviews are yielding important lessons that can be applied in those institutions. In 2004, CIDA will support a multidonor review of the WFP and the International Fund for Agricultural Development's institutional effectiveness and on-the-ground development results. Finally, CIDA will also support internal reviews of key partners, such as la Francophonie, which is undergoing a major review of its vision, mandate and purpose through the development of a strategic framework.

In managing key institutional relationships on behalf of Canada, CIDA will continue to advocate for cost-effective results through its membership on governing boards in organizations like the WFP and UNICEF (see Box 22: *A Commitment to Multilateralism: Supporting Greater Effectiveness and Accountability in Our Multilateral Partners*). The Agency will also participate in initiatives to improve donor practices, such as the Good Humanitarian Donorship exercise that will enhance efficiency and effectiveness of delivery of humanitarian assistance on the ground.

Over the next three years, CIDA will do the following:

- build partner capacity in key areas such as results-based management and integration of gender equality;
- help multilateral partners to program in major sectors such as HIV/AIDS;
- contribute to the international momentum on landmines, as well as desertification, by participating in international meetings to plan and monitor progress; and
- advocate for cost-effective results on governing boards and participate in initiatives to improve donor practices.

4.4 A Summary of Management Results

Management approaches and frameworks — people management, knowledge and information management and technology, strategic planning and resource allocation, and tools, processes and support activities for management — are the supporting foundation for the Agency's enabling strategies and for the achievement of its strategic outcomes. They play a critical role in enabling CIDA to implement its policy statement on strengthening aid effectiveness in a rapidly changing world. They also provide CIDA with the means for implementing the biggest sustained increase in the aid budget in over a decade.

In this Report on Plans and Priorities, we will be featuring **three** key Management Results to which we will be directing our energies over the next three years: people management, knowledge and information management, and strategic planning and resource allocation. For a list of the remaining management results, please see Annex 2.

4.4.1 People Management

The Agency continues to deliver on and consolidate *CIDA's Strategy for Managing its People 2001–2004*. This strategy provides the Agency with a vision and approach to support staff and managers in effective people management to ensure that we have the best workforce to deliver the development program. We will continue to reflect public service-wide objectives: resourcing for a renewed, sustained and representative workforce; development and training for a highly qualified-workforce; retention increased through workforce well-being; and enhanced field presence where necessary.

CIDA is facing some key challenges in the next few years with respect to departures through workforce retirements. In addition, the marked increase in the aid budget, at a time when major changes in managing the aid program are also under way, is putting major demands on staff in terms of time, energy and the need for new skills and knowledge. CIDA's branches are now updating their human-resource plans to reflect their changing vision, programming directions and related human-resource needs.

A number of corporate initiatives are under way, including a renewed focus on the leadership and management potential of CIDA's staff. In 2003 an Agency Executive (EX) Competency profile was introduced, key components of which, related to stewardship, were included in the performance contract agreements for the 2003–2004 performance year. This responds to issues that surfaced in the Integrated Modern Management Capacity Check (completed in 2003), in addition to results from the Public Service Employee Survey which placed importance on management and leadership functions. Emphasis is also being placed on training and development of staff, including the introduction this year of the continuous learning campus as well as CIDA's commitment to introducing Learning Plans for all staff who request them in 2004.

Finally, new skills are required of Agency staff, particularly those working in the field, with the advent of new programming approaches. There is a need to strengthen CIDA's presence in the field in keeping with its commitment in *Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness*. This is key to supporting greater local ownership and management of the development process. The Agency is examining ways to enhance its capacity in the field to increase country knowledge, and to more effectively participate in policy discussions and aid coordination activities, manage risks and report on results. CIDA is now reviewing the skills, administrative and cost requirements of its field offices in light of these changes.

4.4.2 Knowledge and Information Management and Technology

The Agency will continue to implement its *Knowledge Management Action Plan (2002–2005)*. Some of the activities will include integration of knowledge management into the Agency's management accountability framework; ongoing development of systems and tools for knowledge management and sharing; sharing of best practices and lessons learned through workshops, knowledge fairs and other learning opportunities; and strengthening of internal networks of practice and expertise.

CIDA's goal is to ensure that its Information Management and Information Technology (IM/IT) approaches and systems support the achievement of Agency priorities, effective interaction with partners and public information needs. Several government-wide initiatives are guiding this process, including the Management of Government Information Policy, the *Government On-Line (GOL)* initiative and *Service Improvement Initiative*. CIDA will be updating its IM/IT strategy and will be developing an information management policy and accountability framework strategy and action plan, and information management guidelines and standards.

4.4.3 Strategic Planning and Resource Allocation: The Costed Workplan

The Agency is in the process of refining and implementing a costed workplan process that will strengthen linkages between planning, resourcing, monitoring, reporting and results. This process was used for the first time in 2003 and is now an annual exercise that captures lessons learned which inform future costed workplan processes. It allows the Agency to develop integrated and effective business plans at the Branch and corporate levels; more easily evaluate and cost program results; more clearly explain how programs are implementing the priorities of both CIDA and the government; and better support the allocation and monitoring of the operational budget. This Report on Plans and Priorities draws heavily on the information contained in those work plans.

CIDA is continuing to develop tools to better manage and link operating expenditures to aid, such as the costed workplan, in order to facilitate ongoing allocation and reallocation of resources.

This is in line with CIDA's commitment to the principles of integrated modern management, management accountability, and aid effectiveness. It is unfolding in an environment of continued internal transformation and ongoing refinement of working tools like the frameworks guiding performance measurement, country development programming and results-based management. It is also playing an important role in contributing to the alignment of all of these systems, processes and tools in support of developing-country priorities.

4.5 Managing Risk

Risk refers to the uncertainty that surrounds future events and outcomes. International development is an inherently risky area of work — not only in terms of the need for CIDA to work in dangerous situations around the world (such as conflict zones, areas affected by humanitarian and natural disasters, political and economic instability and extreme human deprivation) — but also because development at both the local and national levels is complex and involves many uncertainties. Entering into new types of partnerships or new programming approaches, such as budgetary support, carries a special risk in volatile environments.

