

Canadian International Development Agency

**1999-00
Estimates**

A Report on Plans and Priorities

Approved

Minister for International Cooperation and
Minister responsible for La Francophonie

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ACRONYMS AND ABBREVIATIONS

| | |
|--------|--|
| AIDS | Acquired Immune Deficiency Syndrome |
| CEE | Central and Eastern Europe |
| CIDA | Canadian International Development Agency |
| CPB | Canadian Partnership Branch |
| DFAIT | Department of Foreign Affairs and International Trade |
| DIP | Development Information Program |
| ESAF | Enhanced Structural Adjustment Facility |
| FTE | Full Time Equivalent |
| GNP | Gross National Product |
| HIV | Human Immunodeficiency Virus |
| HRCS | Human Resources and Corporate Services |
| HRDC | Human Resources Development Canada |
| IAE | International Assistance Envelope |
| ICHRDD | International Centre for Human Rights and Democratic Development |
| IDRC | International Development Research Centre |
| IFI | International Financial Institution |
| IMF | International Monetary Fund |
| INC | Industrial Cooperation Program |
| MDB | Multilateral Development Bank |
| MDI | Multilateral Development Institution |
| NGO | Non-Governmental Organization |
| OA | Official Assistance |
| OAG | Office of the Auditor General |
| ODA | Official Development Assistance |
| OECD | Organization for Economic Cooperation and Development |
| PWGSC | Public Works and Government Services Canada |
| RBM | Results-Based Management |
| RPP | Report on Plans and Priorities |
| UN | United Nations |
| UNICEF | United Nations Children's Fund |
| Y2K | Year 2000 |

SECTION I: MINISTER'S MESSAGE



Diane Marleau
Minister for International
Cooperation and
Minister responsible for
La Francophonie

It is a pleasure to present the 1999-00 Report on Plans and Priorities of the Canadian International Development Agency (CIDA) - the last for this decade and the first for the next century.

The Report provides basic information about CIDA, its programs and the International Assistance Envelope (IAE). It tells Canadians how their country is investing in international cooperation, highlights the many positive results of their investments, and looks ahead to future directions for the aid program. By reading this report, Canadians can gain a better sense of the constructive role Canada plays in the world.

Canadians can be proud of their country's role in international development. After half a century of development cooperation, the world is a better place for many people. Life expectancy has increased and child death rates have fallen. More people can read than those who cannot - and growing numbers of children have access to decent education, housing and health care. Most of this progress has been achieved by the developing countries themselves. However, Canadians have also helped, by working in partnership with people around the world.

As we leave one millennium behind and prepare to enter another, it is highly appropriate that Canada is strengthening its support for international cooperation. The 1999 budget, like last year's, provides additional resources for international assistance. This trend signals a renewed commitment to growth and a reaffirmation of the Government's determination to reach the target of providing 0.7% of Canada's gross national product (GNP) as Official Development Assistance (ODA).

These added funds allow Canada to maintain stability within the assistance program while preparing the groundwork for new investments in areas where we can have maximum development impact. Such areas include the meeting of basic human needs, promoting greater gender equality and strengthening governance in countries around the world.

As Minister for International Cooperation and Minister responsible for La Francophonie, I know that even modest investments in international cooperation can have a profound effect on people's daily lives. I've been able to see the many benefits of our cooperation in countries in Africa, Asia, the Americas and Central and Eastern Europe. In the past year, I saw that most profoundly in Central America - where I witnessed firsthand the devastation wrought by Hurricane Mitch and the inspiring efforts of Canadian aid workers and military personnel to help those in need.

Canada's response to Hurricane Mitch also provided strong confirmation that Canadians remain committed to international cooperation. That commitment - every bit as strong as it was three decades ago when CIDA was established - was evident in the outpouring of time, money and donations from across the country within days of the onset of the disaster.

That commitment to shaping a better world will serve Canada well as we enter a new millennium. At the turn of this century, Canadians were still relatively isolated from the vast majority of the world's people. That's no longer true. What happens in other parts of the world profoundly affects us, and this interdependence can only deepen as we enter the next century.

That means that investing in international cooperation is very much an investment in our own future. Just as we benefit here at home from investments in health, education and the economy, so too can we benefit through similar investments in the well-being of the international community.

Canadians have a strong stake in building a better world, and we are privileged to have the means to help shape that world. I hope Canadians read this report, think about the ways in which they can continue to help, and look for every opportunity to shape a better world in the next century.

Diane Marleau
Minister for International Cooperation and
Minister responsible for La Francophonie

MANAGEMENT REPRESENTATION / DÉCLARATION DE LA DIRECTION
Report on Plans and Priorities 1999-00 / Rapport sur les plans et les priorités 1999-2000

I submit, for tabling in Parliament, the 1999-00 Report on Plans and Priorities (RPP) for the Canadian International Development Agency.

To the best of my knowledge the information:

- Accurately portrays the Agency's mandate, plans, priorities, strategies and expected key results of the organization.
- Is consistent with the disclosure principles contained in the *Guidelines for Preparing a Report on Plans and Priorities*.
- Is comprehensive and accurate.
- Is based on sound underlying departmental information and management systems.

I am satisfied as to the quality assurance processes and procedures used for the RPP's production.

The Planning, Reporting and Accountability Structure (PRAS) 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.

Je sou mets, en vue de son dépôt au Parlement, le Rapport sur les plans et les priorités (RPP) de 1999-2000 de l'Agence canadienne de développement international.

À ma connaissance les renseignements :

- Décrivent fidèlement les mandat, plans, priorités, stratégies et résultats clés escomptés de l'organisation.
- Sont conformes aux principes de divulgation de l'information énoncés dans les *Lignes directrices pour la préparation du Rapport sur les plans et les priorités*.
- Sont complets et exacts.
- Sont fondés sur de bons systèmes d'information et de gestion sous-jacents.

Je suis satisfait des méthodes et procédures d'assurance de la qualité qui ont été utilisées pour produire le RPP.

Les ministres du Conseil du Trésor ont approuvé la structure de planification, de rapport et de responsabilisation (SPRR) sur laquelle s'appuie le document et qui sert de fondement à la reddition de comptes sur les résultats obtenus au moyen des ressources et des pouvoirs fournis.

Huguette Labelle
President / Présidente

Date : _____

EXECUTIVE SUMMARY

In February 1998, after several years of reduction, the federal budget provided the aid program with some additional flexibility through an accelerated payment of \$90 million in Canada's contributions to international institutions thus freeing resources in 1998-99 to support initiatives in four areas - health, youth, environment and governance. In February 1999, the Government announced that in 1998-99 it had made available substantial additional funding for international development -- \$237 million above planned levels. These increases indicate Government's commitment to stabilizing and moving to growth in the International Assistance Envelope (IAE).

The additional funds made available in 1998-99 include a \$50-million one-time increase to the planned level of funding and \$66 million to provide emergency food, medical services and relief to victims of natural disasters, such as Hurricane Mitch in Central America and the recent earthquake in Colombia. They also include \$53 million for payment of Canada's 1999 contribution to the International Monetary Fund's Enhanced Structural Adjustment Facility (ESAF) and \$68 million for accelerated payments to international organizations. In addition, the Government will provide a \$50-million one-time increase to the planned level of funding in 1999-00 and a \$75-million increase to the IAE budget in 2000-01 and subsequent years.

These additional resources mark a step towards meeting the Government's target of allocating 0.7% of GNP to the ODA program. The increases, which make possible the stabilization of funding levels for the aid program, also indicate a return to growth in the years ahead.

The additional resources enable CIDA to respond modestly to new challenges. At the same time, the Agency will maintain its focus on the six priorities of the ODA program: **basic human needs; women in development and gender equality; infrastructure services; human rights, democracy, good governance; private-sector development; and environment.** CIDA will also maintain its focus on the priorities of the Countries in Transition program which assists Central and Eastern Europe (CEE) countries in the **transition to market economies;** encourages **good governance,** democracy, political pluralism, the rule of law and adherence to international norms

and standards; facilitates closer **trade and investment links** with the region; enhances **nuclear safety;** and assists international programs to **reduce threats to international and Canadian security.**

The Agency will continue to look for opportunities to increase its effectiveness and focus more sharply on areas of key development concern. This approach could include, for example, a stronger emphasis on *good governance;* strengthening support for health and basic education while retaining *basic human needs* as a key priority; and ensuring that the poorest have access to micro-credit, particularly as a way of helping them to develop *sustainable occupations* that increase family income. Also CIDA will look for opportunities to harness new technologies for development - or *knowledge for development* - as a catalyst for social and economic progress and to ensure that developing countries and countries in transition are not left behind by the information revolution.

CIDA continues to develop strategies and programs to support **sustainable development** in both its program activities and its internal operations; to ensure **Year 2000 (Y2K) readiness** in its systems and promote such readiness in the systems of its partners; to restructure its **financial information and contracting systems;** to consolidate and enlarge its gains in **results-based management (RBM);** and to enhance the Agency's role and function as a **knowledge-based organization.** Working more closely with Canadians and increased support for public-education initiatives that build a stronger sense of *global citizenship* among Canadians will also characterize CIDA's operations in the period ahead.

SECTION II: DEPARTMENTAL OVERVIEW

A. MANDATE, OBJECTIVES, ROLES AND RESPONSIBILITIES

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

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

In support of this mission, CIDA seeks to attain the following two-fold objective:

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

CIDA's international assistance activities contribute to the pursuit of Canada's three foreign policy objectives. *Canada in the World* established these objectives as: the promotion of prosperity and employment; the protection of our security, within a stable global framework; and the projection of Canadian values and culture. International assistance is a vital instrument for achieving these three objectives. For example:

- As an investment in **prosperity and employment**, international assistance connects the Canadian economy to some of the world's fastest growing markets and contributes to a stronger global economy in which Canadians, and other peoples, can grow and prosper.
- International Assistance contributes to **global security** by tackling many key threats to human security, such as the abuse of human rights, disease, environmental degradation, population growth and the widening gap between rich and poor.
- It is also one of the clearest expressions abroad of **Canadian values and culture** - of Canadians' desire to help the less fortunate and of their strong sense of social justice - and an effective means of sharing these values with the rest of the world.

The Agency, in pursuing its mission, has developed a poverty-reduction policy which commits CIDA to making poverty reduction a key element in each of its six ODA program priorities (see Section III - A below). The policy is being implemented across all of CIDA's ODA programming channels and includes initiatives that address poverty through both direct and indirect means.

CIDA is also responsible for the delivery of programs to CEE countries. These programs reflect the following mission:

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

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

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

CIDA is directly responsible for managing about 78% of the IAE. The rest is administered by the following departments:

- **The Department of Finance**, for the World Bank Group and for ESAF, a facility within the International Monetary Fund (IMF).
- **The Department of Foreign Affairs and International Trade (DFAIT)**, for the overseas administrative functions relating to international assistance; certain grants and contributions to cover payments to international organizations; the Canadian Commonwealth Scholarship and Fellowship Plan to enable citizens of other Commonwealth countries (46 of which are developing countries) to study in Canada; and, indirectly, the International Development Research Centre (IDRC).
- A number of other departments which administer a small portion of the IAE, i.e. Public Works and Government Services Canada (PWGSC), Heritage Canada and Human Resources Development Canada (HRDC)².

Figure 1 presents a breakdown of the IAE.
Figure 2 shows the share by channel of delivery.

² For reporting purposes, the resources are disclosed on Figure 1 under Public Works and Government Services Canada and Others.

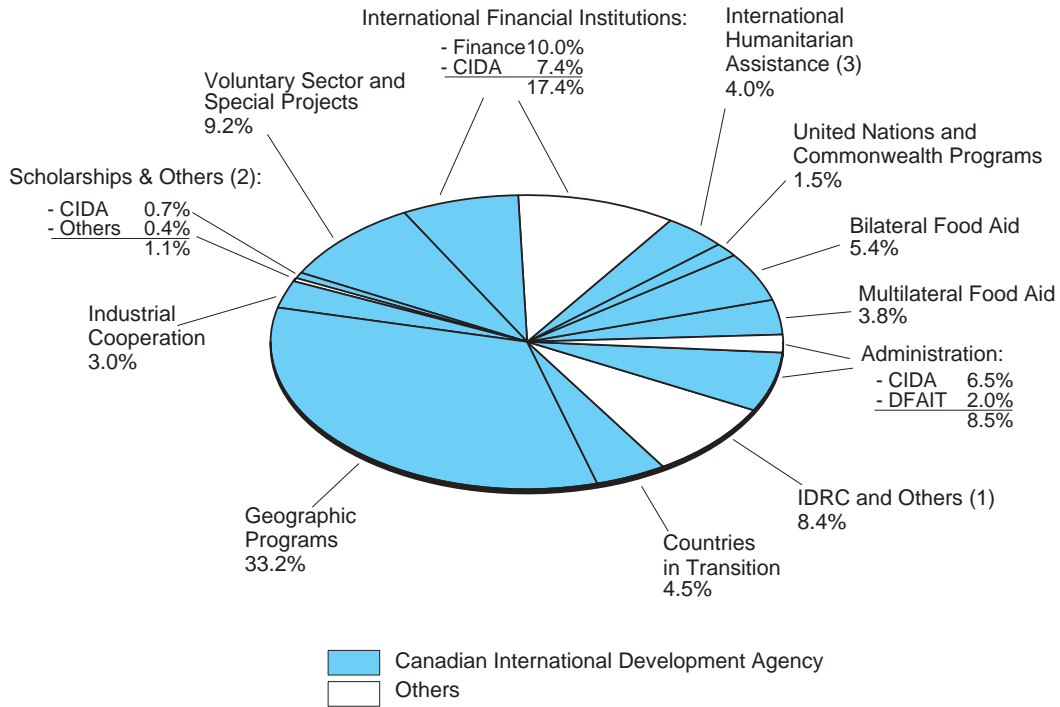
Figure 1: International Assistance Envelope Breakdown (Issuance Basis) (1)

| (thousands of dollars) | 1998-99 Post Budget | 1999-00 Post Budget |
|---|---------------------------|---------------------------|
| INTERNATIONAL ASSISTANCE ENVELOPE | 1,961,200 | 1,961,861 |
| Plus: Repayment of previous years' loans | 59,570 | 37,777 |
| Others - Administration (2) | 5,527 | 4,998 |
| Others - Aid (3) | 6,050 | 18,060 |
| GROSS INTERNATIONAL ASSISTANCE ENVELOPE | 2,032,347 | 2,022,696 |
| CANADIAN INTERNATIONAL DEVELOPMENT AGENCY | | |
| AID PROGRAM | | |
| Geographic Programs | 672,818 | 671,104 |
| Partnership Programs | | |
| - Voluntary Sector and Special Projects (4) | 190,041 | 186,500 |
| - Industrial Cooperation | 60,322 | 60,322 |
| - Scholarships | 8,288 | 8,288 |
| - International Centre for Human Rights and Democratic Development (ICHRDD) | 4,359 | 4,359 |
| Multilateral Programs | | |
| - Multilateral Food Aid (5) | 93,058 | 78,058 |
| - Bilateral Food Aid | 114,550 | 108,650 |
| - International Humanitarian Assistance | 54,410 | 63,950 |
| - International Financial Institutions (IFI) | 148,900 | 150,666 |
| - United Nations and Commonwealth Programs (5) | 30,755 | 29,710 |
| Communications | | |
| - Development Information Program | 3,700 | 5,000 |
| Canadian Landmines Fund | | |
| - CIDA | | 8,630 |
| - Not yet allocated among participating departments | | 9,430 |
| ADMINISTRATION | | |
| - CIDA Operating | 103,895 | 107,767 |
| - CIDA Capital | | 17,500 |
| CIDA - Official Development Assistance (ODA) | 1,485,096 | 1,509,934 |
| PLUS OTHER OFFICIAL ASSISTANCE | | |
| - Countries in Transition - Program | 90,761 | 90,360 |
| - Countries in Transition - Administration | 6,477 | 6,542 |
| CIDA Official Assistance (OA) | 97,238 | 96,902 |
| TOTAL CIDA (ODA and OA) | 1,582,334 | 1,606,836 |
| OTHER DEPARTMENTS AND AGENCIES | | |
| AID PROGRAM | | |
| Dept. of Finance - (International Development Association) | 195,155 | 202,334 |
| Dept. of Finance - (Enhanced Structural Adjustment Facility - cash payment) | 50,200 | |
| International Development Research Centre | 86,143 | 86,143 |
| Health Canada - (for Pan-American Health Organization) | 6,500 | 6,500 |
| DFAIT (Grants and Contributions) | | |
| - Assessed Contributions | 59,902 | 63,270 |
| - Voluntary Contributions | 6,755 | 6,755 |
| - Scholarships | 8,288 | 8,288 |
| Public Works and Government Services Canada and Others (6) | 2,450 | 2,450 |
| ADMINISTRATION | | |
| - DFAIT (for services rendered in the field) (7) | 34,620 | 40,120 |
| TOTAL OTHER DEPARTMENTS AND AGENCIES (ODA & OA) | 450,013 | 415,860 |
| TOTAL | 2,032,347 | 2,022,696 |

- Starting in 1998-99, this line shows notes to be issued (Issuance Basis) to IFIs during the fiscal year. Previously, this line was presented as a value of notes to be encashed (Cash Basis) by IFIs during the fiscal year. The difference between these two accounting methods is explained on page 58.