CIDA is taking a more systematic approach to its traditional efforts in risk management. The Agency is working on a new Integrated Risk Management Framework which will help address risk at five levels:

1. Internationally, risks such as health, financial, security, or environmental problems are mitigated by working in partnership with other donors on initiatives such as the GFATM, programming in Afghanistan and Iraq, and the World Summit on Sustainable Development;
2. At the country level, risks such as social or political instability, corruption, national debt, or poverty are mitigated by conducting a Country Program Risk Assessment to identify, assess, and integrate vulnerabilities;
3. At the institutional level (multilateral or national), risks such as financial management are mitigated through measures like financial assessments of CIDA's partner organizations;
4. At the project level, all activities have a risk strategy that is adjusted as necessary as part of the Annual Project Performance Reports.
5. At the Agency level, risks in legal, human-resource, and technology-related areas are mitigated through the implementation of policies such as Integrated Modern Management (IMM) and tools such as the RMAF and the Risk-Based Audit Framework (RBAF).

Risk-mitigation strategies for the types of jointly-funded, shared programming in which CIDA is increasingly engaged (for example, pooled funding or direct budget support) include all of the elements above plus some elements specifically related to shared accountability. For example, financial risk can be reduced by pooling funds at the outset and/or phasing the project with assessments at each stage, as well as having clear written agreements such as Memoranda of Understanding (MOUs) and codes of conduct that specify how funding is triggered.

CIDA also may use pre-implementation audits to ensure that due diligence is exercised and to demonstrate the soundness of the decisions taken prior to funding disbursements. For non-financial risk, the programs must be based on transparent partnerships between all of the participants, including, for example, sharing common assessments of critical assumptions and key risk factors; clear articulation of the roles of each partner based on relative capacity; joint review, evaluation, audit, and monitoring; and integration of adjustments to risk strategies in annual project and program performance reports.

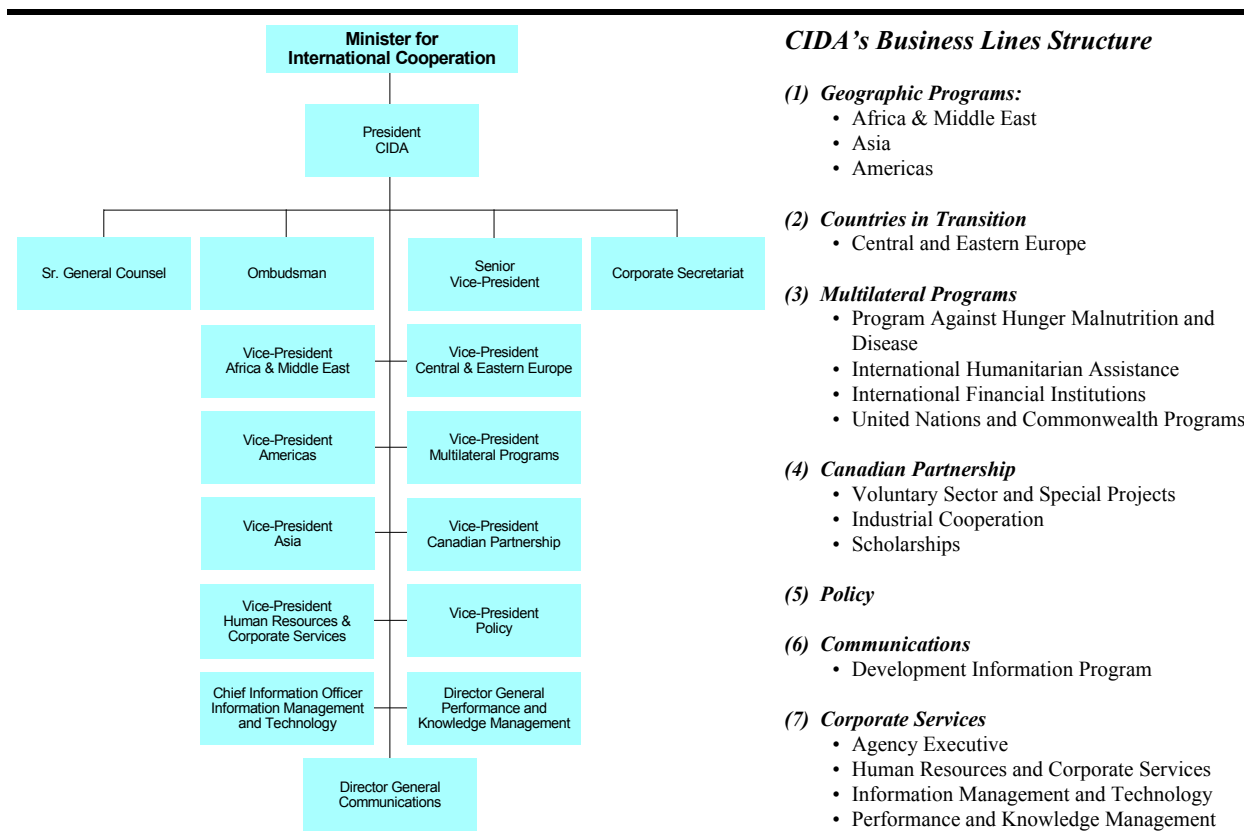
5.0 Organization

CIDA's Results-Based Management and Accountability Framework (RMAF)⁵³ documents the logic of its ODA and OA programming, describes the arrangements for program monitoring and evaluation, and outlines the basis on which the Agency reports, namely Strategic Outcomes, or KARs. These relate to CIDA's international work, reflected in development results, and internal functioning, reflected in enabling strategies and management tools.

5.1 Strategic Outcomes and Business Lines

CIDA has seven business lines and 12 branches. An organization chart outlining the Agency's business-channel structure and accountability is presented in Chart 13. In accordance with CIDA's Planning, Reporting and Accountability Structure (PRAS), all resources are allocated by business line and accountability is at the Vice-President's level for each line.

Chart 13: CIDA Organization Chart and Business Lines Structure



⁵³ http://www.acdi-cida.gc.ca/cida_ind.nsf/vLUallDocByIDEn/AAE9B93A31C1EB2B85256C54006C627D?OpenDocument

The seven business lines are as follows:

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

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

Multilateral Programs — Multilateral Programs Branch (MPB) is responsible for managing Canada's global development programs through substantial core contributions to and high-level participation in multilateral development institutions. It also undertakes targeted programming through multilateral organizations, and international and local non-governmental organizations in CIDA's priority areas, including health and nutrition, agriculture, peacebuilding and mine action. The Branch is also responsible for managing the international humanitarian assistance program.

Canadian Partnership — The Canadian Partnership Program manages a responsive program which is aligned with CIDA's mandate and strategic objectives, through cost-sharing partnerships with civil-society and private-sector organizations in Canada and developing countries. CPB provides multi-year funding on the basis of merit to Canadian and international NGOs and volunteer-sending organizations. These are referred to as Program NGOs. CPB also provides project funding through competitive mechanisms within the context of either time-bound or open-ended competitions. In addition, CPB manages CIDA's national network of Regional and Satellite Offices, a consultations unit for discussing new policy directions with partners and the Canadian public, a conference secretariat to support the participation of developing-country delegates at international conferences, internships and exchanges for Canadian youth, and public engagement initiatives to engage Canadians in international development.

Policy — Policy Branch leads policy research, analysis and development to support and guide the Agency's plans and priorities and Canada's broader international assistance objectives and commitments. Policy Branch sets the strategic vision and priorities for the Agency and leads the transformation into a knowledge-based and more effective international cooperation Agency. This policy role also includes positioning CIDA on the international cooperation agenda and on the Canadian government policy agenda and representing CIDA in related fora. The Branch takes the lead in managing Canada's IAE and maintaining coherence among corporate policy documents, including aligning them with broader international priorities and commitments.

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

Corporate Services — The objective of Corporate Services is to ensure that the Agency has the necessary support services for efficient and effective achievement of international assistance program objectives through the Agency Executive (the President's Office, the Senior Vice-President's Office, the Corporate Secretariat and Legal Services) and the Human Resources and Corporate Services, Performance and Knowledge Management, and Information Management and Technology Branches.

5.2 Strategic Outcomes, Business Lines and Resource Allocation

CIDA is developing a strategic allocation process linked to its strategic outcomes. The table below demonstrates a map of the Agency's programming and operating budgets to its strategic outcomes. Work being undertaken in the program branches has been mapped to the development results and the management results.

Table 5: Crosswalk of Strategic Outcomes and Lines of Business (Issuance Basis)
(Fiscal Year 2004–05) ⁽¹⁾

(millions of dollars)	Strategic Outcomes: Development Results				Total Development Results	Operational Budget	Total	FTE
	Economic Well-being	Social Development	Environmental Sustainability (2)	Governance				
Geographic Programs	439.9	514.6	88.8	319.1	1,362.5	78.8	1,445.5	639
Multilateral Programs	201.9	499.2	71.2	32.0	804.3	8.9	814.3	83
Canadian Partnership	141.7	115.9	15.3	48.6	321.5	17.9	339.3	150
Policy/Communications	13.9	1.2	0.3	0.9	16.2	25.0	41.6	224
Corporate Services (3)						92.2	86.5	403
Total	797.3	1,130.9	175.6	400.6	2,504.4	222.8	2,727.2	1,499

1. Table 5 is based on information found in Table 6 (International Assistance Envelope Breakdown).
2. Including Canada Climate Change Development Fund
3. Includes Human Resources and Corporate Services Branch, Information Management and Technology Branch (IMTB), Performance and Knowledge Management Branch, Minister's Office, Corporate Secretariat, Legal Services, President's Office, and Senior Vice-President Office.

6.0 Departmental Planned Spending

International Assistance Envelope

The **IAE** was introduced in the February 1991 budget. It funds Canada's ODA⁵⁴ and OA initiatives. ODA accounts for 96% of the Envelope. The remaining 4% is OA⁵⁵ to the countries of Central and Eastern Europe.

CIDA's departmental planned spending accounts for about 84.2% of the IAE. The rest is administered by the following departments:

- the **Department of Finance**, for the International Development Association, for the World Bank Group and for the Poverty Reduction and Growth Facility, previously known as the Enhanced Structural Adjustment Facility (ESAF), a facility within the IMF;
- **Department of Foreign Affairs Canada (DFAC)** for the overseas administrative functions relating to international assistance; certain grants and contributions to cover payments to international organizations; the Canadian Commonwealth Scholarship and Fellowship Plan to enable citizens of other Commonwealth countries (46 of which are developing countries) to study in Canada; and for the International Development Research Centre (IDRC), an arms-length corporation which reports to the Minister of Foreign Affairs; and
- a number of **other departments** administer a small portion of the IAE, i.e., Public Works and Government Services Canada (PWGSC), Health Canada, Canadian Heritage and the Department of National Defence.

Table 6: *International Assistance Envelope Breakdown* presents a breakdown of the total spending. Information on IFI expenditures is provided on an issuance basis; that is, the full value of the notes is considered expended in the fiscal year in which they are issued, rather than when the actual cash is drawn by the recipient institutions. Chart 14 shows the distribution by channel of delivery.

⁵⁴ ODA is defined by the DAC-OECD as funding transferred "to developing countries and multilateral institutions provided by official (government) agencies which meets the following tests: (a) it is administered with the promotion of the economic development and welfare of developing countries as its main objective, and (b) it is concessional in character and conveys a grant element of at least 25%."