2. Non-IAE allocation of \$3.468 million in Employee Benefit Plans adjustments, \$1.230 million for salary increases, and \$300,000 for administration of the Canadian Landmines Fund.
3. In 1998-99, non-IAE allocation of \$6.05 million for Youth Employment Initiatives from HRDC was administered by Partnership Programs. In 1999-00, the funds represent the Canadian Landmines Fund.
4. In 1998-99, an allocation of \$6.05 million from HRDC for the program of Youth Employment Initiatives was included in the Voluntary Sector program. A further allocation from HRDC is expected to be confirmed after the publication of this document. The Voluntary Sector budget would then show a corresponding increase.
5. The 1999-00 budget is reduced owing to payment in 1998-99 of certain 1999 obligations.
6. Includes \$2.1 million for PWGSC, \$175,000 for Heritage Canada, \$100,000 for Natural Resources and \$75,000 for HRDC.
7. Includes Official Assistance of \$3.098 million for Countries in Transition.

International Assistance Envelope



- (1) Includes contributions to DFAIT, Health Canada, ICHRDD, and PWGSC.
- (2) Includes Scholarships and Development Information Program.
- (3) Includes the Canadian Landmines Fund.

B. OPERATING ENVIRONMENT

The International Context

The 1990s opened at a time of profound change. The Berlin Wall had fallen and the Cold War lines that dominated post-war history were quickly fading into the past. Now, as the decade ends - and a new millennium approaches - dramatic and unpredictable change continues to sweep the world.

Perhaps most striking has been the international financial crisis (see Section III - A below). What began as a flicker on the Bangkok stock exchange swiftly grew into a regional, then a global, crisis. Its impact spread to Latin America, Africa, and the countries that used to make up the Soviet Union - even to our own shores.

That downturn in the world economy hit developing countries hardest - deepening poverty, boosting the prices of food and other essentials, and throwing millions out of work. The crisis set back hard-won development progress in a number of national economies.

The crisis has come at a time when the gap between rich and poor is widening - within and among countries. The richest fifth of the world's population receives 85% of total world income. The poorest fifth receives just 1.4%. More than 1.3 billion live in extreme poverty, on less than a dollar a day.

Some countries - especially in sub-Saharan Africa - are being marginalized from the mainstream of the global economy. That marginalization is being compounded by the information revolution. Many countries are being left behind by the information as a world of information haves and have-nots emerges.

The effects of poverty and marginalization are far-reaching. In Africa, poverty lies at the root of a range of serious challenges - disease, malnutrition, illiteracy and conflict - and limits the capacity of the poorest countries to address these challenges. In the Americas, gross inequities between rich and poor - the greatest of any continent - persist despite economic growth in a number of cases. This gap poses one of the most serious threats to long-term development and stability in the region. Asia, home to most of the world's poor, was also for many years home to the world's fastest growing economies. The future of these economies is more

clouded now, as the financial crisis stalls development progress. Meanwhile, CEE countries show uneven progress. Reform has been undermined by poor economic growth and some countries face escalating problems related to corruption and crime.

Some of the most significant challenges faced by developing countries in the past year have had their origins in nature. Floodwaters in Bangladesh kept two-thirds of the country under water for more than two months, leaving 30 million homeless. Flooding in China affected 223 million people. Often disaster is the product of unfavourable natural phenomena aggravated by environmental degradation. Hurricane Mitch, which hit degraded hillsides in Central America, caused widespread death, crippling economic loss and massive human suffering throughout that sub-region.

Conflict and war have also had a tremendous impact on development progress, particularly in the Great Lakes region of Africa. These conflicts can reverse past development achievements and dramatically increase demands for emergency assistance. They also make continuing development work difficult, if not impossible. A growing number of humanitarian aid workers are being killed - in even greater numbers than are peacekeepers - while attempting to bring relief to the victims of conflict.

These are daunting challenges. They point to the need for continuing investment in international cooperation. However, they also follow several decades of steady improvement in overall living standards in developing countries. These countries have made impressive strides in improving life expectancy, reducing child death and improving literacy and access to education. While considerable work remains, the record of the past several decades demonstrates that significant progress is possible.

Implications for Canadian Assistance

Ensuring that the progress of past decades continues into the new millennium will depend most of all on decisions made and actions taken by developing countries and CEE countries. However, countries like Canada can help and have a strong interest in doing so. The financial crisis has demonstrated that Canadians cannot isolate themselves even from events half a world away.

Canadians need to be fully engaged in helping to shape the decisions that affect the future of the planet. Canadians do have a strong desire to be involved. The response to Hurricane Mitch is only one of many examples of Canadians' commitment to the international community.

Rapid change in the international environment means Canada's assistance must continue to evolve if it is to remain relevant and effective and achieve maximum development impact. This may mean strengthening the emphasis in a number of areas - for example, in poverty reduction, good governance and meeting basic human needs.

Keeping pace with a fast-changing world raises other challenges for the assistance program. It will be important to continue to work to increase the flexibility and responsiveness of programming so that CIDA can respond quickly and effectively to the changing context in partner countries. It will be important as well to develop a stronger capacity to track and forecast emerging issues - such as the financial crisis - so that Canada can respond to them in timely and effective ways.

Bringing more partners into the International Assistance program will also be a priority, particularly as development programming becomes more complex, and developing countries' capacities and needs evolve. New alliances can also be struck among traditional development partners to bring together greater coalitions of skill and expertise. In addition, CIDA will work with its partners in new and innovative ways.

Strengthening partnerships will also mean working more closely with other federal departments. A growing number of once domestically oriented departments are becoming more involved in international cooperation as they find that the issues falling within their mandates cannot be effectively addressed through purely domestic, made-in-Canada solutions. CIDA offers them an international window on these issues. These departments also have considerable expertise and knowledge that can inform CIDA's work. Stronger partnerships with other government departments will benefit not only the assistance program, but Canada as well.

Finally, it is critical that the international community work more closely together to meet development challenges. The global financial crisis, along with the current limited ability of international political institutions to prevent or resolve conflict, points to

the need for strengthened global governance. The crisis has demonstrated as well the importance of achieving a sound balance between policies to promote economic growth and those aimed at fostering social equity. Greater coordination among donor and aid-recipient countries is also critical. In this area, there has been considerable progress in recent years. Through a series of world conferences on key development issues - for example, the environment, human rights, women, population - the international community has brought together a set of shared targets for making progress in reducing poverty, improving health and education, protecting the environment and fostering gender equality.

These targets are set out most clearly in *Shaping the 21st Century: The Contribution of Development Cooperation*, a document released in 1996 by the Development Assistance Committee of the OECD. The document also establishes a number of principles to guide development cooperation. These include placing the recipient country at the centre of the development process, so that it has primary responsibility for the decision-making that affects its social and economic future. This approach will challenge donor countries to coordinate their efforts more closely. It may also lead to a stronger role for the World Bank in developing comprehensive frameworks with developing and donor countries to guide development cooperation in recipient countries. The establishment of development compacts between recipient and donor countries, that clearly set out the responsibilities of both, will also be important elements in ensuring that developing countries lead their own development.

C. FINANCIAL SPENDING PLAN

Figure 3: Financial Spending Plan

| (thousands of dollars) | 1998-99 Forecast Spending (1) | 1999-00 Main Estimates | 1999-00 Post Budget |
|---|-------------------------------------|------------------------------|---------------------------|
| Budgetary | | | |
| Geographic Programs | 706,181 | 722,917 | 714,927 |
| Multilateral Programs | 436,976 | 322,529 | 316,469 |
| IFI Note Encashments (2) | 242,300 | 325,835 | 325,835 |
| Canadian Partnership Countries in Transition | 282,075 | 266,443 | 270,319 |
| Communications | 101,187 | 96,593 | 96,973 |
| Policy | 9,810 | 11,142 | 11,142 |
| Corporate Services | 8,490 | 8,042 | 8,042 |
| | 56,448 | 51,264 | 51,264 |
| Non-Budgetary | | | |
| International Financial Institutions | 33,480 | 43,197 | 43,197 |
| | 1,876,947 | 1,847,962 | 1,838,168 (3) |
| Other Expenditures | | | |
| Operating Expenditures: | | | |
| - Estimated Cost of Services by other Departments | 11,074 | 10,273 | 10,273 |
| Aid Expenditures: | | | |
| - Imputed interest on Advance - Department of Finance (4) | 4,500 | 4,500 | 4,500 |
| Cost of the Program | 1,892,521 | 1,862,735 | 1,852,941 |

1. Reflects best forecast of total planned spending to the end of the fiscal year.
2. The \$325.8 million represents the IFI note encashments for 1999-00, not the note issuance of \$150.7 million issued in the IAE Table. See page 58 for further information.
3. The difference of \$9.8 million between the Main Estimates and the Post-Budget figures are related to impending transfers to the Department of Foreign Affairs and International Trade for \$5.5 million and to the International Development Research Centre for \$4.3 million.
4. 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.

SECTION III: PLANS, PRIORITIES AND STRATEGIES

A. STRATEGIC PRIORITIES, EXPECTED RESULTS AND FUTURE PLANS

Strategic Priorities

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

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

Twenty percent of the assistance efforts in **countries in transition** are currently eligible as

ODA. CIDA's program for countries in transition focuses on: **assisting in the transition to market economies; encouraging good governance, democracy, political pluralism, the rule of law and adherence to international norms and standards; facilitating closer trade and investment links with the region; enhancing nuclear safety; and assisting international programs to reduce threats to international and Canadian security.**

The Agency delivers its programs to developing countries in four ways: policy influence and dialogue pursued with developing countries, with other donors or in international fora, in close collaboration with DFAIT and other government departments; direct assistance through projects and programs agreed upon with developing-country governments or institutions; funding activities through international development organizations which include development banks, multilateral agencies and international non-governmental organizations; and supporting projects proposed by Canadian partners from the profit, not-for-profit and institutional sectors.

CIDA operates on the basis of the seven key principles of sustainable development: acquiring and using knowledge; applying participatory approaches; applying iterative approaches; capacity development; promoting policy and program coherence; promoting donor coordination; and demonstrating results.

Expected Results

CIDA has been developing and implementing an RBM approach to its programming and evaluation activities. The Auditor General has remarked that progress has been made in this area. He notes that further efforts are needed, particularly to build on CIDA's experience with management and evaluation at the project level in the implementation of RBM at the program, branch and corporate levels. Expected results have been broadly defined for the six areas of program priority, as indicated in the results table on the following page. However, further efforts are needed to identify key results in a manner that is useful to program planners and evaluators alike.

The Phoenix information management exercise currently underway will improve the integration of project planning and evaluation with information on results at the project, program, Branch and corporate levels. The table below is subject to further refinement as experience with RBM broadens and deepens.

| Priority | Agency Expected Results |
|--|---|
| Basic Human Needs | <input type="checkbox"/> Improved access for the poor to health, education, shelter, food and nutrition, sanitation, and pure-water-supply services; <input type="checkbox"/> improved in-country institutional capacity for sustainable human development; <input type="checkbox"/> improved ability of vulnerable groups to increase their productive activities to meet their basic human needs. <input type="checkbox"/> timely, effective and appropriate emergency assistance; and <input type="checkbox"/> improved in-country capacities to mitigate disaster impacts. |
| Women in Development and Gender Equality | <input type="checkbox"/> Advanced women's equal participation with men as decision-makers in shaping the sustainable development of their societies; <input type="checkbox"/> women and girls supported in the realization of their full human rights; and <input type="checkbox"/> reduced gender inequalities in access to and control over the resources and benefits of development. |
| Infrastructure Services | <input type="checkbox"/> Improved institutional capacity to manage reform and ensure the efficient and equitable provision of services <input type="checkbox"/> increased access of the poor, especially poor women, to infrastructure services; and <input type="checkbox"/> <input type="checkbox"/> increased capacity to deliver environmentally sound infrastructure services. |
| Human Rights, Democracy, Good Governance | <input type="checkbox"/> More democratic decision-making through increased popular participation and strengthened representative institutions; <input type="checkbox"/> more effective and accountable exercise of power; <input type="checkbox"/> increased capacity of organizations that protect and promote human rights; <input type="checkbox"/> improved legal and judicial systems to strengthen the rule of law; <input type="checkbox"/> greater ability in civil society to address rights concerns and strengthen the security of the individual; and <input type="checkbox"/> strengthened will of leaders to respect rights, rule democratically and govern effectively. |
| Private-Sector Development | <input type="checkbox"/> Stronger enabling environments for private-sector development, including more competitive internal markets and enhanced connections to the global economy; <input type="checkbox"/> improved capacities of the private sector, and related institutions, as a result of support to micro-enterprise and micro-finance development and small and medium-sized businesses; and <input type="checkbox"/> strengthened long-term linkages between Canadian and developing-country businesses that are established on demand-driven basis and which provide high social returns. |
| Environment | <input type="checkbox"/> Ecosystems are protected from degradation and destruction and natural resources are used in a sustainable manner; <input type="checkbox"/> the creation of pollutants and waste is avoided; <input type="checkbox"/> risks to human health, climate and environment posed by pollutants and waste are minimized; <input type="checkbox"/> individuals, groups, organizations and institutions are able to address local and environmental issues and to participate in the resolution of global environmental problems; and <input type="checkbox"/> environmental profiles, environmental strategies and environmental impacts assessments are used to integrate environmental considerations fully into development cooperation programs, projects and activities. |
| Countries in Transition | <input type="checkbox"/> Changes in legislative/regulatory framework which support the market economy; <input type="checkbox"/> enhanced capacity of organizations to promote participation and efficiency; <input type="checkbox"/> demonstrated Canadian commercial benefits; <input type="checkbox"/> reduced risks related to Soviet-designed nuclear power stations; and <input type="checkbox"/> reduced suffering in emergency situations. |

The Planning Environment

Within the international community, there is a strong consensus on priorities for action in development cooperation and the principles that should guide these actions. These principles and objectives have been developed within a number of world conferences - for example, on women, the environment and population - and reflect as well the lessons of a half century of development cooperation. *Shaping the 21st Century*, in the development of which Canada has played a key role, provides a clear summary of this international consensus. Its main elements include:

- targets for progress by 2015 in such areas as poverty reduction, basic education, primary health care, gender equality and the environment;
- ensuring local ownership of development, which means that the people and governments of developing countries bear the primary responsibility for development decision-making and putting the developing country in the driver's seat with the donor community responding to the country's development priorities and plans and coordinating closely to maximize the development activities they undertake;
- the establishment of development compacts, which would clearly identify the roles and responsibilities of developing countries and their donor partners;
- a strong emphasis on results to ensure that progress in development programming can be clearly measured and assessed; and
- improved coherence in the policies of industrialized countries to ensure, as much as possible, that their "non-aid" policies do not have negative effects on development goals.

Other factors are also shaping development thinking. For example, growing attention is being paid to the links between conflict and development. Donor countries are exploring the ways in which international cooperation can prevent conflict or assist in re-building war-torn societies. There is also a growing willingness on the part of the international community to act in situations of war and human rights abuse. While the ability and willingness of international institutions and the world community to act in such situations are still

limited, the trend in the next century is likely to be one of growing activism.

The impact of information technologies - or knowledge for development - is also of increasing concern, particularly as the rapid pace of the information revolution threatens to leave the poorest countries behind.

Impact of the International Financial Crisis

The international financial crisis had a profound impact on international cooperation. It brought home in a compelling fashion the very real interdependence of the world community. It also led the international community to take a closer look at the factors affecting development progress. Much of that attention focused on the role of private capital in development - particularly, the impact of volatile flows of short-term capital.

The crisis demonstrated that financial-sector reform had to be a critical part of broader reform efforts in developing countries and countries in transition. The crisis also led to a greater scrutiny of international financial institutions - in terms of both the effectiveness of their response and their ability to prevent future crises. This included discussion on the need for a new or reformed system of international financial governance.

The financial crisis has also led to some re-evaluation of the resources and time needed to meet the targets set out in *Shaping the 21st Century*. The financial crisis has had a significant impact on poverty in a number of countries. It has placed severe strains on public finances in key developing countries. Both these factors will make the achievement of *the goals of Shaping the 21st Century* more difficult. How much more difficult is uncertain; while the immediate impact of the crisis has been profound for many countries, it has not eliminated the solid foundations upon which future progress will be built.

Perhaps the most immediate impact of the crisis on international cooperation has been the increased demands on assistance budgets. These demands have come in addition to those created by a series of devastating natural disasters and conflicts in several regions of the world, particularly in Africa. The impact of these increased demands on donor countries and organizations is significant. The World Bank expects to increase substantially its lending commitments, including in the social sector - in part to address the fallout from the financial

crisis. Crises and conflicts in Russia and Kosovo have forced CIDA's CEE program to increase its expenditures by several times for humanitarian assistance this year.

This increased demand is also straining the institutions charged with providing services to those most in need. Some are near the point where they do not have the human resources, infrastructure and delivery capacity to meet growing demands for emergency and humanitarian assistance. Developing the capacity within affected countries to fill the gap is a long-term solution, but is unlikely to be possible in the short term.

Development Financing

Global flows of international assistance continue to decline. In 1997 - the last year for which final figures are available - total ODA fell by almost \$9 billion over the previous year. Several factors account for this decline. These include falling exchange rates against the US dollar. However, some of the drop reflects reduced bilateral assistance, particularly among donor countries belonging to the G-7.