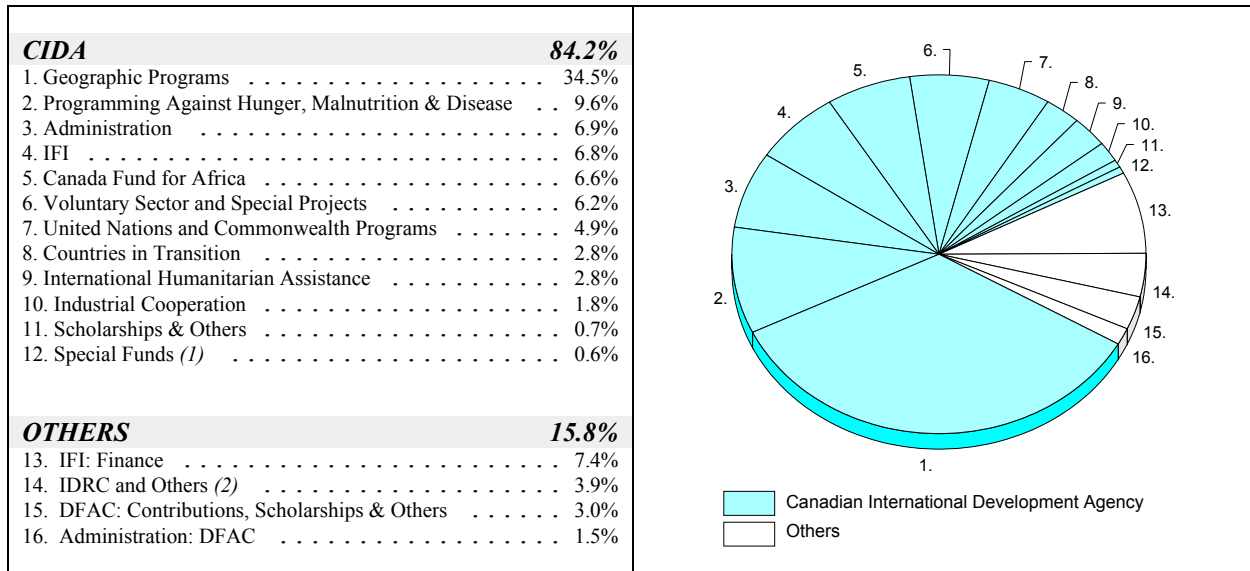
⁵⁵ OA is funding provided to countries which are not eligible to receive ODA (e.g., most of the "countries in transition" of Central and Eastern Europe).

Table 6: International Assistance Envelope Breakdown (Issuance Basis)⁽¹⁾

(thousands of dollars)	Planned Spending 2003–04	Planned Spending 2004–05
INTERNATIONAL ASSISTANCE ENVELOPE	2,818,797	3,193,749
Plus: Repayment of previous years' loans	33,823	21,713
Others – Administration (1)	2,811	1,121
Others – Aid (2)	62,441	20,687
Gross International Assistance Envelope	2,917,872	3,237,270
CANADIAN INTERNATIONAL DEVELOPMENT AGENCY		
AID PROGRAM		
Geographic Programs	1,186,684	1,115,849
Canada Fund For Africa	198,294	212,350
Countries in Transition – Official Development Assistance Program (3)	0	50,000
Canadian Partnership		
– Voluntary Sector and Special Projects	188,755	201,413
– Industrial Co-operation	56,517	58,635
– Scholarships	7,942	8,005
Multilateral Programs		
– Programming Against Hunger, Malnutrition & Disease (4)	204,829	311,499
– International Humanitarian Assistance (4)	71,199	91,160
– International Financial Institutions (IFI) (4)	114,631	221,140
– United Nations and Commonwealth Programs (4)	20,515	156,905
Policy		
– Development Assistance	8,698	11,988
Communications		
– Development Information Program	4,126	4,165
Special Funds		
– International Climate Change strategy	28,484	10,535
– Algeria (5)	18,000	4,200
– Youth Initiative	5,952	5,952
– Others (6)	18,005	0
ADMINISTRATION		
– CIDA Operating (7)	204,569	212,742
CIDA – Official Development Assistance (ODA)	2,337,200	2,676,538
OFFICIAL ASSISTANCE		
– Countries in Transition – Official Assistance Program (3)	97,640	40,582
– Countries in Transition – Administration	10,267	10,076
CIDA Official Assistance (OA)	107,907	50,658
Total CIDA (ODA and OA)	2,445,107	2,727,196
OTHER DEPARTMENTS AND AGENCIES		
AID PROGRAM		
Dept. of Finance – (International Development Association)	230,134	230,134
Poverty Reduction and Growth Facility (PRGF) (4)	0	8,200
International Development Research Centre (IDRC)	92,500	113,463
Health Canada – (for Pan-American Health Organization)	6,500	6,500
Department of National Defence – (Canadian Landmines Fund)	0	3,000
DFAC (Grants and Contributions)		
– Assessed Contributions	68,006	66,342
– Voluntary Contributions	8,028	9,065
– Scholarships	8,288	8,288
– Canadian Landmines Fund	0	8,380
– International Centre for Human Rights and Democratic Development (ICHRDD)	4,859	4,859
Public Works and Government Services Canada	2,100	2,100
Canadian Heritage	175	175
ADMINISTRATION		
– DFAC (for services rendered in the field)	52,175	49,568
Total Other Departments and Agencies (ODA & OA)	472,765	510,074
Total	2,917,872	3,237,270

1. In 2004–05, includes the non-IAE allocations for the administration of the following items: Youth Employment Initiative, \$419,000; and Canadian Climate Change Development Fund, \$702,000
2. For 2004–05, see the non IAE aid fund allocations described under Special funds.
3. In 2003–2004, *Countries in Transition — Official Development Assistance Program* was included in *Countries in Transition — Official Assistance Program*.
4. In 2003–04, the budget in these items was reduced by \$215 million, reflecting payments and issuance of notes in 2002–03 for Canada’s calendar year 2003 international obligations to select multilateral organizations and institutions.
5. These funds are for a potable water supply project in Algeria.
6. Includes the Balkans Program (including Kosovo); the International Labour Organization; the Red Cross; and Voluntary Initiatives
7. In 2004–05, includes \$4,141,000 for administration of the Canada Fund for Africa

Chart 14: 2004-05 International Assistance Envelope by Channel of Delivery



(1) Includes International Climate Change Strategy, Algeria, and Youth Initiative

(2) Includes contributions to Health Canada, PWGSC, Canadian Heritage, and Department of National Defence

7.0 Continuous Improvement in the Effectiveness of Programs and in Management Practices

Consistent with the principles of Integrated Modern Management, and as part of CIDA's overall performance management and reporting approach, the Agency has three distinct but complementary functions which allow it to track development effectiveness and the soundness of management practices: performance measurement; evaluation; and internal audit. Performance measurement refers to those evaluation and monitoring exercises undertaken by line managers largely in the program branches. Performance and Knowledge Management Branch (PKMB) is responsible for Agency-level evaluations and internal audits, and for providing guidance to the Agency in the implementation of RBM. These internal Agency functions are supplemented by periodic independent reviews conducted by external bodies such as the Office of the Auditor General of Canada, and DAC-OECD. Canada's ODA program will undergo its next peer review by DAC in 2006.