Private capital flows to developing countries, which had been increasing through the 1990s, decreased sharply in response to the financial crisis. In 1997, private investment flows from OECD countries to the developing world dropped by \$80 billion. Most of this reflected a decline in international bank lending, particularly to Asia.

Overall, these two trends - in ODA and private investment - combined with reductions in other kinds of financing, meant a decline by 26% or \$96 billion in total resource flows to developing countries. This marks the first time in the 1990s that total resource flows - private and official - to developing countries have fallen.

Despite these two trends, smaller donors have remained mainly stable in funding levels since 1992. Denmark, Norway, Sweden and the Netherlands were the only donors to maintain their ODA above the UN target of 0.7% of GNP.

More recently, there have been encouraging signs that some donors intend to return to growth in their aid programs. The United Kingdom has reaffirmed its commitment to the 0.7% target and has announced a 28% increase to its aid budget over the next three years. Equivalent to \$4 billion

Canadian, this represents the largest increase granted any British government department. Sweden has also indicated that it is committed to increasing its development cooperation program by 19% over the next three years.

Trends in Canadian Assistance

i) Budget for 1998-99

In February 1998, after several years of reduction, the federal budget provided the aid program with a one-time \$50-million increase in the IAE and some additional flexibility through an accelerated payment of \$90 million in contributions to international institutions. These provisions freed resources in 1998-99 to support initiatives in health, youth, environment and governance. The largest share of this amount went to governance and health. In geographic terms, the greatest portion went to Africa. These new funds enabled CIDA to support a wide range of activities.

- Governance:** Canada supported governance projects in a number of countries in the developing world, as well as in the CEE countries. Some funds went to support democratization in Central America and in Africa - for example, initiatives to strengthen civil society in Guatemala and Rwanda. In India, support was provided to an initiative aimed at addressing issues related to child labour. In CEE countries, new resources helped support initiatives to reform the public sector in Lithuania, strengthen civil society in the Ukraine and improve the delivery of municipal services in Hungary.
- Health:** Canada launched the Canadian International Immunization Initiative designed to help eradicate polio, eliminate measles and strengthen immunization programs in countries where the need is greatest. Other initiatives contributed to reducing maternal mortality, improving nutrition and strengthening health systems in developing countries.
- Environment:** Among the initiatives receiving funds were programs aimed at promoting reduced emissions from coal use in China. Projects to promote better forest use and management were also supported in countries such as Senegal and Gabon. Many environmental initiatives - for example, in Bangladesh, Ethiopia and the Philippines -

focused on strengthening the institutions and laws needed to promote environmentally sustainable development.

- **Youth:** Additional funding was provided for a range of activities involving youth. These included support for the production of textbooks, workbooks and notebooks for primary and secondary schools in Cuba and initiatives to strengthen peace and promote tolerance among youths in Croatia and Bosnia-Herzegovina.

In February 1999, the Government announced substantial additional funding for international development -- together with the \$50 million provided in the 1998 budget, a further \$187 million was provided for Canada's foreign aid program in 1998-99.

The \$187 million includes:

- \$66 million to provide emergency food, medical services and relief to victims of natural disasters, such as Hurricane Mitch in Central America and the recent earthquake in Colombia.
- \$53 million to accelerate payment of Canada's 1999 contributions to the IMF's Enhanced Structural Adjustment Facility. The IMF uses these funds to promote needed economic reform in developing countries; and
- \$68 million to accelerate payment of Canada's 1999 contributions to major UN organizations (e.g., the United Nations Development Program and UNICEF).

As well, CIDA has re-allocated some resources to make accelerated payments in 1998-99 to cover certain 1999 obligations to international organizations, thereby increasing its programming flexibility for fiscal year 1999-00.

Canada will be making these annual contributions to the IMF and other international institutions early in their respective fiscal years and these 1998-99 payments will maintain flexibility to sustain new development assistance activities in 1999-00.

ii) Budget for 1999-00

In addition to the increased flexibility described above, the Government in its Budget 99 provides a one-time \$50-million increase to the planned level

of funding in 1999-00 and a \$75-million increase to the IAE budget in 2000-01 and subsequent years.

These additional resources mark a step towards meeting the Government's target of allocating 0.7% of GNP to ODA. They allow Canada to stabilize funding levels for the aid program and clearly indicate a return to growth in the years ahead.

Future Directions for Canadian Assistance

The additional resources announced in Budget 99 maintain CIDA's flexibility to respond to new challenges in a number of key areas. CIDA will keep its strong focus on poverty and the six priority areas set out in *Canada in the World*, and continue to pursue as well its program objectives for CEE countries. At the same time, CIDA will continue to seek opportunities to increase its effectiveness and focus more sharply on areas of key development concern.

This could include, for example, a stronger emphasis on *good governance*, which is a precondition for development success and an area where Canada has strong expertise to offer. Meeting *basic human needs* will remain a key priority and CIDA will look for opportunities in its programming in this area to strengthen support for health and basic education. Ensuring that the poorest have access to micro-credit will also be important, particularly in helping them develop *sustainable occupations* that increase family income. Also CIDA will look for opportunities to harness new technologies for development - or *knowledge for development* - as a catalyst for social and economic progress and to ensure that developing countries and countries in transition are not left behind by the information revolution.

In all of this, CIDA will place a premium on working with Canadians - on drawing on their skills and expertise. CIDA will also increase its support for public education initiatives that build a stronger sense of *global citizenship* among Canadians. Through expanded support for public awareness initiatives, CIDA will seek to inform and engage Canadians on development issues and highlight the important contributions Canadians are making in developing countries and countries in transition.

B. DETAILS BY BUSINESS LINE

FREQUENTLY ASKED QUESTION

Do threats to peace and human security in places like Africa affect Canada's work in international development? Or do these situations concern only our diplomatic and military institutions?

Threats to peace, for example through the proliferation of civil wars in Africa or elsewhere, are an important development issue. The absence of peace and stability is an impediment to development. Indeed, a major objective of development is the promotion of peace and security, in its widest sense (physical, social, political, economic) and at all levels -- the individual, the family, the country and the international community.

Secondly, wars place undue demands on development resources. Often when the political process fails to resolve civil or international conflicts, hundreds of millions of dollars must be poured into refugee and other humanitarian efforts. Resources needed for long-term development are consumed to meet urgent short-term needs.

The pages which follow outline CIDA's Plans and Priorities according to the Agency's seven business lines. In each case, the information begins with the business line objective, which is consistent with the overall mission and goals of the Agency. Then a note entitled "Putting it in Context" describes the business line, explains its existence, and indicates in a general way how it responds to its objectives.

In most cases, the challenges facing particular business lines are summarized under "What Are The Challenges Ahead?". The heart of the presentation for each business line can be found under the heading "Examples of Expected Results". Here, a sample of anticipated achievements is given under a number of sub-headings that are, for the most part, the six ODA program priorities. For the Countries in Transition business line, which deals mainly with non-ODA activities, expected results are given under the five CEE objectives.

For each business line, one or more specific projects or programs are highlighted, under the caption "Concrete Example(s)", to give a measure of concreteness to the information. The final set of material appears under the self-explanatory title, "Some Key Strategies."

In the case of the non-program business lines - Policy, Communications and Corporate Services - expected results are grouped according to the objectives and functions of the respective business lines.

WHAT OTHERS SAY ...

"We concluded that CIDA's actions have addressed the main concerns raised in 1993. The Agency now needs to keep up its momentum in implementing management for results. It has much of the supporting framework in place. To close the accountability loop, it needs to continue working on the measurement and reporting of development results."

- **Report of the Auditor General of Canada to the House of Commons**, December 1998, para 21.6.

GEOGRAPHIC PROGRAMS

OBJECTIVE

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

PUTTING IT IN CONTEXT

Geographic programs -- also called bilateral or country-to-country programs -- enable the Government of Canada to plan and execute international cooperation activities through direct links with governments and organizations in developing countries. This bilateral channel is the main instrument through which the Canadian government makes long-term investments in areas critical to sustainable development. Geographic programs account for about a third of Canada's international assistance budget.

The development needs of developing countries are the primary consideration in determining the selection and nature of geographic programs. The programs also reflect Canada's ability to meet such needs. Such programs recognize that the prime responsibility for national development rests with the concerned countries and peoples themselves. Accordingly, consultation and cooperation with governments are crucial in program development and implementation.

Bilateral projects, as well as the contracts and contribution agreements required for their delivery vary considerably in their approach and subject matter. With few exceptions, geographic programs are delivered in kind rather than cash. They are delivered by CIDA with the help of Canadian suppliers and executing agents or are procured in the developing country or region concerned.

Three geographic branches - Africa and Middle East, Asia and Americas - are responsible for planning and providing Canada's country-to-country ODA assistance to eligible recipients.

A CONCRETE EXAMPLE

The Middle East is a powder keg that continually threatens to explode. The accumulation of divisive factors keeps the region chronically unstable. Conflicts have lasted for half a century. CIDA's cooperation program targets the poorest and most vulnerable, the Palestinians. Special emphasis is placed on refugees. The main objective of the bilateral program is to improve living conditions, a vital factor in restoring peace. CIDA's strategy encourages dialogue among the various parties by supporting activities that are common to Palestinians, Jordanians and Israelis in key development areas, e.g. water management and the environment. Training in social work and in the construction and restoration of low-cost housing is offered at McGill University to Palestinians and Jordanians. The University funds participation by Israelis.

Conflicts in the Great Lakes region of Africa have multiplied and become more complex in recent years, involving nearly 10 countries. In Rwanda, efforts focus on restoring a state of law and order and reconstructing communities torn apart during the Rwanda conflict. In Burundi and the Democratic Republic of Congo, the prospect of resuming cooperation programs encourages the return to more democratic regimes. Throughout the region, support for civil society and the strengthening of the justice system are preferred vehicles for encouraging the return to more stable governments. In regions where open conflict and poverty prevail, CIDA recognizes that it is necessary to work as much on improving living conditions as on reinforcing the rule of law so as to break the vicious cycle of cause and effect.

AFRICA AND THE MIDDLE EAST

As the 21st century beckons, Africa and the Middle East continues to represent the world's biggest developmental challenge. Africa and the Middle East encompasses a wide range of countries - from the world's poorest and most marginalized to some that are making significant social and economic progress. Thirty-three of the 48 countries designated least-developed by the United Nations are in Africa. The wide range of cultures, languages and experiences as well as the social, economic and political diversity within the continent defies generalization. Thus, analyses need to take into account the differences between countries with regard to economic, social and political progress.

On the economic front, much has been achieved. The majority of countries have implemented economic reforms and improved the management of their public expenditure. The result has been renewed economic growth and the creation of a suitable investment climate in many countries. However, economic challenges remain. Many countries, particularly in Sub-Saharan Africa, still experience problems of slow economic growth and marginal integration into the world economy. The global financial crisis in 1998 has worsened the growth prospects for the region. A major challenge is the continuing high debt burden on the continent. Growth and development are also affected in some cases by delay in dealing with crucial issues of governance, including corruption.

Peace continues to be a major development issue in Africa and the Middle East. Many concerns and pressures are likely to arise from the evolution of the situation in the Middle East during 1999-00. The end of the Oslo Agreement in May 1999, imminent elections in Israel and the continued fragility of the Israeli-Palestinian peace process are among reasons for ongoing concern. The international community will likely be challenged to support peace initiatives both in the Middle East and in the rest of Africa. Of Africa's 53 countries, 14 were affected by armed conflict in 1996 alone. In large parts of the continent, peace and security are affected by such factors as mass migration, environmental degradation, the old military regimes who cannot accept the loss of power, the widespread availability of small arms and land mines, and pressures from resource shortages. For countries such as Canada, these conflicts exact a high price in terms of the refugee problem as well as in direct financial contributions to peacekeeping and emergency relief measures. Health also remains an important development issue. The impact of HIV/AIDS is expected to be a major pressure point in Africa, especially in Southern Africa, during 1999-00.

A CONCRETE EXAMPLE

The poor in Indonesia have been hit very hard by the Asian financial crisis. CIDA is responding by providing \$30 million for a project through which potash will be shipped to Indonesia for sale by the Government. The resulting funds will be used to address basic needs of the poor in areas of food security, employment generation and access to health and education. Assistance will be provided directly to the targeted beneficiaries through a credible, accountable and transparent grassroots organization. The supply of potash will itself help to address food security by meeting the immediate need for fertilizers to increase agricultural productivity.

Meanwhile, CIDA is supporting a number of projects designed to address accountability and transparency, two issues at the very foundation of the crisis. Several projects in China, for example, contain elements dealing with these two issues.

Support to the Statistics Bureau helps generate reliable statistics, which are open for viewing, on various sectors. Training of senior judges touches on issues of just, fair and transparent law enforcement. Legal aid provides access to fair trials in courts of law and generates conditions for the pursuit of transparent legal procedures and processes. CIDA is supporting a number of initiatives aimed at producing legislation, policies and regulatory reforms to promote transparency and accountability in the public sector. Efforts are devoted to decentralization from central to local government, reform of industrial line ministries, urban utilities, occupational health and safety regulations, hydropower and foreign direct investments.

ASIA

The year 1998-99 has been eventful for Asia. South-East Asia saw a deepening of the impact of the financial crisis. The situation in South Asia was marked by a resumption of tension between India and Pakistan. Three of the most remarkable elements of the crisis were its effect on the rest of the world, the depth of its impact on the Asian economies concerned and the simplicity and importance of its lessons. The snowball effect of the crisis was felt especially in Russia and in parts of Latin America. It posed significant danger to the international financial system and highlighted weaknesses in that system.

This crisis proved to be more than merely financial. Unlike other recent upheavals in the financial markets, it affected the real economy and had deep economic and political implications. Many banks and other firms were closed, leading to increased unemployment and poverty. In Indonesia, the percentage of people living below the poverty line has increased significantly. The meaning of the crisis for Canada is highlighted by the renewal of Canadian food aid to Indonesia. (See concrete example at left.) Canadian commercial transactions with Asia, Canada's second largest trading region, has decreased as a consequence of the hesitancy of Canadian investors which mirrors that of their counterparts in other Western economies. That fewer Asian children now attend school can, if the trend continues, have worrying implications for the future. One encouraging characteristic of the crisis is the fact that, within the region, its effect was limited mainly to South East Asia. South Asia was not seriously affected.

Asia is feeling the impact of another crisis, the damage caused by natural disaster. Such disaster has particularly hurt Bangladesh and China. For CIDA, these developments require a response to the challenges posed by the crisis as well as a continued focus on long-term development needs and opportunities.

A CONCRETE EXAMPLE

Consistent with CIDA's mandate on poverty reduction and the equity focus of its Americas program, CIDA's Country Program Framework (CPF) for Bolivia focuses on improving long-term earning prospects of poorer Bolivians and supports their government's reform initiatives. Bolivia is CIDA's second largest bilateral program in South America but compared to others Canada is a small donor. CIDA activities in Bolivia build upon Canada's past assistance in such fields as hydrocarbon, health, public-sector reform and micro-credit.

A recent review of CIDA's Geographic Programs by the Office of the Auditor General (OAG) examined five projects in Bolivia. The OAG notes that projects "were focused on capacity building" and "appeared to demonstrate a strong focus on results." A hydrocarbon sector project was seen as demonstrating "a focus on results, good risk management and attention to sustainability." Close partnership of Canadian executing agencies, recipient organizations and the Bolivian government is reflected in the words: "Project objectives and outputs were developed jointly"; "the Bolivian government provided access to the highest decision-making authority"; and "Bolivian organizations provided dedicated personnel and subsidized the costs of Canadian advisors." OAG adds, "Monitoring the risk factors and adjusting the project accordingly contributed to moving the project forward."

CIDA's project success in Bolivia is due to several key conditions (building on the past; effective partnerships; focus on results; risk management; attention to sustainability; monitoring and

AMERICAS

Since 1990, when it joined the Organization of American States (OAS), Canada has chosen to increase dramatically its engagement in the Americas. Participation in the Summits of the Americas; negotiation of the North American Free Trade Agreement (NAFTA); and efforts to stabilize democracy in Haiti attest to Canada's commitment to a more active role. This role will continue over the next few years as Canada hosts the Pan American Games; the Trade Ministers' meeting; a meeting of the spouses of the Heads of Government; the OAS General Assembly; and the Third Summit of the Americas. These will have a major impact on the work and resources of the Americas program at CIDA.

During the past decade, changes in the region have made CIDA's relationships more complex and challenging. The 1990's saw economic stabilization, trade liberalization, and democratic development. New democracies remain fragile. In some cases, power remains concentrated and exclusion of the poor is a major obstacle. Barriers continue against women's active participation in, and equitable benefit from, community development. Drug trafficking, urban violence and environmental degradation are of growing concern. These issues are closely tied to the poverty and inequity characterizing the region. Thus poverty reduction and equity for sustainable growth remain the program's primary focus.

Although less severe in the Americas, the financial crisis highlights the region's reliance on foreign capital flows and vulnerability to falling commodity prices. Brazil is the most seriously affected, making the current exercise of updating its Country Programming Framework opportune. CIDA continues to monitor closely the international financial situation and stands ready to adjust its programming to meet changing needs. Also, there is increasing awareness of the need for government, business and civil society to work together to create a more stable economic, financial and social environment. CIDA encourages these groups to work together and uses its experience to share lessons learned.