In 2004–2005, the focus of the Agency in tracking the effectiveness and continuous improvement of its development programs will continue to be on accountability, risk management, institutional learning, aligning and tracking progress towards results and the soundness of management practices. In 2001, CIDA began an Agency-wide knowledge management initiative whose role was also to strengthen institutional learning across programs and functions to improve the effectiveness of programs. As a complement to the ongoing role of the former Performance Review Branch (PRB) to strengthen Agency learning, the Knowledge Management Initiative joined PRB in April 2004, forming the Performance and Knowledge Management Branch. The four elements of sound performance management (performance measurement, audit, evaluation and knowledge management) are key to supporting the Agency's overall approach to program management which is RBM.

7.1 Performance Measurement Strategy

Performance measurement, which is the responsibility of line managers, is a vital component of CIDA's RBM approach. This kind of measurement focusses on the tracking of financial and non-financial resources, risks and progress towards intended results. Most initiatives, whether at the corporate, program or project/institutional level are subject to some form of monitoring.

CIDA began focussing its RBM activities at the program level in 2002, and this will continue in 2004–2005, with the development and implementation of performance measurement frameworks (PMFs) for all major country and regional programs. These PMFs facilitate the tracking, collection and aggregation of information that monitors progress towards program results as well as the contribution to broader Agency results and the MDGs. The issues and results to be included in the program-level PMFs are consistent with the core issues to be covered in evaluations. CIDA has also developed PMFs for Knowledge Management and for Gender Equality; the latter will be tested in the Agency and revised in 2004.

7.2 Evaluation Strategy

Complementary to Performance Measurement initiatives conducted by individual branches, PKMB undertakes a number of corporate and program level evaluations independent of line management. Through evaluations we learn about results and benefits that are being achieved by programs, their contribution to the Agency's overall goals and objectives, as well as their value for investment relative to their success. Evaluations measure the following:

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

7.3 Internal Audit Strategy

Internal auditing assures the soundness of CIDA's risk management, management practices and controls. In the context of **Integrated Modern Management**, the internal audit function is focused on influencing the quality of financial and non-financial performance information to improve the Agency's risk-management processes and systems.

In the past two years, using a risk-based approach, Internal Audit at CIDA has moved away from project audits to country and program audits. Over the coming years, internal audit may undertake pre-implementation audits as new programming approaches and new program initiatives are being developed and implemented. Given the inherent risks associated with these initiatives, including the replacement of controls traditionally exercised by CIDA, internal audits provide assurance that the necessary due diligence is being exercised and where needed, adjustments made prior to CIDA's disbursements. Faithful to the spirit and principles of effective development, in the next three years, CIDA will initiate a number of joint donor audits, as well as joint audits with other government departments.

CIDA has chosen to focus its audit activities at the country or program level because this approach is reflective of international trends; consistent with the way CIDA's branches plan their

activities; and more adaptive to a hybrid or matrix approach which allows for a focus on high-risk programming priorities and high-risk funding mechanisms. In addition, the country/program-based approach supports a shift towards a more integrated, program-oriented approach and makes possible complementary sequencing of internal audits and evaluations.

7.4 Current and Planned Activities

CIDA successfully completed the activities outlined in last year's Report on Plans and Priorities, including four country program evaluations (Haiti, Hungary, South Africa and the Philippines), one institutional evaluation (Développement et Paix) and the review of the Network Support Pilot Project. Evaluations are done in partnership with developing countries, as well as with CIDA's development partners.

In the corporate RMAF, released in 2002, CIDA committed to complete approximately four program-level evaluations and two institutional evaluations per year for the period 2003–2006. For 2003–2004, CIDA will complete and release **four geographic program-level evaluations** (Regional Caribbean Program, Brazil, Philippines, the Balkans [focussing on local initiatives]), and the Canadian College Partnership Program and **two joint institutional evaluations** — the International Fund for Agricultural Development and the International Trade Centres. An institutional Assessment of the University for Peace will also be completed. The Agency will continue to participate in multi-donor evaluation initiatives like the Comprehensive Development Framework Review led by the World Bank and the evaluation of Basic Education funding in four countries. The current workplan builds on lessons learned from previous years and aligns future initiatives to the principles of strengthening aid effectiveness. In this context, there continues to be a shift from a culture of focussing only on oversight to one that includes learning as well; of sharing results with colleagues as well as with partners in the development cooperation community; and of improving management practices.

In addition, **a number of country program and institutional audits** will have been completed in 2003–2004, including Russia, Vietnam and Humanitarian Assistance. A number of audits of internal functions will be completed in the coming years, such as CIDA's funding mechanisms, Government On-Line, and CIDA's external reporting practices. In these exercises, the internal audit function also supports management through the development of an integrated risk-management strategy. These audits reflect CIDA's strategic directions and plans as articulated in CIDA's business plan (Sustainable Development Strategy) and its KARs.

7.5 Results-based Management

In line with the evolving elements of RBM practices in international cooperation, CIDA will be focusing on a more strategic and harmonized approach to RBM implementation in the next few years. The key drivers for this approach include greater importance accorded to results, especially for outcomes and impact-level results, as the basis for designing and implementing country/regional/institutional programming frameworks; effective program alignment with Poverty Reduction Strategy Papers and National Development Plans and the MDGs on one hand, and CIDA's policies and priorities on the other hand; and better integration of risk management with RBM.

Securing strong management commitment to managing for results, including the systematic use of RBM tools in country/regional/institutional performance measurement frameworks, will continue to shape the RBM Unit's priority-setting agenda. To this end, CIDA will continue developing and refining RBM tools by mainstreaming RBM principles at the country-program level through a Program Management Framework; establishing an enhanced results-oriented approach for program and project monitoring and work planning; developing a conceptual results framework and companion guide. In 2004–2005, the Agency will also continue to ensure that the results from its audit, evaluation and RBM work are fed into the development and management of future programming strategies. In the next year, PKMB will complete and release two "lessons learned" papers — one on programming in gender equality and locally administered funds, and the other on program-based approaches. These papers will also be shared with our development partners.