The response to Hurricane Mitch, Central America's worst natural disaster this century, shows CIDA's flexibility and capacity to adapt quickly to changing needs. The poorest countries, Honduras and Nicaragua, were the worst hit. Canada's response was marked by extensive cooperation among CIDA, the Department of National Defence and other departments, as well as huge support from Canadians. Over the next four years, CIDA, along with local partners, will support reconstruction focused on agriculture, health, water and sanitation, housing/settlements and environmental protection. Canadian non-governmental organizations (NGOs) and the private sector will also play an important role in reconstruction efforts.

adjusting projects as required to achieve planned goals and objectives) which are also representative of projects elsewhere in the Americas.

WHAT ARE THE CHALLENGES AHEAD?

Africa and the Middle East faces major challenges. It must reduce poverty with better satisfaction of basic human needs, achievement of gender equality, better governance and the ability to attract increased national and foreign investments to foster and/or sustain economic growth.

Peace and security is crucial to development and is seen as the major challenge in the closing moments of the millennium. Human security is vital in the reduction of poverty and the fostering of economic growth and social justice. So basic living conditions must be improved and the worst effects of disasters avoided. A key factor with regard to political governance will be the recently demonstrated African leadership in conflict prevention and resolution. The full participation of the population, particularly women, in decision-making, is also essential. Economic governance involves sustainable and equitable economic growth, the key to both poverty reduction and peace and security. Good governance and the reduction of corruption are essential in attracting scarce private investments and much needed ODA investments. Regional integration, equity and the effective use of new information technologies are also vital.

Asian governments face the challenge of governing in economies that are more open, market-driven and integrated into global markets. They must do so while meeting the challenges of equitable growth, poverty reduction, environmental management, job creation, skills upgrading and demands for more open political systems. The aftermath of the financial crisis includes a number of challenges for Asia. The current crisis has limited the ability of South East Asia's economies to generate growth rates as high as those produced in the late 1980s and early 1990s. It has increased the number of people living in absolute poverty. The crisis also identifies challenges not adequately highlighted in the past, such as the importance of social safety nets to protect the most vulnerable.

The traditional development challenges continue. Asia still accounts for almost three-quarters of the world's poor. Of these, three-quarters are women. Gender inequality is a key constraint to sustained economic growth and development. Poverty and

inequity have resulted in undesirable developments. These include the sex trade which increasingly draws children into its net. Population growth and environmental degradation are continuing challenges. Also rapid growth has exceeded the capacity of Asian infrastructure which will require investments far in excess of the capacity of either the private or public sector. Meanwhile, issues of regional peace and security and of growing internal pressures are beginning to give cause for concern.

In the **Americas**, several factors influence development assistance. While most countries have democratically elected governments, fragility of democratic institutions and existing high levels of social inequity threaten the region's stability and future development. Environmental concerns remain considerable for both local residents and the rest of the world. New challenges from the financial crisis are still unfolding in the region and require close monitoring and flexible programming to meet changing needs. Overall, poverty and inequity continue to be key program challenges along with the need for CIDA's Americas program to adapt quickly to this rapidly changing environment.

EXAMPLES OF EXPECTED RESULTS

Basic human needs: Improved availability, quality, quantity and reliability of pure water supply and sanitation services. Expanded and improved primary health care services. Greater capacity to treat sexually transmitted diseases or STDs. Reducing the rate of transmission of HIV/AIDS by empowering community-level institutions to: educate populations at risk, identify affected individuals and provide effective palliative care; assisting over 350 associations throughout East, West and Southern Africa to provide these services, with a similar program planned to be implemented in India. Increased capacity to design and deliver high-quality family planning and reproductive health services to target populations. Improved nutrition, better agricultural systems and the provision of food aid in a timely fashion in targeted communities. Improved ability of vulnerable groups to undertake activities that meet their basic needs; several thousand community organizations being strengthened in Bangladesh and Pakistan. Basic education in several African and Asian countries; a higher ratio of girls and

women receiving good-quality education. Timely emergency assistance and strengthened in-country disaster preparedness. Reduction in the number of people without permanent, decent shelter (especially in Mali, Rwanda, the West Bank and the Palestinian communities.) Enhanced capacity in partner countries to formulate, promote and implement policies and programs that satisfy basic human needs (including, in Asia, social safety nets and secured livelihood strategies locally designed and benefiting men and women equally).

Women in development and gender equality:

Better jobs and incomes for women. Increased participation by women as partners in development and in decision-making locally, nationally and internationally (e.g. more Moroccan and Tunisian women trained for organizational and political leadership at all levels and the integration of women's concerns in all Americas programming activities). Improved capacity of national and regional civil society organizations, especially women's groups, to influence the development and implementation of policies and programs for gender equality. Greater ability engendered in governments and regional organizations (e.g. in Bangladesh, Indonesia, Pakistan and other Asian countries) to develop policies and implement programs and activities in support of gender equality.

Infrastructure services: Increased ability of developing-country institutions to manage reform and ensure efficient and equitable provision of services. Increased participation by communities and the private sector in financing and delivering services. Increased access to infrastructure services by the poor, especially poor women. Additions to and maintenance or replacement of physical capital stock where there are no reasonable and demonstrable means to provide vitally needed services (e.g. more efficient use of energy, water and other resources in Asia).

Human rights, democracy, good governance: Increased ability of human rights organizations, institutions and processes (in such countries as Burkina Faso, Egypt, Ivory Coast, Mali, Niger and Senegal) to promote human rights, including women's and children's rights. Improved functioning of electoral institutions and elected bodies (e.g. in Cambodia). Enhanced role of civil society in decision-making and in influencing countries' development priorities and strategies. Increased accountability and transparency in public- and private-sector institutions. Increased

effectiveness and efficiency of public administration. Enhanced capacity to formulate equitable economic and social policies. Improved performance by selected governments and regional organizations in their support for human rights, democratic rule and effective government (including support for reconstruction, resettlement and reconciliation policies and programs and for the reform of laws and practices which discriminate against women).

Private-sector development: Better environment for private-sector development (e.g. coming into operation of a regional stock market based in Abidjan for West African countries). Strengthened local private-sector capacity that contributes to equitable economic growth, with an emphasis on small and medium enterprises (SMEs). Improved management and operation of credit facilities, including micro-credit for micro-enterprises and the least advantaged (e.g. approximately 1.7 million poor rural people are assisted with micro-credit in Bangladesh). Expanded and more viable linkages between the Canadian private sector and counterparts in the developing countries. Enhanced institutional capacity to develop and implement policies which support private-sector development and attract investment (e.g. appropriate regulatory framework to encourage market competitiveness in Asia and increasing human resources capacity in Africa and the Caribbean). Enhanced networking of private-sector organizations within and amongst countries in South East Asia and the Americas.

Environment: Improved management and conservation of natural resources (e.g. under a Honduran-Canadian agreement, 1,235 acres on Guanaja island are being replanted with Caribbean pine, a uniquely well-suited "genetic base" for replanting the island's forests destroyed by Hurricane Mitch). Sustainable development and use of natural resources, with emphasis on the enhanced role of women in the management of natural resources. Promotion of the United Nations Convention to Combat Desertification, particularly in the Sahel region. Increased ability to address global environmental concerns, i.e. biodiversity, desertification and climate change. Enhanced national and regional cooperation with respect to the environment, including cooperation on trans-boundary issues as in the South East Asian region. Increased Canada-Asia partnership in environmental protection. Improved industrial and urban environmental management.

SOME KEY STRATEGIES

- In **all geographic regions**, increasing the ability of national and local governments to address more effectively the social and economic needs of their populations. Balancing the commitment to immediate human needs and social stability with investment in long-term economic prosperity and good governance programs.
- In **Africa and the Middle East**, the assessment of the level of human security in all program countries, and, where appropriate, the inclusion in program design of capacity development activities to reinforce regional institutions, civil society, and local and national governments in areas related to conflict prevention and resolution. Contributing to the promotion of peace and stability, a major key to sustainable development in Africa and the Middle East. Basic human needs disbursement to represent at least 30% of the budget, in addition to spending for food security and emergency assistance. Special attention to health, including HIV/AIDS interventions, and population.
- In **Asia**, the general strategy of "growth with equity", pursued by the Agency during the last few years, remains valid. In light of the current crisis, CIDA will focus on three interrelated and mutually reinforcing objectives of poverty reduction; strengthening the basis for prosperity; and promotion of security by favouring social and economic reforms, democratic governance and human rights through special initiatives to help countries and the most vulnerable groups to persevere in times of crisis. Such a strategy will help restore confidence and growth by setting the stage for a more secure future. Efforts will continue to leverage resources through links with international partners and by engaging more Canadians in international development.
- In the **Americas**, supporting greater equity for sustainable growth by focusing on poverty reduction in least-developed to lower-middle-income countries reinforcing democratic development through support for good governance; a focus on better management of environmental resources to mitigate nature's impacts due to climate change; increasing program flexibility to support quick, coordinated Canadian responses to emergency situations; pursuing regional integration initiatives; and continued monitoring and management of financial and other risks which may threaten the effectiveness and efficiency of CIDA programs.

Figure 4: Resources - Geographic Programs

| (thousands of dollars) | 1998-99 Forecast Spending (1) | 1999-00 Main Estimates | 1999-00 Post Budget |
|---------------------------|-------------------------------------|------------------------------|---------------------------|
| Program Expenditures: | | | |
| - Africa & Middle East | 289,937 | 299,464 | 296,538 |
| - Asia | 234,689 | 241,928 | 238,814 |
| - Americas | 136,596 | 137,702 | 135,752 |
| | 661,222 | 679,094 | 671,104 |
| Operating Expenditures | 44,959 | 43,823 | 43,823 |
| | 706,181 | 722,917 | 714,927 |
| Human Resources (FTE) (2) | 511 | 519 | 519 |

1. Reflects best forecast of total planned spending to the end of the fiscal year.
2. Reference Figure 13 (page 48) for additional information on human resources.

COUNTRIES IN TRANSITION

OBJECTIVE

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

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

PUTTING IT IN CONTEXT

When Canadians support transition in the CEE countries, they are helping to promote their own security and that of the global community as well as the security of the countries in the region. Initiatives under the Countries in Transition program also support Canadian values such as democracy, human rights and social justice. Stability and progress in the region and mutually beneficial private-sector linkages are promoted through the technical cooperation Canada gives to those countries in their transformation to market-based economies.

CEE is characterized by diversity as it moves from the Communist one-party, command-economy model. The main underlying factor is economic and political reform. The countries are however at different stages in this reform process. The Visegrad countries of Central Europe -- the Czech Republic, Hungary and Poland -- are the most advanced. The Baltic Republics, in particular Estonia, are close behind. In fact, the Visegrad countries, together with Slovenia and Estonia, are in the first wave of countries to be considered for accession into the European Union. Reform and the transition to the market economy are proceeding very slowly in Russia, Ukraine and the Central Asian Republics.

WHAT ARE THE CHALLENGES AHEAD?

The greatest challenge for the program in CEE countries is to stay the course of reform in the face of such serious setbacks as the financial crisis in Russia and the conflict in Kosovo. The 1998 report on transition issued by the European Bank for Reconstruction and Development indicated that countries which had undertaken significant reform had in fact been somewhat insulated from the crisis.

In the case of Russia, the problem goes beyond the huge debt and the collapse of the financial system. In Kosovo, predicting events is impossible. Although additional resources will be required to respond to the region's security and humanitarian needs, the regular budget should continue to be dedicated to reform, democratic development and the promotion of trade.

A CONCRETE EXAMPLE

With the development of a market economy in the Ukraine, Sergey Partserniak, president of Universal Canadian Packaging Ltd. (UCP), knew there had to be a market for UCP's "thermoformed packages". These are clear plastic containers for baked products.

UCP, based in Toronto, tested the markets with exports from Canada. In 1997, it approached the Renaissance Eastern Europe (REE) Program for funds to study the viability of setting up a factory in the Ukraine. The result was a joint venture based in Lviv, operating under the name ROSAN-PAK. In October 1997, the first packages rolled off the line and during the first six months the client base grew from 15 to 147. Sales tripled between September 1998 and January 1999. First-year sales totaled US\$540,000.

Training helped improve day-to-day operations. Senior technical and engineering staff got new tool-making and business management skills. Training allowed the joint-venture partner to keep up with the growing demands for its products. Some training was conducted in the Ukraine by Mr. Partserniak and his Canada-based managers. Ukrainian engineers also came to Canada for training. Mr. Partserniak says that taking advanced technology to Eastern Europe does not guarantee success. "Without a professionally trained technical work force and reliable local managers, your machine is just a piece of metal," he adds.

EXAMPLES OF EXPECTED RESULTS

- Economic transition:** Enhanced capacity -- skills, institutional frameworks -- of public and private enterprises. Changes in legislative/regulatory frameworks which support market economies.
- Democratic development:** Public-sector agencies more able to implement fair economic and social policies in a transparent manner. Improved organization and delivery of public-sector services and/or legal and judicial reforms.
- Trade and investment links with Canada:** Joint ventures and trade investment opportunities created. Demonstrated Canadian commercial benefits.
- Nuclear safety:** Reduced risks at Soviet-designed nuclear power stations. Stronger nuclear regulatory regimes.
- Global interests and Canadian security:** Reduction in threats to Canadian and world security. Suffering reduced through humanitarian assistance. Improved quality of life; equitable distribution of goods and services.

SOME KEY STRATEGIES

- Activities are usually small in size, short in duration, and designed to be flexible.
- Programs are primarily responsive and are delivered in partnership with the private sector, NGOs, academic institutions, ethnic communities and all levels of government in Canada. Where possible, projects lead to additional contributions from Canadian and local partners.
- Programs are focused on the transfer of knowledge and expertise and on capacity building to help in the transition from planned to market economies.
- CEE Branch is committed to the graduation of countries from technical cooperation to a more mature, commercial relationship. Timing will be a function of developments in the individual countries and in the region.

Figure 5: Resources - Countries in Transition

| (thousands of dollars) | 1998-99 Forecast Spending (1) | 1999-00 Main Estimates | 1999-00 Post Budget |
|---------------------------|-------------------------------------|------------------------------|---------------------------|
| Program Expenditures | 93,848 | 89,980 | 90,360 |
| Operating Expenditures | 7,339 | 6,613 | 6,613 |
| | 101,187 | 96,593 | 96,973 |
| Human Resources (FTE) (2) | 82 | 85 | 85 |

1. Reflects best forecast of total planned spending to the end of the fiscal year.
2. Reference Figure 13 (page 48) for additional information on human resources.

MULTILATERAL PROGRAMS

OBJECTIVE

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

PUTTING IT IN CONTEXT

Multilateral co-operation means recognizing that industrialized and developing countries are interdependent. In order for Canada to help shape the future, its voice must be heard in the institutions which underpin this co-operation.

The multilateral system is pivotal to the achievement of Canada's foreign policy and development objectives. A multilateral approach enables Canada to address certain global development and humanitarian issues efficiently and effectively, particularly in the area of the six ODA priorities (basic human needs, women in development and gender equality, infrastructure services, human rights, democracy and good governance, private-sector development and environment).

The three pillars of Canadian foreign policy -- prosperity, security and Canadian values -- rest as much on Canada's active role in multilateral bodies as on bilateral efforts. International stability, founded on sustainable development, is the basis for global **prosperity**. Canada's **security** depends on a stable global framework within which to address threats from mass migration, conflict, crime, terrorism, disease, the effects of over-population, poverty, environmental degradation and natural disaster. The system is critical in projecting **Canadian values**, e.g. democracy, human rights, the rule of law. Through the multilateral system, Canada achieves broad development impact internationally.

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

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

CONCRETE EXAMPLES

A Renewed United Nations:

*Years of work by Canada and other countries have led to a major shift in the attitude of management and members of the UN and its Specialized Agencies. UN political and development systems exhibit drive and leadership unseen for decades. Greater acceptance of the principles and targets in UN meetings and in *Shaping the 21st Century*, more decentralization and field-level collaboration, renewed management and information systems and more emphasis on impact indicate greater leadership and development results. Security Council membership and the appointment of a Canadian to the new post of Deputy Secretary General enhance Canada's UN profile.*

Targeting the Poor: *Canada, an important shareholder, has long urged multilateral development banks to focus on the poor. As member of the World Bank-sponsored Consultative Group to Assist the Poorest (CGAP), Canada contributes financially and through policy advice. CGAP's new compendium of poverty targeting strategies will benefit donors focusing on poverty reduction. Microfinance institutions working with CGAP in May 1998 are projected to expand their outreach to very poor clients from 180,000 in 1997 to 500,000 by 1999. Preliminary figures suggest this estimate will be far exceeded.*

Reduced Suffering: *There has been unprecedented suffering from natural disasters. Some 300 million people have been affected by hurricanes, floods and typhoons. Responding to complex international emergencies requires close collaboration with Canadian NGOs and international humanitarian partners. Despite*

PUTTING IT IN CONTEXT (*cont'd...*)

The Multilateral Programs Branch is the backbone of Canada's leadership role in key UN and Commonwealth development and humanitarian organizations as well as in the multilateral development banks (MDBs). Multilateral programs allow Canada to leverage substantial amounts of resources for its international priorities: Canada generally provides between 3% and 5% of the resources of the MDIs, yet, through membership of these bodies, is able to influence substantially policy and program responses to emerging and ongoing global and regional development challenges. Canada works with other member states and with key officials within multilateral organizations to promote reform efforts as a means of improving performance in development and humanitarian terms.