7.6 Knowledge Management

The challenge for knowledge management is to make a fundamental change in the organization's culture so that individuals, teams and branches have the flexibility to seek advice and share their experience inside and outside the Agency. A performance management framework has been developed for knowledge management and a formal evaluation of the Knowledge Management Initiative is planned for the first quarter of 2005.

The Initiative focuses on four broad result areas: (1) ensuring that supervisors and managers understand and promote the Initiative; (2) strengthening human resources practices to more effectively support and reward employees who share knowledge; (3) innovation and integration of methods, tools and techniques that help staff better share knowledge; (4) sound management of the Knowledge Management Secretariat through demonstration and application of good practices for knowledge sharing, teamwork, open communication and learning. Current Agency-wide pilots include the Knowledge Networks, the Mission Directory, the Knowledge Transfer Learning Package and the Pilot Country Project. These initiatives support the Agency as it changes and provide a source of advice and services to work units, divisions and branches which are grappling with the issue of knowledge transfer within and among teams.

Annex I — Financial Information

Table 7: Financial Planned Spending ⁽³⁾

(millions of dollars)	Forecast Spending 2003–04	Planned Spending 2004–05
Geographic Programs	1,088.9	1,402.3
Multilateral Programs	866.0	728.4
Canadian Partnership	297.9	279.2
Countries in Transition	113.6	111.8
Communications	13.4	12.6
Policy	26.6	28.5
Corporate Services	93.7	92.2
Budgetary Main Estimates (1)	2,500.1	2,655.0
Non-budgetary – Multilateral Programs (IFI)	10.2	6.9
Total Main Estimates	2,510.3	2,661.9
Adjustments	0.0	100.0
Net Planned Spending	2,510.3	2,761.9
Plus: Cost of services received without charge	20.6	22.4
Net cost of Program	2,530.9	2,784.3
Full Time Equivalents (FTE) (2)	1,517	1,499

1. For 2004–05 only
2. For the fiscal year 2004–05, the 1,499 FTEs are distributed as follows: Geographic Programs 556, Multilateral Programs 83, Canadian Partnership 150, Countries in Transition 83, Policy 131, Communications 93, and Corporate Services 403.
3. Discrepancies between Table 6 and Tables 7–10 are due to different reporting on IFI expenditures. In Table 6, all data are based on the year the notes were issued, whereas in Tables 7–10, all data are based on the year in which the notes were cashed by the recipient institutions. For details, see Table 12.

Table 8: Summary of Transfer Payments

(thousands of dollars)	Geographic Programs	Countries in Transition	Multilateral Programs	Canadian Partnership	Communications	Policy	Planned Spending 2004–05
Grants							
Programming Against Hunger, Malnutrition & Disease	2,000	0	158,127	0	0	0	160,127
International Humanitarian Assistance	13,500	2,000	91,060	0	0	0	106,560
Development Assistance to International Development Institutions / International Financial Institutions	345,600	4,000	155,065	600	0	11,488	516,753
Voluntary Sector Support and Special Projects	0	0	0	99,772	0	0	99,772
Scholarships	0	0	0	8,005	0	0	8,005
	<u>361,100</u>	<u>6,000</u>	<u>404,252</u>	<u>108,377</u>	<u>0</u>	<u>11,488</u>	<u>891,217</u>
Contributions							
Geographic Programs	971,299	0	0	0	0	0	971,299
Programming Against Hunger, Malnutrition & Disease	0	0	153,372	0	0	0	153,372
International Humanitarian Assistance	0	0	100	0	0	0	100
Development Assistance to International Development Institutions / International Financial Institutions	0	0	29,480	0	0	11,035	40,515
Voluntary Sector Support and Special Projects	0	0	0	107,593	0	0	107,593
Industrial Cooperation	0	0	0	58,035	0	0	58,035
Countries in Transition	0	84,582	0	0	0	0	84,582
Development Information Program	0	0	0	0	4,165	0	4,165
	<u>971,299</u>	<u>84,582</u>	<u>182,952</u>	<u>165,628</u>	<u>4,165</u>	<u>11,035</u>	<u>1,419,661</u>
Other Transfer Payments							
International Financial Institutions — (notes encashment)	0	0	221,285	0	0	0	221,285
	<u>0</u>	<u>0</u>	<u>221,285</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>221,285</u>
Total	1,332,399	90,582	808,489	274,005	4,165	22,523	2,532,163

Grants, Contributions and Other Transfer Payments

CIDA grants, contributions and other transfer payments of \$2,532 million, including non-budgetary expenditures, account for 92.8% of CIDA's program expenditures. Further information is given below.

Table 9: Details of Transfer Payments

(in dollars)	Forecast Spending 2003-04	Main Estimates 2004-05 (2)	Planned Spending 2004-05 (2)
GRANTS			
<i>Countries in Transition</i>			
Development assistance to international-development institutions and organizations for operations, programs and projects, and to international financial institutions	11,495,000	4,000,000	4,000,000
Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international NGOs for operations, programs, projects, activities and appeals	6,517,772	2,000,000	2,000,000
<i>Geographic Programs</i>			
Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions	269,154,432	345,600,000	345,600,000
Programming against hunger, malnutrition and disease through international development, research and nutrition institutions; Canadian, international and local NGOs; the IDRC; developing countries, their institutions, their organizations and their agencies in such countries for the benefit of recipients in developing countries	2,700,000	2,000,000	2,000,000
Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international NGOs for operations, programs projects, activities and appeals	15,450,000	13,500,000	13,500,000
<i>Multilateral Programs</i>			
Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions	136,959,484	155,065,000	155,065,000
Programming against hunger, malnutrition and disease through international development, research and nutrition institutions; Canadian, international and local NGOs; the IDRC; developing countries, their institutions, their organizations and their agencies in such countries for the benefit of recipients in developing countries	181,863,109	158,127,000	158,127,000
Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international NGOs for operations, programs, projects, activities and appeals	155,208,998	115,775,000	91,060,000