Increasingly the multilateral system is asked to handle old and new issues which are beyond the scope of individual countries -- e.g. globalization, climate change, malnutrition and hunger, the spread of AIDS and other infectious diseases, and the financial turmoil in Asia and elsewhere. Multilateral approaches are key in international humanitarian responses to acute suffering caused by natural disasters such as Hurricane Mitch and complex emergencies in the Middle East and the Great Lakes of Africa. Without co-ordinated international assistance, the consequences are often sudden and devastating - mass displacement, starvation, sickness, and death. Increasingly, the global financial crisis and continuing large numbers of national and international conflicts are giving rise to demands for enhanced global governance mechanisms in both the economic and political spheres.

WHAT ARE THE CHALLENGES AHEAD?

As a part of the multilateral system, Canada responds to global challenges, such as:

- Achieving the development targets agreed to at recent international conferences and summits, including the targets in *Shaping the 21st Century*.
- Preventing and reducing the frequency, duration and impact of complex humanitarian emergencies.
- Responding to growing demands for humanitarian assistance and food aid resulting from an increase in natural disasters, from complex emergencies and from the global financial and economic crisis.
- Reducing hunger/malnutrition, particularly among children.

CIDA investments in disaster preparedness, peacebuilding and conflict prevention, demand for emergency help keeps growing. Some 865,000 benefited directly from Canadian humanitarian assistance in 1997-98, mainly through relief efforts by Canadian NGOs focusing on the re-integration and recovery of refugees returning to communes in Rwanda. These NGOs focused also on the shelter and basic health needs of refugees and internally displaced persons in Burma, Burundi, South Lebanon, Sudan, Tanzania and Uganda. Another 10 million benefited from specifically earmarked funds to multi-donor relief projects and programs implemented by Red Cross and UN organizations. Projects and programs focused on victims of natural disasters (in Bangladesh, China, Mexico and Central America); and on conflict, refugees, detainees, unaccompanied children, women, amputees and war-wounded in Central America, Great Lakes of Africa, Middle East, Afghanistan, Cambodia, Colombia, Haiti, Indonesia and Sri Lanka.

Reducing Child Malnutrition:

Hunger and malnutrition, if unchecked, leave millions of children chronically physically damaged, intellectually impaired and vulnerable to disease. Resulting poor performance has long-term effects on the economic well-being of whole societies. By addressing malnutrition during the critical time when development of a child's brain and body are most at risk, food aid can confer lifelong benefits; so Canadian food aid focuses on reduced child malnutrition. A Kenya emergency aid project reduced average malnutrition rates among 2,080 children under five by 68%. An intervention in Zimbabwe reduced malnutrition by 28% among school children and 76% among children under five. Canada's core food aid

- Responding effectively to global concerns (poverty, refugees, climate change, etc.) and emerging issues, e.g. landmines, peacebuilding and the global financial and economic crisis.

The need for optimal performance/effectiveness by multilateral development and humanitarian institutions requires Multilateral Programs Branch to:

- Maintain Canada's influence and credibility despite financial constraints.
- Overcome resistance to reform from within multilateral institutions and among member states.
- Encourage the IFIs to make operations more transparent; facilitate the participation of civil society; improve the governance performance of borrowers; and increase anti-corruption activities. Provide the IFIs with the resources and tools necessary to respond to the global financial crisis while retaining their primary focus on poverty reduction.
- Manage the complexity and risks associated with humanitarian crises through improved coordination and activities which lessen relief dependency.
- Build support for food-security strategies that address specific nutritional deficiencies as well as the continuing problem of food deficits among poor households.
- Put into operation the concept of peacebuilding; build viable programs to contribute solutions to the landmines problem.
- Show Canadians how multilateral approaches represent practical and effective ways to deal with global problems.
- Improve mechanisms of global governance to allow the international community to better prevent and respond to economic and political crises.

EXAMPLES OF EXPECTED RESULTS

- Multilateral actions which advance sustainable development, reduce poverty, improve human security, promote peace and contribute to international prosperity.
- Lives saved, and human suffering and malnutrition reduced, through emergency assistance and development food aid.
- Progress towards internationally agreed development targets and humanitarian objectives by multilateral organizations.

support helped the UN World Food Program (WFP) reach 29.1 million victims of emergencies in 1997, 18% more than in 1996. CIDA-financed Vitamin A capsules distributed through UNICEF helped protect over 130 million children from blindness and illness and saved an estimated 216,000 lives.

- Continued Canadian influence over key institutions in the multilateral development system.
- A more effective multilateral system to meet global needs.
- Increased knowledge by Canadians of the benefits of multilateral participation.

SOME KEY STRATEGIES

- Dialogue with Canadian stakeholders, including other departments, so CIDA's development and humanitarian agenda is known and reflected in Canadian policy on multilateral organizations.
- Encouraging multilateral partners to adopt RBM and report on results, including those related to international targets and humanitarian objectives.
- Timely emergency relief to victims of natural disasters and conflicts.
- Supporting the care, maintenance, repatriation and reintegration of refugees and displaced persons.
- Support international initiatives linked to the 1997 Ottawa Landmines Conference.
- Collaboration with Geographic Branches and executing partners to support interventions to achieve the greatest impact on the nutrition, health status and incomes of the hungry poor.
- Rapid peacebuilding support to conflict-affected countries.
- Alliances with donors to strengthen the monitoring of the development performance of multilateral organizations and to promote reform as a means of improving this performance.
- Leverage and strategic alliances to encourage multilateral activities which promote sustainable development, poverty reduction, human security, peace and international prosperity.
- Using Canada's Security Council membership to help resolve civil strife to save lives and preclude the need for complex relief operations.
- Promoting increased international emphasis on nutrition through leadership and donor support for a renegotiated Food Aid Convention that focuses on hunger and malnutrition.
- Promoting visits within Canada by Canadian multilateral representatives, MDB officials and Heads of UN agencies to better inform Canadians on, and involve them in, the development and relief efforts of multilateral organizations.

Figure 6: Resources - Multilateral Programs

| (thousands of dollars) | 1998-99 Forecast Spending (1) | 1999-00 Main Estimates | 1999-00 Post Budget |
|--------------------------------------|-------------------------------------|------------------------------|---------------------------|
| Program Expenditures | 673,954 | 643,289 | 637,229 |
| Operating Expenditures | 5,322 | 5,075 | 5,075 |
| Non-budgetary | | | |
| International Financial Institutions | 33,480 | 43,197 | 43,197 |
| | 712,756 | 691,561 | 685,501 |
| Human Resources (FTE) (2) | 63 | 55 | 55 |

1. Reflects best forecast of total planned spending to the end of the fiscal year.
2. Reference Figure 13 (page 48) for additional information on human resources.

CANADIAN PARTNERSHIP

OBJECTIVE

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

PUTTING IT IN CONTEXT

The Canadian Partnership Branch (CPB) manages a responsive development program by supporting programs or projects planned, designed and implemented by Canadian private sector and civil society in cooperation with their developing-country counterparts. The responsive nature and other characteristics of CPB's program enable the Branch to involve Canadian civil society in meeting CIDA's commitments and objectives. CPB also maintains a continuous dialogue with partners on Canada's international cooperation policies and operational guidelines. CPB's support of Canadian partners provides Canadians with an opportunity to help shape and enrich Canada's ODA program with their ideas and experience.

Canada and developing countries have a mutual interest in ensuring that their civil societies and private sectors are active development partners. Increasingly, countries in the developing world require skills and expertise that can be effectively transferred by non-governmental partners which are a major avenue through which Canada contributes to international development.

The effectiveness and sustainability of the program depend on the skills and capabilities of partners in developing countries. For this reason, the Branch focuses on developing the capacity of local organizations through strengthened partnerships.

Private-sector partners play a major role in the promotion of equitable economic growth through the Industrial Cooperation (INC) program. INC supports the private-sector development and infrastructure services priorities. NGOs, universities and colleges and membership organizations, such as cooperatives and unions, are central to the program's response to the priorities of basic human needs; human rights, democracy, good governance; women in development and gender equality; and the environment. Grassroots interventions and the transfer of Canadian technology and know-how to strengthen local institutions are two of the key methods of achieving these priorities.

The program also works with youth in Canada and developing countries to develop the knowledge, interest and abilities of a new generation of leaders in the field of international cooperation.

CONCRETE EXAMPLES

The Christian Reformed World Relief Committee provided leadership training to 69 group leaders in three slum areas of Dhaka, Bangladesh through its Sathi project. ("Sathi" is a Bangali word meaning friendship.) The groups in question comprised more than 1000 members, over 75% women. The groups have engaged in literacy training and health promotion. Small businesses in the slums were set up; savings plans resulted in 80% of group funds being invested in income-generating initiatives.

Meanwhile, trade unionists in several developing countries have increased their ability to promote and defend workers' rights through a program undertaken by the Canadian Labour Congress (CLC). The CLC has conducted practical workshops in many Latin American, Caribbean and African countries. The workshops, designed to impart a basic knowledge of union operations, covered skills such as negotiation, legal foundations, finance and democratic operation. These vital skills are among those in which unions leaders in the various countries have identified the need for strengthening. The program also provided for the organization of informal schools (e.g. Bangladesh), labour centres (e.g. Chile), workers' hostels (e.g. South Africa) and revolving funds (e.g. Nicaragua). In many countries, projects under the CLC program are focused on women workers and on developing leadership by women.

WHAT ARE THE CHALLENGES AHEAD?

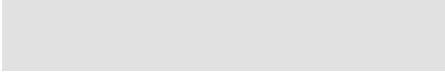
Success of the program in meeting its sustainable development approaches is challenged by unfavorable political, economic or social instabilities and conflicts in recipient countries; the complexities of globalization; rapid advances in information technology; and declining expenditures in support of international cooperation. Also, since CPB and Canadian partners share the cost of initiatives developed by these partners, maintaining the revenue base of Canadian organizations can also have an impact on the attainment of CPB program results.

CPB will work with Canadian partners especially in meeting the challenges of: sustaining the involvement of Canadian youth in CIDA programs; continuing to support partners' active participation in providing health services and supporting effective reform of the health sector in many developing countries; reinforcing the criteria encouraging Canadian program-funded organizations to have a gender equality policy; and establishing partnerships with new Canadian players in fields related to human rights, democracy, good governance.

CPB will continue to work with Canadian partners to sharpen the focus of development results and refine its measurable indicators. Harmonizing delivery mechanisms, coordinating with Geographic programs and maintaining support to CIDA posts abroad will permit an ongoing assessment of the developmental impact and sustainability of partner programs and projects.

EXAMPLES OF EXPECTED RESULTS

- Basic human needs:** Strengthened institutional capacity of developing-country partner organizations and institutions in policy development, program planning and delivery, and accountability in such areas as health care, basic education, and water and sanitation.
- Women in development and gender equality:** Increased capacity of local organizations to ensure gender equality in development activities and decision making.
- Infrastructure services:** Developing-country partners more able to influence local, national, and international processes linked to the provision of infrastructure services. Improved participation by Canadian firms in private infrastructure projects.
- Human rights, democracy, good governance:** Increased capacity of developing country organizations and institutions to influence processes which define,



promote and protect human rights, advance democratic reforms and lead to improved governance.

EXAMPLES OF EXPECTED RESULTS (Cont'd...)

- **Private-sector development:** Increased Canadian private-sector investment in developing countries and greater sustainability of investments through effective technology transfer. Increased capacity of developing-country partner organizations to support sustainable private-sector development.
- **Environment:** Increased capacity in Canadian and developing-country partner organizations and institutions to plan, implement and manage environmentally sound development projects and activities.

SOME KEY STRATEGIES

- Creating **sustainable partnerships** between Canadian and developing-country organizations in the non-governmental sector is the cornerstone of the CPB program. The responsive nature of the program ensures that Canadian organizations, in cooperation with their developing-country partners, are given the opportunity to contribute to Canada's international cooperation effort.
- **Capacity development** is a critical factor in people-centred development and a major component of CPB programming. Poverty reduction and sustainable development constitute the final goals of the program. Capacity development is the primary means for achieving these goals.
- CPB will pursue efforts to encourage the Canadian **private sector** to identify opportunities to participate in the development of joint ventures in spite of difficult conditions resulting from the economic crisis in Asia and other parts of the world.
- CPB, in cooperation with Communications Branch, is leading an Agency initiative to develop and implement *CIDA's Approach to Public Engagement through Partners*. This effort is expected to lead to an integrated and synergistic approach to public engagement which optimizes resource allocations and maximizes results. It includes extensive consultation with a range of partners who have confirmed an interest in an enhanced public engagement partnership with CIDA.
- CPB maintains a continuous process of consultation and **policy dialogue** which seek inputs from Canadian stakeholders; informs the public; and promotes awareness of, and seeks support for, development cooperation.
- Building on the success of the last two years, **results-based management** practices will be reinforced, especially in terms of improved monitoring and reporting and with a view to harmonizing and simplifying management practices.

Figure 7: Resources - Canadian Partnership Program

| (thousands of dollars) | 1998-99 Forecast Spending (1) | 1999-00 Main Estimates | 1999-00 Post Budget |
|---------------------------|-------------------------------------|------------------------------|---------------------------|
| Program Expenditures (2) | 270,191 | 255,593 | 259,469 |
| Operating Expenditures | 11,884 | 10,850 | 10,850 |
| | 282,075 | 266,443 | 270,319 |
| Human Resources (FTE) (3) | 145 | 142 | 142 |

1. Reflects best forecast of total planned spending to the end of the fiscal year.
2. Starting in 1999-00, includes funding for ICHRDD which was moved from Corporate Services.
3. Reference Figure 13 (page 48) for additional information on human resources.

POLICY

OBJECTIVE

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

PUTTING IT IN CONTEXT

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

Policy Branch takes the lead on the strategic planning and management of the International Assistance Envelope and allocations on behalf of CIDA. At the international level, the Branch focuses on improving the coordination of Canadian development policies with those of other donor countries -- e.g., through the Development Assistance Committee of the OECD. Policy Branch also helps to represent Canada's interests in international fora and verifies that relevant international commitments undertaken by Canada are reflected in the government's international development policies. At the domestic level, the Branch works closely with other departments and agencies on policy research and development, as well as on issue management, to ensure that government policy reflects the full diversity of Canada's relationships with developing countries.

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

A CONCRETE EXAMPLE

Health specialists in Policy Branch played a key co-ordinating role in developing an innovative partnership which links Canadians (Canadian Public Health Association, Rotary clubs in Canada, UNICEF Canada and other NGOs) with new resources in support of an international initiative to combat polio, measles and other deadly childhood diseases. The Canadian International Immunization Initiative, funded through the additional resources provided in the 1998 Budget, plays to Canadian strengths in technical expertise and the production of high-quality vaccines. It will provide considerable Canadian added value and visibility to this effort. Eradicating polio will save the government at least \$10 million a year in immunization costs (perhaps as early as 2005).

Global Knowledge '97, a conference in Toronto co-hosted by Canada and the World Bank, played a strong role in consolidating knowledge transfer and Information and Communication Technologies (ICTs) as key issues on the development agenda. Policy Branch took the lead in coordinating federal involvement in the conference, which has since served as a basis for efforts to address the vital roles of knowledge and information in development. CIDA has formed an informal partnership with over 40 organizations from the private, public, and non-governmental sectors. Global Knowledge Partnership (GKP) is playing an activist role in identifying the issues to be resolved and in seeking solutions. The Agency is also helping to organize an international conference to raise awareness of the emerging gap between training and labour-market

WHAT ARE THE CHALLENGES AHEAD?

In seeking to meet its objectives, Policy Branch will be required to deal with the following challenges:

- Helping to address both the policy questions associated with numerous complex horizontal issues, i.e. issues involving more than one government department or agency (e.g., climate change, children's well-being), and the means of coordinating the activities of the departments and agencies involved.
- Leading the CIDA preparations on the follow-up to major UN conferences (e.g., Cairo Conference on Population and Development, Copenhagen World Summit for Social Development, Beijing Conference on Women) and the marking of the 10th anniversary of the adoption of the Convention on the Rights of the Child.
- Continuing efforts to strengthen the Agency's strategic planning (e.g., in meeting one of development's more persistent challenges: the balance between short-term emergency responses and long-term development needs).
- Providing leadership within the Agency on a number of initiatives in support of the Millennium Program, particularly with respect to placing the millennium theme in a global context.

EXAMPLES OF EXPECTED RESULTS

- Advice and information:** Development and recommendation of timely and accurate policy, scientific and technical advice and information on international assistance issues for the Government, Minister, CIDA and other departments.
- Strategic guidance and management:** Strategic planning guidance and effective management of the International Assistance Envelope to align CIDA programs with government legislation and priorities.
- Influence:** Canadian government positions and CIDA policies on international assistance influence the domestic and international agenda.
- Reporting:** Comprehensive and timely reporting on policy activities carried out within the IAE.
- Elaboration of policies, strategies and guidelines:** Timely production of comprehensive, pertinent and technically feasible policies, strategies and guidelines. The

requirements in the ICT sector as well as preparing for Global Knowledge II, to be held in Malaysia in March, 2000.

reflection of CIDA policies in those of other departments and of their policies in CIDA's.