Table 9: Details of Transfer Payments (cont'd)

(in dollars)	Forecast Spending 2003-04	Main Estimates 2004-05 (2)	Planned Spending 2004-05 (2)
<i>Canadian Partnership</i>			
Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions	875,000	600,000	600,000
Grants to Canadian, international, regional and developing country institutions, organizations and agencies, developing-country governments, their institutions, organizations and agencies, to provincial and municipal governments, their institutions, organizations and agencies in support of development cooperation and development education programs and to international NGOs in support of development assistance programs, projects and activities	29,185,003	99,772,000	99,772,000
Development assistance as education and training for individuals	8,247,221	8,005,000	8,005,000
<i>Policy</i>			
Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions	2,234,744	11,488,000	11,488,000
Grants to Canadian, international, regional and developing-country institutions, organizations and agencies, developing country governments, their institutions, organizations and agencies, to provincial and municipal governments, their institutions, organizations and agencies in support of development cooperation and development education programs and to international NGOs in support of development assistance programs, projects and activities	3,009,360	0	0
Total Grants	822,900,123	915,932,000	891,217,000
CONTRIBUTIONS			
<i>Geographic Programs</i>			
Development assistance, including payments for loan agreements issued under the authority of previous Appropriation Acts, to all levels of developing-country and territory governments, including their institutions, organizations and agencies, and contributions to Canadian, other donor country, international and regional institutions, organizations and agencies, to provincial governments, their institutions, organizations and agencies, and to private-sector firms in support of regional and country-specific development-assistance projects, programs and activities, and to persons capable of delivering aid activities or actively engaged in development issues	733,937,674	972,435,000	971,299,000
Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international NGOs for operations, programs, projects, activities, and appeals	161,178	0	0

Table 9: Details of Transfer Payments (cont'd)

(in dollars)	Forecast Spending 2003–04	Main Estimates 2004–05 (2)	Planned Spending 2004–05 (2)
<i>Countries in Transition</i>			
Contributions for cooperation with countries in transition in Central and Eastern Europe and the former Soviet Union	85,120,688	95,676,000	84,582,000
<i>Multilateral Programs</i>			
Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions	1,517,593	165,000	11,580,000
Programming against hunger, malnutrition and disease through international development, research and nutrition institutions; Canadian, international and local NGOs; Canadian individuals and private-sector firms, the IDRC; developing countries, their institutions, organizations, agencies and persons in such countries for the benefit of recipients in developing countries	126,975,790	67,769,000	153,372,000
Contribution to the Inter-American Development Bank	1,162,372	1,200,000	17,900,000
Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions, and Canadian and international NGOs for operations, programs, projects, activities, and appeals	4,724,120	100,000	100,000
Incentives to Canadian, international and developing-country private-sector firms, investors, institutions, organizations, and governments in support of industrial cooperation programs, projects and activities	750,000	0	0
<i>Canadian Partnership</i>			
Contributions to Canadian, international, regional and developing-country institutions, organizations and agencies, developing-country governments, their institutions, organizations and agencies, to provincial and municipal governments, their institutions, organizations and agencies in support of development cooperation and development-education programs and to international NGOs in support of development assistance programs, projects and activities	189,426,624	95,908,000	107,593,000
Incentives to Canadian, international and developing-country private-sector firms, investors, institutions, organizations, and governments in support of industrial cooperation programs, projects and activities	54,546,823	57,060,000	58,035,000
<i>Communications</i>			
Contributions to Canadian or international communications organizations, other federal, provincial or municipal governments, broadcasters and producers, other donor country governments and institutions, organizations and agencies, and persons in support of the development-information program involving the production and dissemination of development information, educational materials and related activities	3,902,100	4,633,000	4,165,000

Table 9: Details of Transfer Payments (cont'd)

(in dollars)	Forecast Spending 2003–04	Main Estimates 2004–05 (2)	Planned Spending 2004–05 (2)
<i>Policy</i>			
Development assistance to international-development institutions and organizations for operations, programs and projects, and to international financial institutions	1,500,200	0	11,035,000
Contributions to Canadian, international, regional and developing-country institutions, organizations and agencies, developing-country governments, their institutions, organizations and agencies, to provincial and municipal governments, their institutions, organizations and agencies in support of development cooperation and development-education programs and to international NGOs in support of development-assistance programs, projects and activities	3,616,715	0	0
Total Contributions	1,207,341,877	1,294,946,000	1,419,661,000
OTHER TRANSFER PAYMENTS ⁽¹⁾			
<i>Multilateral Programs</i>			
(S) Encashment of notes issued to the development-assistance funds of the IFIs in accordance with the <i>International Development (Financial Institutions) Assistance Act</i>	248,540,000	221,285,000	221,285,000
Total Other Transfer Payments	248,540,000	221,285,000	221,285,000
Total	2,278,782,000	2,432,163,000	2,532,163,000

1. Other Transfer Payments exclude non-budgetary expenditures of \$9.5 million for 2003–2004 and \$6.9 million for 2004–2005.
2. Main estimates figures are based on data available in October 2003, and planned spending figures are based on data available in March 2004.

Table 10: Net Cost of Program for the Estimates Year

The total CIDA program costs, including \$22,338 million for services provided without charge by other departments, are shown in the table below.

(thousands of dollars)	Main Estimates 2004-05 (2)	Planned Spending 2004-05 (2)
Geographic Programs	1,305,328	1,204,192
Canada Fund For Africa	116,464	216,464
Multilateral Programs	735,361	824,364
Canadian Partnership	260,244	272,904
Countries in Transition	111,752	100,658
Communications	12,638	12,170
Policy	28,525	39,560
Corporate Services	91,600	91,600
Sub-total	2,661,912	2,761,912
Services provided without charge by other departments		
Operating Expenditures:		
– Accommodation – Public Works and Government Services Canada	8,837	8,837
– Employee benefits covering the employer's share of insurance premiums and costs – Treasury Board Secretariat	8,357	8,357
– Legal services – Department of Justice	528	528
– Employee compensation payment – Human Resources Development Canada	116	116
	17,838	17,838
Aid Expenditures:		
– Imputed interest on advance payments – Department of Finance (1)	4,500	4,500
	22,338	22,338
Total estimated program cost	2,684,250	2,784,250

1. This covers the imputed interest on advance payments. CIDA has been exempted from the Treasury Board policy on advance payments for grants and contributions. However, the additional interest charges incurred by the federal government as a result are considered to be an imputed ODA program expenditure.
2. Main estimates figures are based on data available in October 2003, and planned spending figures are based on data available in March 2004.

Table 11: Loans, Investments and Advances (Non-Budgetary)

(millions of dollars)	Forecast Spending 2003-04	Main Estimates 2004-05 (1)	Planned Spending 2004-05 (1)
Payments to International Financial Institutions			
– Capital Subscriptions (L35) – African Development Bank	4.44	3.87	3.87

1. Main estimates figures are based on data available in October 2003, and planned spending figures are based on data available in March 2004.

Background on Accounting Change to IFI

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

As a result of this change, information on IFI expenditures is provided on an encashment basis in Part II of the Main Estimates, whereas in Table 6 of this Report on Plans and Priorities, information is presented on the basis of planned note issuance. The table below illustrates the difference between the two accounting methods.

Table 12: Reconciliation of the International Assistance Envelope — Cash Basis to Issuance Basis

(thousands of dollars)	Issuance Basis 2004–05	Cash Basis 2004–05	Variance
Gross International Assistance Envelope	3,237,270	3,327,341	90,071
CANADIAN INTERNATIONAL DEVELOPMENT AGENCY			
AID PROGRAM			
Geographic Programs	1,115,849	1,115,849	0
Canada Fund For Africa	212,350	212,350	0
Countries in Transition	50,000	50,000	0
Partnership Programs	268,053	268,053	0
Multilateral Programs	587,204	587,204	0
– International Financial Institutions	193,500	221,285	27,785
Policy	11,988	11,988	0
Communications	4,165	4,165	0
Special Funds	20,687	20,687	0
ADMINISTRATION	212,742	212,742	0
CIDA – Official Development Assistance (ODA)	2,676,538	2,704,323	27,785
PLUS OTHER OFFICIAL ASSISTANCE			
– Countries in Transition – Program	40,582	40,582	0
– Countries in Transition – Administration	10,076	10,076	0
CIDA Official Assistance (OA)	50,658	50,658	0
Total CIDA (ODA and OA)	2,727,196	2,754,981	27,785
OTHER DEPARTMENTS AND AGENCIES			
AID PROGRAM			
Department of Finance:			
– International Development Association	230,134	292,420	62,286
Other Government Departments	279,940	279,940	0
Total Other Departments and Agencies (ODA & OA)	510,074	572,360	62,286
Total	3,237,270	3,327,341	90,071

Annex II — Additional Enabling and Management Results

Enabling Results

Appropriate Balance Between Directed and Responsive Programming

CIDA's policy on aid effectiveness involves major changes in the way the Agency works with its partner countries and partner institutions. As more and more responsibility and accountability for development results is assumed by them, CIDA's role in the design and management of initiatives becomes smaller. At the same time, however, CIDA's intention to achieve greater impact through more focussed programming often results in a greater role for the Agency in managing aid programs. The challenge is to find the right balance between the two approaches, depending on the development situation, partner capacity, programming requirements and a host of other factors.

Overall, CIDA is moving to more responsive programming that supports nationally-owned poverty-reduction strategies. The Agency is continuing to test new program-based approaches; for example, examining the health-sector support program in Bangladesh to determine whether there is sufficient capacity to move to core funding⁵⁶ or expand sector-wide approaches, or SWAPs,⁵⁷ to other sectors of the economy. The Agency will also increase the responsive approach in countries with mature economies, a good policy environment and adequate capacity, such as those in the Caribbean, where the program will increase from 45% responsive in 2003–04 to an estimated 65% by 2005–06. CIDA will also re-balance its program in Central and Eastern Europe towards more directed programming in order to achieve greater coherence and effectiveness.

With its Canadian partners, CIDA will continue to review the level of consistency between their programming and its own new directions to ensure maximum impact, while leaving room for the kind of creativity, risk taking and new learning that comes from supporting initiatives outside the established priority areas.

Management Results

Management, Processes, Approaches and Support Activities

A transparent and comprehensive planning, budgeting and reporting system is fundamental to an **improved management approach**. CIDA will implement its *Integrated Management Action Plan*, which involves progress reports and tools for audit-based assessment. The Agency will also refine and strengthen a number of recent innovations, including the decentralization of operational budgets to country programs to better link expenditures and results and facilitate weekly budget reviews. An in-year program monitoring pilot based on costed work plans will be tested. The Agency will continue to use its "Portfolio Initiative" of program-based approaches

⁵⁶ Support to institutions such as international NGOs, other development agencies, developing country organizations or institutions, which is linked to the institution's mandate, rather than specific project or program activities

⁵⁷ A SWAP is a comprehensive program of support for an entire sector, like health or education, based on a partner country's own priorities and plans, and involving a single budget and expenditure plan.

for learning and replication purposes as well as its “quality at entry” approach, which integrates best practices into the design phase of a project to refine its goals and proposed mechanisms. Program evaluations for the countries about to “graduate” from aid relationships will also be shared.

In an effort to strengthen **transparent, consistent and cost-effective business processes and operations**, CIDA will press ahead with work simplification, including updating, standardizing and refining guidelines, reinforcing financial and contracting procedures and reviewing the selection process. It will also strengthen its change-management capacity and ensure that its **management and administration activities support the objectives of international development assistance**.

Finally, the Agency will strengthen its **practices of stewardship and conservation in Canada and abroad**. CIDA will continue to implement the CEAA and undertake environmental analysis of all projects and programs not subject to the Act. Further, it will provide formal training and capacity building for partners, develop a new strategic environmental assessment handbook, refine an *Environmental Management System and Action Plan*, and increase solid waste recycling and green purchasing.

References

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

or contact the following:

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

Telephone: 1-819-997-5006

Toll free: 1-800-230-6349

Telecommunications Device for the Hearing and Speech Impaired: 1-819-953-5023

Toll free: 1-800-331-5018

Fax: 1-819-953-6088

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

Legislation Administered

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