SOME KEY STRATEGIES

The Branch will continue to lead, or play a strong role in, the following areas:

- Improving the Agency's capacity to identify emerging issues and its ability to respond flexibly and quickly to evolving conditions.
- Contributing advice to the President and Minister on emerging issues and priorities for development assistance (e.g., transparency/corruption, information and communication technologies), as well as on the role and contribution of the aid program to achieving foreign policy objectives.
- Working closely with other departments and agencies to promote a strong and constructive voice for Canada in Security Council deliberations.
- Developing Agency policies, strategies and guidelines (e.g., updating the Gender Equality Policy and finalizing the policies on the Private Sector and Infrastructure Services).
- Continuing efforts to identify and report results at the Agency level.
- Strengthening the scientific and technical/specialist cadre within the Agency by continuing to recruit the necessary expertise and by enhancing their networking and management tools.

Figure 8: Resources - Policy

| (thousands of dollars) | 1998-99 Forecast Spending (1) | 1999-00 Main Estimates | 1999-00 Post Budget |
|---------------------------|-------------------------------------|------------------------------|---------------------------|
| Operating Expenditures | 8,490 | 8,042 | 8,042 |
| | 8,490 | 8,042 | 8,042 |
| Human Resources (FTE) (2) | 84 | 81 | 81 |

1. Reflects best forecast of total planned spending to the end of the fiscal year.
2. Reference Figure 13 (page 48) for additional information on human resources.

COMMUNICATIONS

OBJECTIVE

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

PUTTING IT IN CONTEXT

Except for a small budget to support the work of the Development Information Program, the Communications Branch does not administer ODA funds. In fact, the communications function is concerned with supporting the achievement of Agency-wide objectives.

There are at least two reasons why communications is a key element in Canada's development cooperation efforts. The first is that CIDA cannot conduct the work of development cooperation by itself, and communications is the key to the building of partnerships. The second is related to the role of communications in transmitting information which satisfies Canadians' desire to know what international development initiatives the government is undertaking in their name and with their tax dollars. These two elements -- strengthening partnerships and demonstrating results -- are identified in *Canada in the World*, the government foreign policy statement, as two ways of meeting Canada's international assistance objectives and priorities.

The demonstration of results has two dimensions. First, it is a singular but important aspect of CIDA's accountability to the Canadian public. Secondly, it is a means of generating public support without which Canada's development cooperation efforts cannot yield optimal results. Between 1993 and 1995, when Canada faced a particularly difficult economic and financial situation, support for the aid program and aid expenditures reached its lowest level. Polls conducted in 1997 and 1998 found that support levels have increased as concerns about domestic issues begin to decrease.

CIDA's communications activities are affected by a number of challenges. These include the wide variety and changing attitudes of Canadians. They also include the competing interests of various groups and the reality that the impact of CIDA's work is "invisible" to most Canadians. There are also many opportunities, including that of bringing together various resources within the Agency, the enthusiasm and diversity of development partners and new, more effective communications technologies.

CONCRETE EXAMPLES

Speakers Program: During its second year, CIDA's Speakers Program arranged and supported over 100 activities reaching out to thousands of people across Canada. CIDA officials met people ranging from Rotarians in St. John's and architects in Yellowknife to MBA students in Winnipeg, and high-school children in Chateauguay, Quebec. CIDA staff provided information about the importance of Canada's international assistance efforts. They listened to participants' concerns, questions, and interests. These events led to: changes in the way CIDA does business; new project ideas; requests for return visits; and, above all, a greater understanding of the value of Canada's international development role.

Working Together: Believing there is "strength in numbers," CIDA recently initiated a communications working group with the individuals behind the "Working with the World" campaign of the Alliance of Manufacturers and Exporters Canada (AMEC) and the "In Common" campaign of the Canadian Council for International Cooperation (CCIC). The group brings together representatives from the government, business and non-government sectors. It aims to promote jointly a greater public awareness of the players and projects behind development and what they have achieved in Canada and the developing world. The group's first event was held during International Development Week 1999. An interactive forum on "International Development in the Next Millennium" was held on February 4. Speakers were the Minister for International Cooperation and representatives from CCIC and AMEC. Parliamentarians, partners of all

WHAT ARE THE CHALLENGES AHEAD?

In the pursuit of its objectives, the Communications Branch is expected to meet the following challenges:

- Engaging more Canadians currently outside the development community.
- Demonstrating that actions supported by CIDA thousands of miles away are effectively contributing to human security and prosperity.
- Finding more effective ways to complement partners' efforts and work with an increasingly greater number of new partners.
- Benefiting from new communications technologies to put a human face on development.

EXAMPLES OF EXPECTED RESULTS

- Awareness and understanding of development and cooperation issues:** An increase in the number of individuals from selected target audiences who understand the linkages between poverty and global issues and between global issues and Canada's prosperity and security.
- Support for Canada's aid and cooperation program:** A significant improvement in the level and extent of support demonstrated by key audiences for Canada's aid and cooperation program.
- Regard for CIDA as an effective aid agency that supports government priorities:** A significant improvement in the extent to which key target audiences understand and comment favourably on CIDA, its program, and its efficiency and effectiveness in delivering the aid and cooperation program.
- "Ambassadors" on development and cooperation issues:** A large number of influential individuals actively communicating with and engaging key target audiences and having their messages understood and supported by those audiences.
- CIDA employees contributing to communications and engagement activities:** An increasing number of CIDA employees recognizing the importance of the communications function and seeking opportunities to contribute to the Agency's communications and engagement activities.

three organizations, the media and the diplomatic community also took part. Other joint events are expected in the next several months.

SOME KEY STRATEGIES

- Communications Branch, in keeping with government communications policy, provides advice and support to the Minister, the President and CIDA branches to help them fulfill their responsibilities in this area. This support is provided in the form of strategic advice, media relations and analysis, events planning and organization, spokespersons support, printed and audio-visual materials and communications research. A specific communications program directed at parliamentarians is carried out through mailings and briefings.
- Through the Development Information Program (DIP), Communications Branch works in partnership with the communications industry, non-governmental and private-sector organizations and individuals to inform Canadians about development programs and issues, with special emphasis on the important contributions Canadians make in developing countries. In keeping with its focus on outreach, DIP and the Branch as a whole make special efforts to involve audiences in all regions of the country.
- Through its communications efforts, CIDA seeks to help Canadians in various sectors and communities to better understand its work and the difference Canadians make in the world. The Agency specifically targets youth, decision-makers and opinion leaders. Communications Branch has programs in place to strengthen communications cooperation with domestic and international partners. The Branch also supports the Agency's internal communications.
- The Communications and Canadian Partnership Branches are leading an agency initiative to develop and implement *CIDA's Approach to Public Engagement through Partners*. This effort is expected to lead to an integrated and synergistic approach to public engagement which optimizes resource allocations and maximizes results. It includes extensive consultation with a range of partners who have confirmed an interest in an enhanced public engagement partnership with CIDA.

Figure 9: Resources - Communications

| (thousands of dollars) | 1998-99 Forecast Spending (1) | 1999-00 Main Estimates | 1999-00 Post Budget |
|---------------------------|-------------------------------------|------------------------------|---------------------------|
| Program Expenditures | 3,609 | 5,000 | 5,000 |
| Operating Expenditures | 6,201 | 6,142 | 6,142 |
| | 9,810 | 11,142 | 11,142 |
| Human Resources (FTE) (2) | 37 | 38 | 38 |

1. Reflects best forecast of total planned spending to the end of the fiscal year.
2. Reference Figure 13 (page 48) for additional information on human resources.

CORPORATE SERVICES

OBJECTIVE

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

PUTTING IT IN CONTEXT

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

Although not directly linked to international cooperation programs and projects, the activities of the Corporate Services business line nonetheless affect the work of the entire Agency. They provide the needed infrastructure of management and information systems, support to Agency leadership, and human, legal and other resources to ensure that the Agency operates efficiently and cost-effectively. Corporate Services activities routinely involve staff from the rest of the Agency whether in planning, in execution or as end-users.

The inter-relationship between the Corporate Services business line and the rest of CIDA may be illustrated by a review of a few of the major issues currently facing Corporate Services. The Universal Classification System (UCS), having consumed considerable effort, interest and concentration within CIDA during the past year, continues to affect all staff individually and to have implications for morale within work units and at the wider corporate level. Potentially, the Phoenix Project (see page 44) involves a total renewal of CIDA's information systems. It has an impact on each and every CIDA employee and on the way the Agency does business. The new system is being developed by a team comprising staff from every Branch of CIDA.

During 1999-00, CIDA will invest further in the restructuring of its financial system. This process will produce a whole new way of thinking about financial control within the organization and will involve a considerable amount of staff retraining. An initiative to revise CIDA's contract regime is being spearheaded by the CIDA President herself. (See "Concrete Example" on the following page.) Other major Corporate Services commitments include the follow-up to the employee survey conducted in 1998 and an effort to improve employment equity at different levels within the Agency.

A CONCRETE EXAMPLE

In keeping with commitments to its partners, CIDA has taken steps to increase effectiveness, efficiency, transparency and simplicity in contract management at the program and corporate levels. This effort is being coordinated by a top-level committee chaired by the President and including several Vice-Presidents.

Since the implementation of the Open Competition Pilot Project in January, 1997, access to service contracts and contribution agreements in Bilateral Branches are open to both the profit and not-for-profit sectors. Also a new responsive mechanism allows partners from both sectors to submit their own project proposals. Based on the results of an evaluation into this pilot project, CIDA will pursue a practical, step-by-step approach to contracting for results and will apply lessons learned, where feasible, to its contracting process, recognizing the development of the new approach as a long-term endeavour. This ongoing process will include an evaluation of CIDA's capacity to institute a "contracting for results" approach and to tie it to the organization's progress in results-based management (RBM).

Meanwhile, a direct link has been established between Industry Canada's Contracts Canada Internet site and CIDA's Internet site where suppliers can have easy access to information on contractual processes. CIDA has also provided printed fact sheets on its contracting process and business opportunities to the Industry Canada's Canadian Business Service Centres for those without access to the Internet. The publication "Service Contracts and Lines of Credit" is now updated on a monthly basis on the Internet and

WHAT ARE THE CHALLENGES AHEAD?

- Managing in the aftermath of the UCS exercise, having regard to uncertainties about expected changes in the responsibility structure within work units; and potential morale problems relating to re-classification.
- Promoting Y2K readiness. (See page 44.)
- Implementing the Action Plan to improve the representation in CIDA of women, visible minorities, Native Canadians and persons with disabilities.
- A major effort, within the Phoenix project, to develop and implement a new information system related to human resources management.

EXAMPLES OF EXPECTED RESULTS

- Improved effectiveness:** A strategic framework for optimal management of CIDA resources supported by well-defined, simplified guidelines, policies and practices. Efficient and effective delivery of quality services. Implementing improved information management and technological systems together with an Information Management Strategy and an Adaptive Enterprise Architecture business strategy for headquarters and the field. Enhanced Agency-wide contracting system. Implementation and impact analysis of UCS. Preparing to introduce the federal government Financial Information Strategy (FIS).
- Better reporting of results to Canadians:** Establishment of service standards in activities related to finance, contract and human resources management. Enhanced focus on contracting for results. Integrity and transparency in the management of Agency resources. CIDA information integrated and made accessible. Improved information systems to accommodate RBM and accountability to Parliament and the public. Better, more timely publishing and distribution of information.
- Strengthened partnerships:** Increased transparency and openness with respect to the supplier community through better information, ongoing consultations and follow up on the recommendations of the Open Competition Pilot Project evaluation report as well as the implementation of the federal government Aboriginal Procurement Strategy. Better service to our partners with the improved management of standing offers, simplified contract documentation and outreach measures for better regional distribution. Closer working relationships with DFAIT, central agencies, other federal government departments

includes service contracts from CEE countries.

and Agency partners to optimize common services opportunities and increase participation in interdepartmental consultative groups.

SOME KEY STRATEGIES

- **Agency Executive Services:** These include the Offices of the Minister, the President and the Corporate Secretariat. The Corporate Secretariat assists the President in her duties, as requested; manages specific issues of concern to the Government, Minister and Agency; and provides the following corporate services: Parliamentary Relations, Executive Correspondence, Access to Information and Privacy, and support to Agency committees.
- **Performance Review:** To help improve CIDA's management performance and development effectiveness, through its internal audit and evaluation activities. Performance Review provides assurance, independent and objective information and advice to management on the continued relevance, success and cost-effectiveness of key CIDA policies, programs and projects, and on the effectiveness of the management systems, processes and practices. It also provides methodological support to branches on performance measurement as well as on the development and implementation of RBM and performance frameworks.
- **Human Resources and Corporate Services (HRCS):** The Branch works in partnership with Agency management to develop, implement, and monitor corporate service tools, mechanisms and practices for optimal management of CIDA's resources. The Branch provides strategies, advice, programs and policies in the areas of human resources, administration and security, finance, contracts and procurement, information and technology, and legal services. HRCS takes a leadership role in developing and facilitating Agency adoption of best practices in these areas. It also provides services to employees mainly in the areas of career management, counseling, compensation and benefits, workplace health and safety, and redress mechanisms.

Figure 10: Resources - Corporate Services

| (thousands of dollars) | 1998-99 Forecast Spending (1) | 1999-00 Main Estimates | 1999-00 Post Budget |
|--|-------------------------------------|------------------------------|---------------------------|
| International Centre for Human Rights and Democratic Development (2) | 4,359 | | |
| Operating Expenditures: | | | |
| - Agency Executive | 4,273 | 4,283 | 4,283 |
| - Performance Review | 1,894 | 1,824 | 1,824 |
| - Human Resources and Corporate Services | 26,722 | 27,657 | 27,657 |
| | 37,248 | 33,764 | 33,764 |
| Capital Expenditures | 19,200 | 17,500 | 17,500 |
| | 56,448 | 51,264 | 51,264 |
| Human Resources (FTE) (3) | 278 | 291 | 291 |

1. Reflects best forecast of total planned spending to the end of the fiscal year.

2. Starting in 1999-00, ICHRRD is presented under program expenditures of the Canadian Partnership Branch.

3. Reference Figure 13 (page 48) for additional information on human resources.

C. CONSOLIDATED REPORTING

Sustainable Development Strategies

Context

CIDA's Action Plan to support its Sustainable Development Strategy has two components:

- actions to improve policy and programming so that Canada's international cooperation yields maximum benefits; and
- actions to "green" CIDA's internal operations.

Policy and Programming: In accordance with the recommendation of the Commissioner of the Environment and Sustainable Development in his May 1998 report, CIDA has reviewed and updated the goals, objectives and activities of its Sustainable Development Action Plan in order to identify expected results, targets and performance indicators. Setting these results, targets, and performance indicators -- particularly as they go beyond the project level and are related to policies and programs -- is a challenging endeavour with which the whole donor community is wrestling.

The review made it clear that in 1999-00, CIDA's Sustainable Development Action Plan should be integrated into the Agency's structures for planning and reporting on developmental results. Indeed, the ODA mandate of the Agency is *"to support sustainable development in developing countries."* All activities within the six ODA program priorities should contribute to this mandate.

The seven key programming principles for sustainable development (i.e.: acquiring and using knowledge; applying participatory approaches; applying iterative approaches; capacity development; promoting policy and program coherence; promoting donor coordination; and demonstrating results) are not results in themselves. They are operational considerations that point to the conditions necessary to ensure that, barring other constraints, CIDA activities can result in sustainable development. These principles are in effect indicators of good development practice. While CIDA has adopted these as its key programming principles, they must be integrated into the larger development context in which CIDA works and where additional forces are at play.

CIDA's Sustainable Development Strategy calls for evolution in the way development assistance is carried out. The change implies a development approach giving greater emphasis to capacity development, partnership, and the "ownership" of projects by their beneficiaries.

The overall expected result of these activities is continued improvement in the quality of CIDA's programs and those of its partners. For example, CIDA's new information system to be implemented over the next two years should enable it to generate corporate-level information on the quality and impact of its innovative management approaches to promote sustainable development.

When the Agency wrote its first Sustainable Development Strategy, it was taking its initial steps towards implementing RBM. While it will be several more years before the capacity to report beyond the project activity level is brought to full fruition, already several initiatives are in the development stage.

What are the challenges ahead:

- Providing CIDA with enhanced information capacity to capture developmental and operational results at the project, program, branch and corporate levels and integrate the Strategy's Action Plan into the corporate planning and reporting structures.
- Providing CIDA a set of corporate key development results and integrating the seven key principles of sustainable development (see page 41).
- Achieving a more integrated corporate approach and greater policy coherence by developing policies related to the six ODA priorities. Doing so would enable the Agency to clarify and consolidate its approach to sustainable development.
- Consolidating RBM planning and reporting at the project level.

Greening of CIDA's Internal Operations: In 1997, staff carried out numerous initiatives to green CIDA's internal operations. CIDA now plans to focus on defining an environmental policy on CIDA's internal operations, and planning, implementing and maintaining an Environmental Management System (EMS). EMS will allow environmental concerns to be included in all decision-making processes, thus promoting an integrated, comprehensive and systematic approach to managing environmental issues related to the Agency's internal operations. Putting EMS in place will make it possible to organize the planning, implementation and monitoring of the environmental program as outlined in Annex 3 of CIDA's Sustainable Development Strategy in December 1997.

The table on the following page outlines the EMS Implementation Strategy. Since the environmental program forms an integral part of EMS, the review of the program made it possible to confirm key goals and to develop specific, measurable targets and performance indicators. Since no time frame is defined for some of these targets and indicators, 1999 will be taken as the reference period for evaluating the performance of the environmental program and the effectiveness of its activities.

Environmental Management System (EMS) Implementation Strategy

Purpose: Greening of CIDA's operations.

Anticipated Results: Implementation of the Environmental Policy on CIDA's Internal Operations.

Goal: To plan, implement and maintain an EMS to include environmental concerns in CIDA's decision-making processes.

Overall Performance Indicator: Implementation of the EMS by agreed deadlines.

Activities:

- 1.1 Obtain senior management's commitment to design, implement and maintain an EMS (Feb. 1999).
- 1.2 Form a standing Agency-wide working group on EMS chaired by a senior manager at Human Resources and Corporate Services Branch. Define its mandate, its schedule and the EMS Implementation Strategy (Jan.-Apr. 1999).
- 1.3 Develop, consult on and adopt environmental policy on CIDA internal operations (Spring-Summer 1999).
- 1.4 Carry out an exhaustive and documented diagnosis of environmental issues, statutory and regulatory requirements, and directives related to CIDA's operations (Feb.-Apr. 1999).
- 1.5 Based on the diagnosis, validate the goals and targets of the environmental program on which CIDA will focus its efforts and that will enable it to comply with its environmental policy (April-June 1999).
- 1.6 Define roles, responsibilities and the accountability framework for the EMS Implementation Strategy and its environmental program; implementation of the program to be done through working group and subcommittees (Jun. 1999).
- 1.7 Identify training needs of stakeholders; develop and implement a training program (Jul.-Sep. 1999).
- 1.8 Develop and implement an environmental citizenship awareness program and a communications strategy, including an EMS Intranet site (Jun.-Sep. 1999).
- 1.9 Establish an EMS manual (Fall 1999).
- 1.10 Evaluate the performance of the environmental program and include the results in the Performance Report (Fall 1999).
- 1.11 Ensure support of senior management for auditing EMS operations and effectiveness, and present the results in the second *Sustainable Development Strategy* that CIDA will table in Parliament (Fall 2000).
- 1.12 Ensure ongoing improvement of EMS and environmental performance, benefiting from CIDA's experience and lessons learned, but also those of other departments and partners (ongoing process).

CIDA's Year 2000 (Y2K) Plans - 1999-00

CIDA's approach to the potential Y2K problem, the so-called millennium bug, is multi-faceted and all aspects of the problem have been considered. For example:

- The Phoenix project has been created to update CIDA's informatics systems and to ensure that they are all Y2K compliant. The project covers all aspects, including desktop hardware and software, backbone components, operating systems and applications.
- An inventory is being conducted of all systems which are dependent on imbedded computer chips which may be date-sensitive.
- The Agency is working in partnership with the World Bank to help developing and transitional countries in their steps towards Y2K preparedness.

As a result of these ongoing initiatives, CIDA enters 1999-00 with preparations well developed and much work already done. Conversion, testing and implementation of Y2K compliancy have been completed on CIDA's Aid Information System (AIDIS), the one system which must function for CIDA to be able to continue fulfilling its mission. The most recent Treasury Board Secretariat review found the Agency's readiness rating to be at 86 percent.

CIDA's efforts will continue in 1999-00 with a complete review of Y2K issues related to non-critical headquarters corporate, branch and end-user computer applications; applications used by CIDA missions and Program Support Units overseas; third party software; and embedded systems used to support the Agency's day-to-day activities. All products which will continue to be utilized in CIDA will be validated as Y2K compliant, upgraded or replaced before the end of 1999. CIDA will work closely with PWGSC to ensure the continued proper functioning of all facilities (buildings, water supply, electric power, etc.) into the new millennium.

Special emphasis is being placed on contingency plans for the resumption of business in case of a disruption of services at CIDA as well as plans to deal with disruptions affecting CIDA's partners. Emergency response teams will be established as

required to take care of any problems encountered before and after January 1, 2000. CIDA will draw heavily from the lessons of last year's ice storm which resulted in the closure of the Agency's headquarters for more than a week.

From the development perspective, CIDA will be contributing \$1 million to the World Bank's Information for Development (InfoDev) initiative and InfoDev's Y2K program for contingency planning seminars for developing countries. CIDA has already provided \$100,000 for an awareness-raising seminar which was delivered by InfoDev's Y2K in Russia.

The Agency is also designing a communications plan to keep both its development partners and its own employees informed about Y2K issues and the impact of those issues on CIDA and developing countries.

SECTION IV: SUPPLEMENTARY INFORMATION

AUTHORITIES FOR 1999-00 - PART II OF THE ESTIMATES

The following reproduces information from Part II of the 1999-00 Main Estimates that is proposed to Parliament for approval. Figure 16, "Resources by Business Line", on page 50 shows the total financial resources distributed by program activities both as shown in the Main Estimates and as reallocated after Budget 1999.

Figure 11: Spending Authorities

| Vote | (thousands of dollars) | 1999-00 Main Estimates | 1998-99 Main Estimates |
|--|---|------------------------------|------------------------------|
| Canadian International Development Agency | | | |
| Budgetary | | | |
| 20 | Operating expenditures | 100,717 | 96,498 |
| 25 | Capital Expenditures | 17,500 | |
| 30 | Grants and contributions | 1,347,121 | 1,341,069 |
| (S) | Minister for International Cooperation - Salary and motor car allowance | 49 | 49 |
| (S) | Payments to the International Financial Institution Fund Accounts | 325,835 | 186,100 |
| (S) | Contributions to employee benefit plans | 13,543 | 13,825 |
| Total Budgetary | | 1,804,765 | 1,637,541 |
| Non-budgetary | | | |
| L35 | Issuance of notes to the International Financial Institution Fund Accounts | | |
| L40 | Payment and issuance of notes to International Financial Institutions - Capital | 3,362 | 3,250 |
| (S) | Payments to International Financial Institutions - Capital Subscriptions | 39,835 | 30,134 |
| Total Non-budgetary | | 43,197 | 33,384 |
| Total Agency | | 1,847,962 | 1,670,925 |

DEPARTMENTAL ORGANIZATION

Business Line and Organization Structure

CIDA's business is global in scope and encompasses a very wide range of sectors. This involves the Agency in international, regional and country-level initiatives undertaken with a number of partners: recipient-country governments, all levels of government in Canada, NGOs, educational institutions, businesses, cooperatives, and a variety of international organizations and institutions.

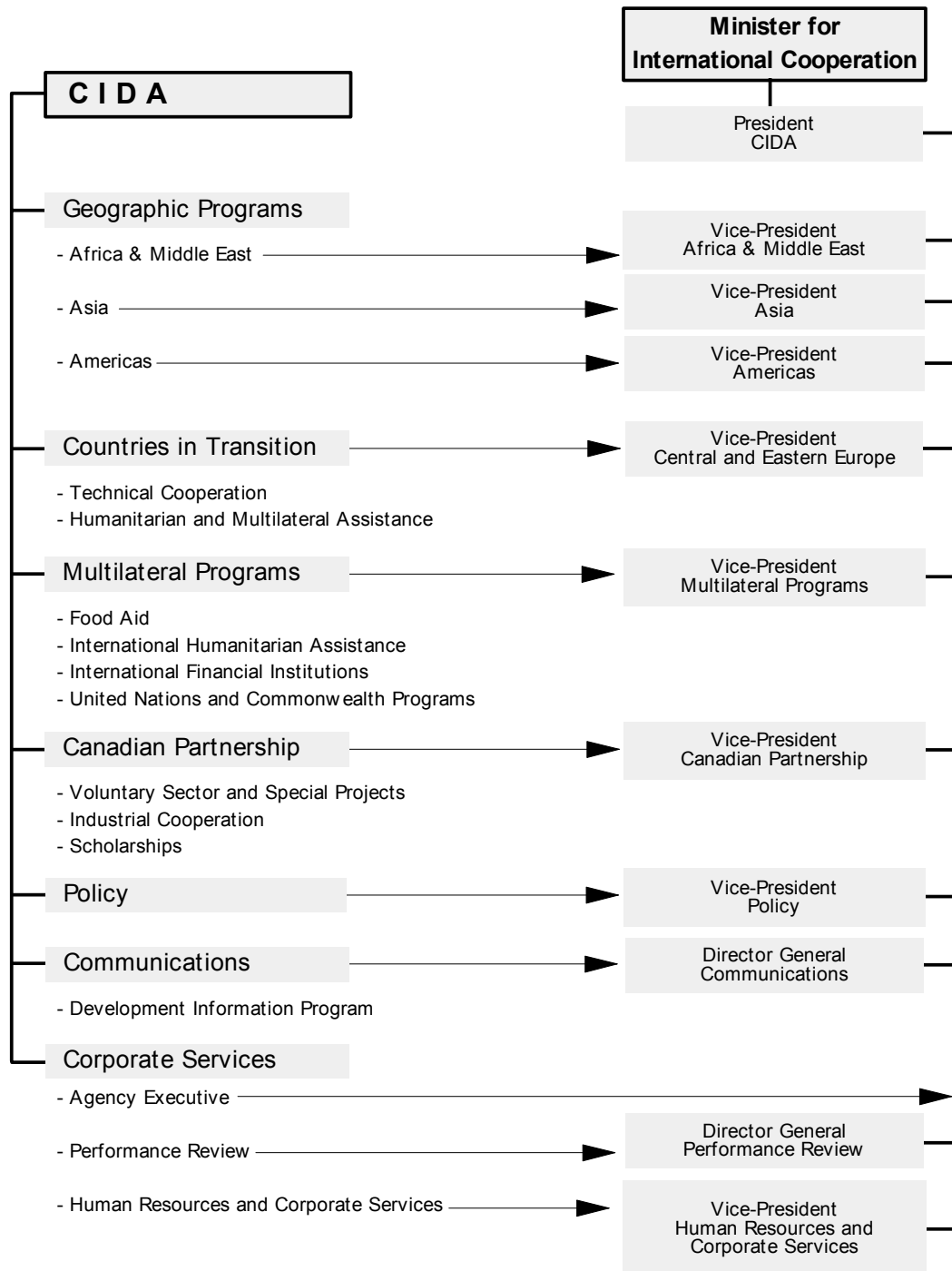
Agency business lines reflect both the geographic focus of CIDA programming and the range of partners with which the Agency works. The CIDA program is composed of seven business lines:

Business Line Descriptions

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

Figure 12: Business Line and Organization Structure

The CIDA Business Line structure, outlined in the diagram below, is in keeping with the Agency's organization structure and its way of doing business. This alignment also reflects the existing management accountability structure. In addition, CIDA provides funding for the International Centre for Human Rights and Democratic Development (ICHRDD), which is independent of CIDA.



PERSONNEL INFORMATION

Information on Full-time Equivalents by Business Line is presented in the figure below.

Figure 13: Planned Full-time Equivalents by Business Line (2)

| (FTE) | 1998-99 Forecasted Utilization (1) | 1999-00 Main Estimates |
|-------------------------|--|------------------------------|
| Geographic Programs | 511 | 519 |
| Multilateral Programs | 63 | 55 |
| Canadian Partnership | 145 | 142 |
| Countries in Transition | 82 | 85 |
| Communications | 37 | 38 |
| Policy | 84 | 81 |
| Corporate Services | 278 | 291 |
| | 1,200 | 1,211 |

1. Reflects best forecast of total FTE utilization to the end of the fiscal year.
2. Full-time equivalent (FTE) is a measure of human resource consumption based on average levels of employment. FTE factors out the length of time that an employee works during each week by calculating the rate of assigned hours of work over scheduled hours of work. FTEs are not subject to Treasury Board control but are disclosed in the *Report on Plans and Priorities* in support of personnel expenditure requirements specified in the *Estimates*.

CAPITAL PROJECTS INFORMATION

Figure 14: Capital Spending

| (thousands of dollars) | Current Estimated Total Cost (1) | 1998-99 Forecast Spending | 1999-00 Planned Spending | 1999-00 Post Budget (1) | Future Year Spending Requirements |
|--|--|---------------------------------|--------------------------------|-------------------------------|---|
| Corporate Services | | | | | |
| - Implement New Informatic Systems (S-EPA) | 38,600 | 19,200 | 17,500 | 17,500 | 1,900 |

1. Since publication of the Main Estimates, Treasury Board has approved a loan of \$3 million for 1999-00 to be included into Supplementary Estimates and this will be in addition to the amounts shown in this Figure.

Definitions Applicable to Figure 14

Substantive Estimate (S): This estimate is one of sufficiently high quality and reliability so as to warrant Treasury Board approval as a cost objective for the project phase under consideration. It is based on detailed system and component design and takes into account all project objectives and deliverables.

Effective Project Approval (EPA): This represents Treasury Board's approval of, and expenditure authorization for, the objectives of the project implementation phase. Sponsoring departments submit for an EPA when the scope of the overall project has been defined and when the estimates have been refined to the substantive level.

ADDITIONAL FINANCIAL INFORMATION

Figure 15: Details of Financial Requirements by Standard Object

| (thousands of dollars) | 1998-99 Forecast Spending (1) | 1999-00 Main Estimates | 1999-00 Post Budget |
|--|-------------------------------------|------------------------------|---------------------------|
| Personnel | | | |
| Salaries and wages | 69,767 | 66,885 | 66,885 |
| Contributions to employee benefits plans | 14,846 | 13,543 | 13,543 |
| Other personnel costs | 978 | 881 | 881 |
| | 85,591 | 81,309 | 81,309 |
| Goods and Services | | | |
| Transportation and communications | 10,235 | 10,527 | 10,527 |
| Information | 693 | 891 | 891 |
| Professional and special services | 14,645 | 15,345 | 15,345 |
| Rentals | 756 | 726 | 726 |
| Purchased repairs and upkeep | 1,512 | 1,452 | 1,452 |
| Utilities, materials and supplies | 1,228 | 1,353 | 1,353 |
| Construction and/or acquisition of machinery and equipment | 2,204 | 2,508 | 2,508 |
| Other subsidies and payments | 220 | 198 | 198 |
| | 31,493 | 33,000 | 33,000 |
| Total operating | 117,084 | 114,309 | 114,309 |
| Capital | | | |
| Salaries and wages | 3,375 | | 1,500 |
| Contributions to employee benefits plans | 709 | | 300 |
| Information | 5 | | 50 |
| Professional and special services | 2,806 | | 11,625 |
| Rentals | 250 | | 275 |
| Purchased repairs and upkeep | 2,013 | | 1,000 |
| Construction and/or acquisition of machinery and equipment | 8,172 | 17,500 | 1,750 |
| Other subsidies and payments | 1,870 | | 1,000 |
| | 19,200 | 17,500 | 17,500 |
| Transfer payments | 1,707,183 | 1,672,956 | 1,663,162 |
| Total budgetary expenditures | 1,843,467 | 1,804,765 | 1,794,971 |
| Non-budgetary (loans, investments and advances) | 33,480 | 43,197 | 43,197 |
| Total Expenditures (2) | 1,876,947 | 1,847,962 | 1,838,168 |

1. Reflects best forecast of total planned spending to the end of the fiscal year.
2. The 1998-99 and 1999-00 non-cash requirements pertaining to capital subscriptions and advances for issuance of non-interest-bearing, non-negotiable demand notes, with respect to Canada's involvement in the Regional International Financial Institutions are presented in the Estimates against Votes L30 and L35 for 1998-99 and Votes L35 and L40 for 1999-00. These items are not included in this table as it reflects only the cash requirements of the CIDA program.

Figure 16: Resources by Business Line

| (thousands of dollars) | | | | | | | | | |
|---|-----------|-----------|---------|---------------------------|---------------------------|---------------|---------------------------------------|-----------------------|---------------------------|
| 1999-00 Post Budget | | | | | | | | | |
| | Budgetary | | | | | Non-Budgetary | | | 1999-00 Post Budget |
| | FTE | Operating | Capital | Grants & Contributions | Statutory (2) Payments | Total | Loans, Investments and Advances | Statutory Payments | |
| Business Lines | | | | | | | | | |
| Geographic Programs | 519 | 43,823 | | 671,104 | | 714,927 | | | 714,927 |
| Multilateral Programs | 55 | 5,075 | | 311,394 | 325,835 | 642,304 | 3,362 | 39,835 | 685,501 |
| Canadian Partnership Countries in Transition | 142 | 10,850 | | 259,469 | | 270,319 | | | 270,319 |
| Communications | 85 | 6,613 | | 90,360 | | 96,973 | | | 96,973 |
| Policy | 38 | 6,142 | | 5,000 | | 11,142 | | | 11,142 |
| Corporate Services | 81 | 8,042 | | | | 8,042 | | | 8,042 |
| | 291 | 33,764 | 17,500 | | | 51,264 | | | 51,264 |
| | 1,211 | 114,309 | 17,500 | 1,337,327 | 325,835 | 1,794,971 | 3,362 | 39,835 | 1,838,168 |
| Other Expenditures | | | | | | | | | |
| Operating Expenditures: | | | | | | | | | |
| - Estimated Cost of Services by other Departments | | | | | | | | | 10,273 |
| Aid Expenditures: | | | | | | | | | |
| - Imputed Interest on Advance - Department of | | | | | | | | | 4,500 |
| Cost of the Program | | | | | | | | | 1,852,941 |

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. Contributions to employee benefit plans and the Minister's allowances are allocated in the Operating Expenditures. The \$325.8 million represents the IFI note encashments for 1999-00, not the note issuance of \$150.7 million issued in the IAE Table. See page 58 for further information.

Figure 17: Expenditures Breakdown by Business Line and Object

As a linkage to the Agency's activity and organizational structures, the figure below provides a more detailed breakdown of expenditures than appears elsewhere in this document.

| (thousands of dollars) | | 1999-00 Post | | | | | | |
|--------------------------------------|-------------------|-----------------------------|-----------------------------|---------------|----------------|---------------------------|-------------------------------|---------------------------|
| | Personne Costs | Other Operating Costs | Total Operating Costs | Capital | Grants (1) | Contri- butions (1) | Other Transfer Payments | 1999-00 Post Budget |
| Geographic Programs | | | | | | | | |
| Program Expenditures | | | | | 8,000 | 663,104 | | 671,104 |
| Operating Expenditures | 35,522 | 8,301 | 43,823 | | | | | 43,823 |
| Total Geographic Programs | 35,522 | 8,301 | 43,823 | | 8,000 | 663,104 | | 714,927 |
| Multilateral Programs | | | | | | | | |
| Program Expenditures | | | | | 200,644 | 110,750 | 325,835 | 637,229 |
| Operating Expenditures | 4,236 | 839 | 5,075 | | | | | 5,075 |
| Non-budgetary | | | | | | | 43,197 | 43,197 |
| Total Multilateral Programs | 4,236 | 839 | 5,075 | | 200,644 | 110,750 | 369,032 | 685,501 |
| Canadian Partnership | | | | | | | | |
| Program Expenditures | | | | | 84,647 | 174,822 | | 259,469 |
| Operating Expenditures | 9,459 | 1,391 | 10,850 | | | | | 10,850 |
| Total Canadian Partnership | 9,459 | 1,391 | 10,850 | | 84,647 | 174,822 | | 270,319 |
| Countries in Transition | | | | | | | | |
| Program Expenditures | | | | | 250 | 90,110 | | 90,360 |
| Operating Expenditures | 5,631 | 982 | 6,613 | | | | | 6,613 |
| Total Countries in Transition | 5,631 | 982 | 6,613 | | 250 | 90,110 | | 96,973 |
| Communications | | | | | | | | |
| Program Expenditures | | | | | | 5,000 | | 5,000 |
| Operating Expenditures | 2,446 | 3,696 | 6,142 | | | | | 6,142 |
| Total Communications | 2,446 | 3,696 | 6,142 | | | 5,000 | | 11,142 |
| Policy | | | | | | | | |
| Operating Expenditures | 6,031 | 2,011 | 8,042 | | | | | 8,042 |
| Total Policy | 6,031 | 2,011 | 8,042 | | | | | 8,042 |
| Corporate Services | | | | | | | | |
| Operating Expenditures | 17,984 | 15,780 | 33,764 | 17,500 | | | | 51,264 |
| Total Corporate Services | 17,984 | 15,780 | 33,764 | 17,500 | | | | 51,264 |
| Total Agency | 81,309 | 33,000 | 114,309 | 17,500 | 293,541 | 1,043,786 | 369,032 | 1,838,168 |

1. For further information regarding Grants and Contributions, please refer to figures 17a and 17b on page 52.
2. "Other Transfer Payments" include Non-Budgetary expenditures of \$43,196,815 and IFIs Note Encashments of \$325.8 million. See page 58 for further details on the latter.

Figure 17a: 1999-00 Grants by Business Line and Program

| (thousands of dollars) | Geographic Programs | | | Multilateral Programs | Canadian Partnership | Countries in | Communi-cations | Corporate Services | 1999-00 Post Budget |
|--|----------------------|------|--------------|-----------------------|----------------------|--------------|-----------------|--------------------|---------------------|
| | Africa & Middle East | Asia | Americas | | | | | | |
| Grants | | | | | | | | | |
| Food Aid | | | | 77,958 | | | | | 77,958 |
| International Humanitarian Assistance | | | | 81,910 | | | | | 81,910 |
| United Nations & Commonwealth Programs | 2,000 | | 6,000 | 40,776 | | | | | 48,776 |
| Voluntary Sector Support and Special Projects | | | | | 72,000 | | | | 72,000 |
| Scholarships | | | | | 8,288 | | | | 8,288 |
| Countries in Transition | | | | | | 250 | | | 250 |
| International Centre for Human Rights and Democratic | | | | | 4,359 | | | | 4,359 |
| Total Grants | 2,000 | | 6,000 | 200,644 | 84,647 | 250 | | | 293,541 |

Figure 17b: 1999-00 Contributions by Business Line and Program

| (thousands of dollars) | Geographic Programs | | | Multilateral Programs | Canadian Partnership | Countries in | Communi-cations | Corporate Services | 1999-00 Post Budget |
|---|----------------------|----------------|----------------|-----------------------|----------------------|---------------|-----------------|--------------------|---------------------|
| | Africa & Middle East | Asia | Americas | | | | | | |
| Contributions | | | | | | | | | |
| Geographic Programs | 294,538 | 238,814 | 129,752 | | | | | | 663,104 |
| Food Aid | | | | 108,750 | | | | | 108,750 |
| International Humanitarian Assistance | | | | 100 | | | | | 100 |
| International Financial Institutions | | | | 1,800 | | | | | 1,800 |
| United Nations & Commonwealth Programs | | | | 100 | | | | | 100 |
| Voluntary Sector Support and Special Projects | | | | | 114,500 | | | | 114,500 |
| Industrial Cooperation | | | | | 60,322 | | | | 60,322 |
| Technical Cooperation | | | | | | | | | |
| Countries in Transition | | | | | | 90,110 | | | 90,110 |
| Development Information Program | | | | | | | 5,000 | | 5,000 |
| Total Contributions | 294,538 | 238,814 | 129,752 | 110,750 | 174,822 | 90,110 | 5,000 | | 1,043,786 |

Figure 18: Accountability for Planned Spending by Organization and Business Line for 1999-00

| (thousands of dollars) | Geographic Programs | Multilateral Programs | Canadian Partnership | Countries in Transition | Communications | Policy | Corporate Services | 1999-00 Post Budget |
|---|---------------------|-----------------------|----------------------|-------------------------|----------------|--------------|--------------------|---------------------|
| Accountability | | | | | | | | |
| VP Africa & Middle East | 314,297 | | | | | | | 314,297 |
| VP Asia | 254,862 | | | | | | | 254,862 |
| VP Americas | 145,768 | | | | | | | 145,768 |
| VP Multilateral Programs | | 685,501 | | | | | | 685,501 |
| VP Canadian Partnership (1) | | | 270,319 | | | | | 270,319 |
| VP Central and Eastern Europe | | | | 96,973 | | | | 96,973 |
| DG Communications | | | | | 11,142 | | | 11,142 |
| VP Policy | | | | | | 8,042 | | 8,042 |
| Agency Executive | | | | | | | 4,283 | 4,283 |
| VP Human Resources and Corporate Services | | | | | | | 45,157 | 45,157 |
| DG Performance Review | | | | | | | 1,824 | 1,824 |
| Total | 714,927 | 685,501 | 270,319 | 96,973 | 11,142 | 8,042 | 51,264 | 1,838,168 |

1. Includes payment to the International Centre for Human Rights and Democratic Development.

Grants and Contributions

CIDA grants, contributions and other transfer payments of \$1,706.4 million, including non-budgetary expenditures, account for 92.8% of CIDA's program expenditures. Further information is given below.

Figure 19: Details of Transfer Payments

| (thousands of dollars) | 1998-99 Forecast Spending (1) | 1999-00 Main Estimates | 1999-00 Post Budget |
|--|-------------------------------------|------------------------------|------------------------|
| Grants | | | |
| Grants for cooperation with countries in transition in Central and Eastern Europe and the former Soviet Union | 250 | 250 | 250 |
| Development assistance to international development institutions and organizations for operations and general programs as well as specific programs and projects, to international financial institutions and for special program and project expenses directly related thereto | 118,872 | 35,936 | 48,776 |
| Programming against hunger and malnutrition through international development and nutritional institutions, international non-governmental organizations or the International Development Research Centre for the benefit of recipients in developing countries and for special program and project expenses directly related thereto | 102,014 | 82,958 | 77,958 |
| Humanitarian assistance or disaster preparedness to countries, their agencies and persons in such countries, and to international institutions and Canadian and international non-governmental organizations for operations and general programs and specific programs, projects, activities and appeals and for special program and project expenses directly related thereto | 74,358 | 92,910 | 81,910 |
| Grants to Canadian, international, regional and developing-country institutions, organizations and agencies, developing-country governments, their organizations and agencies, to provincial and municipal governments, their organizations and agencies in support of development cooperation and development education programs and to international non-governmental organizations in support of development assistance programs, projects and activities and for special program and project expenses directly related thereto | 60,951 | 71,000 | 72,000 |
| Development assistance as education and training for individuals and for special program and project expenses directly related thereto | 8,248 | 8,288 | 8,288 |
| Grant to the International Centre for Human Rights and Democratic Development (3) | 4,359 | 4,359 | 4,359 |
| Total Grants | 369,052 | 295,701 | 293,541 |

Figure 19: Details of Transfer Payments (cont'd)

| (thousands of dollars) | 1998-99 Forecast Spending (1) | 1999-00 Main Estimates | 1999-00 Post Budget |
|--|-------------------------------------|------------------------------|------------------------|
| <u>Contributions</u> | | | |
| Development assistance, including payments for loan agreements issued under the authority of previous Appropriation Acts, to developing countries and their agencies and institutions in such countries and contributions to Canadian, international and regional institutions, organizations and agencies, to provincial governments, their organizations and agencies, and to Canadian private-sector firms in support of regional and country-specific projects, programs and activities, and for special program and project expenses directly related thereto | 658,184 | 679,093 | 663,104 |
| Contributions for cooperation with countries in transition in Central and Eastern Europe and the former Soviet Union | 91,198 | 89,730 | 90,110 |
| Development assistance to international development institutions and organizations for operations and general programs as well as specific programs and projects, to international financial institutions and for special program and project expenses directly related thereto | 1,560 | 100 | 100 |
| Programming against hunger and malnutrition through international development institutions, international non-governmental organizations or the International Development Research Centre for the benefit of recipients in developing countries and for special program and project expenses directly related thereto | 26,478 | 100 | 100 |
| Contribution to the Inter-American Development Bank | 2,500 | 1,800 | 1,800 |
| Programming against hunger and malnutrition through developing countries, their agencies and persons in such countries, Canadian non-governmental organizations or development institutions for the benefit of recipients in developing countries and for special program and project expenses directly related thereto | 104,224 | 103,550 | 108,650 |
| Humanitarian assistance or disaster preparedness to countries, their agencies and persons in such countries, and to international institutions and Canadian and international non-governmental organizations for operations and general programs and specific programs, projects, activities, and appeals and for special program and project expenses directly related thereto | 8,944 | 100 | 100 |
| Contributions to Canadian, international, regional and developing-country institutions, organizations and agencies, developing-country governments, their organizations and agencies, to provincial and municipal governments, their organizations and agencies in support of development cooperation and development education programs and to international non-governmental organizations in support of development assistance programs, projects and activities and for special program and project expenses directly related thereto | 144,025 | 112,000 | 114,500 |
| Incentives to Canadian, international and developing country private investors, institutions, organizations, and governments in support of industrial cooperation programs, projects and activities as well as special program and project expenses directly related thereto | 54,613 | 59,947 | 60,322 |

Figure 19: Details of Transfer Payments (cont'd)

| (thousands of dollars) | 1998-99 Forecast Spending (1) | 1999-00 Main Estimates | 1999-00 Post Budget |
|---|-------------------------------------|------------------------------|------------------------|
| Contributions to Canadian or international communications organizations, other federal, provincial or municipal governments, broadcasters and producers, other donor governments and institutions in support of the development information program involving the production and dissemination of development information, educational materials and related activities | 3,143 | 5,000 | 5,000 |
| Total Contributions | 1,094,869 | 1,051,420 | 1,043,786 |
| <u>Other Transfer Payments (2)</u> | | | |
| (S) Encashment of notes issued to the development assistance funds of the international financial institutions in accordance with the <i>International Development (Financial Institutions) Assistance Act</i> | 242,300 | 325,835 | 325,835 |
| Total Other Transfer Payments | 242,300 | 325,835 | 325,835 |
| <u>Items Not Required</u> | | | |
| Grant to the North South Institute | 962 | 0 | 0 |
| Total Items Not Required | 962 | 0 | 0 |
| Total | 1,707,183 | 1,672,956 | 1,663,162 |

1. Reflects best forecast of total planned spending to the end of the fiscal year.
2. Other Transfer Payments exclude non-budgetary expenditures of \$43.2 million for 1999-00.
3. Starting in 1999-00, the Canadian Partnership Branch is responsible for the disbursement of funds to the ICHRDD.

Total Cost of Program

The total CIDA program costs, including \$14.8 million for services provided without charge by other departments, are shown in the figure below.

Figure 20: Total Cost of Program for 1999-00

| (thousands of dollars) | 1999-00 Main Estimates | 1999-00 Post Budget |
|--|------------------------------|---------------------------|
| Geographic Programs | 722,917 | 714,927 |
| Multilateral Programs | 691,561 | 685,501 |
| Canadian Partnership | 266,443 | 270,319 |
| Countries in Transition | 96,593 | 96,973 |
| Communications | 11,142 | 11,142 |
| Policy | 8,042 | 8,042 |
| Corporate Services | 51,264 | 51,264 |
| Main Estimates | 1,847,962 | 1,838,168 |
| Services provided without charge by other departments | | |
| Operating Expenditures: | | |
| - Accommodation - Public Works and Government Services Canada | 6,135 | 6,135 |
| - Employee benefits covering the employer's share of insurance premiums and costs - Treasury | 3,724 | 3,724 |
| - Legal services - Department of Justice | 349 | 349 |
| - Employee compensation payment - Human Resources and Development Canada | 65 | 65 |
| | <u>10,273</u> | <u>10,273</u> |
| Aid Expenditures: | | |
| - Imputed interest on advance payments - Department of Finance (1) | 4,500 | 4,500 |
| | <u>14,773</u> | <u>14,773</u> |
| Total estimated program cost | 1,862,735 | 1,852,941 |

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.

Figure 21: Loans, Investments and Advances

| (millions of dollars) | 1998-99 Forecast Spending (1) | 1999-00 Main Estimates | 1999-00 Post Budget |
|--|-------------------------------------|------------------------------|---------------------------|
| Payments to International Financial Institutions | | | |
| - Capital Subscriptions (L40) - Asian Development Bank | 3,346 | 3,362 | 3,362 |

1. Reflects best forecast of total planned spending to the end of the fiscal year.

OTHER INFORMATION

Backgrounder on Accounting Change and IFI

IFI Accounting Change

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

As a result of this change, information on IFI expenditures is provided on an **encashment** basis in Part II of the Main Estimates, whereas in Figure 1 of this Report on Plans and Priorities, information is presented on the basis of planned note **issuance**. Figure 22, below, illustrates the difference between the two accounting methods.

Figure 22: Reconciliation of the International Assistance Envelope - Cash Basis to Issuance Basis

| (thousands of dollars) | 1999 - 2000 | | Variance |
|--|----------------|------------|----------|
| | Issuance Basis | Cash Basis | |
| GROSS INTERNATIONAL ASSISTANCE ENVELOPE | 2,022,696 | 2,022,696 | |
| CANADIAN INTERNATIONAL DEVELOPMENT AGENCY | | | |
| AID PROGRAM | | | |
| Geographic Programs | 671,104 | 671,104 | |
| Partnership Programs | 259,469 | 259,469 | |
| Multilateral Programs | 293,334 | 293,334 | |
| - International Financial Institutions | 137,700 | 325,835 | 188,135 |
| Communications | 5,000 | 5,000 | |
| Canadian Landmines Fund | 18,060 | 18,060 | |
| ADMINISTRATION | 125,267 | 125,267 | |
| CIDA - Official Development Assistance (ODA) | 1,509,934 | 1,698,069 | 188,135 |
| PLUS OTHER OFFICIAL ASSISTANCE | | | |
| - Countries in Transition - Program | 90,360 | 90,360 | |
| - Countries in Transition - Administration | 6,542 | 6,542 | |
| CIDA Official Assistance (OA) | 96,902 | 96,902 | |
| TOTAL CIDA (ODA and OA) | 1,606,836 | 1,794,971 | 188,135 |
| OTHER DEPARTMENTS AND AGENCIES | | | |
| AID PROGRAM | | | |
| Department of Finance (1): | | | |
| - International Development Association | 202,334 | 361,300 | 158,966 |
| Other Government Departments | 213,526 | 213,526 | |
| TOTAL OTHER DEPARTMENTS AND AGENCIES (ODA & OA) | 415,860 | 574,826 | 158,966 |
| TOTAL | 2,022,696 | 2,369,797 | 347,101 |

- Contributions to ESAF of the International Monetary Fund (IMF) do not involve the issuance and the encashment of promissory notes, as in the case of the other IFIs. They are made on a cash basis only.

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. 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.

REFERENCES

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

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