



ESTIMATES

Canadian International Development Agency

**2000-2001
Estimates**

Part III – Report on Plans and Priorities

Canada

The Estimates Documents

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament. The Estimates, which are tabled in the House of Commons by the President of the Treasury Board, consist of three parts:

Part I – The Government Expenditure Plan provides an overview of federal spending and summarizes both the relationship of the key elements of the Main Estimates to the Expenditure Plan (as set out in the Budget).

Part II – The Main Estimates directly support the *Appropriation Act*. The Main Estimates identify the spending authorities (votes) and amounts to be included in subsequent appropriation bills. Parliament will be asked to approve these votes to enable the government to proceed with its spending plans. Parts I and II of the Estimates are tabled concurrently on or before 1 March.

Part III – Departmental Expenditure Plans which is divided into two components:

- (1) **Reports on Plans and Priorities (RPPs)** are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail on a business line basis and contain information on objectives, initiatives and planned results, including links to related resource requirements over a three-year period. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs. They are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*. These documents are to be tabled on or before 31 March and referred to committees, which then report back to the House of Commons pursuant to Standing Order 81(4).
- (2) **Departmental Performance Reports (DPRs)** are individual department and agency accounts of accomplishments achieved against planned performance expectations as set out in respective RPPs. These Performance Reports, which cover the most recently completed fiscal year, are tabled in Parliament in the fall by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource allocation priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in Departmental Performance Reports, this material helps Parliament hold the government to account for the allocation and management of public funds.

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Canadian International Development Agency

Estimates
2000-01

Part III - Report on Plans and Priorities

Minister for International Co-operation

TABLE OF CONTENTS

List of Charts and Tables	i
Acronyms and Abbreviations	ii
Section I: Minister's Message	iv
Executive Summary	vi
Section II: Departmental Overview	1
A. Mandate, Roles and Responsibilities	1
B. Program Objective	2
C. Planned Spending	2
Section III: Plans, Results and Resources	9
A. Priorities, Expected Results and Future Directions	9
B. Details by Business Line	19
Geographic Programs	19
Countries in Transition	27
Multilateral Programs	33
Canadian Partnership	39
Policy	43
Communications	47
Corporate Services	51
Section IV: Horizontal Initiatives	57
Section V: Financial Information	59
INDEX	67

LIST OF CHARTS AND TABLES

Section II - Agency Overview

Chart 2.1	Organization Structure and Business Lines	4
Table 2.1	International Assistance Envelope Breakdown (Issuance Basis)	5
Chart 2.2	2000-01 International Assistance Envelope by Channel of Delivery	7
Table 2.2	Financial Spending Plan	8

Section III - Plans, Priorities and Strategies

Table 3.1	Resources -- Geographic Programs	26
Table 3.2	Resources -- Countries in Transition	31
Table 3.3	Resources -- Multilateral Programs	37
Table 3.4	Resources -- Canadian Partnership Program	42
Table 3.5	Resources -- Policy	46
Table 3.6	Resources -- Communications	50
Table 3.7	Resources -- Corporate Services	55

Section V - Financial Information

Table 5.1	Summary of Capital Spending	59
Table 5.2a	Summary of Transfer Payments	59
Table 5.2b	Details of Transfer Payments	60
Table 5.3	Net Cost of Program for Estimates Year	63
Table 5.4	Loans, Investments and Advances	63
Table 5.5	Reconciliation of the International Assistance Envelope -- Cash Basis to Issuance Basis	64

ACRONYMS AND ABBREVIATIONS

AIDS	.....	Acquired immune deficiency syndrome
CEE	.....	Central and Eastern Europe
CIDA	.....	Canadian International Development Agency
CDF	.....	Comprehensive development framework
CIT	.....	Countries in Transition Program
CPB	.....	Canadian Partnership Branch
DFAIT	.....	Department of Foreign Affairs and International Trade
DIP	.....	Development Information Program
ESAF	.....	Enhanced Structural Adjustment Facility
EPA	.....	Effective project approval
FIS	.....	Financial Information System
FTE	.....	Full-time equivalent
GNP	.....	Gross national product
HIPC	.....	Heavily indebted poor country
HIV	.....	Human immunodeficiency virus
HRCS	.....	Human Resources and Corporate Services Branch
HRDC	.....	Human Resources Development Canada
HRDGG	...	Human rights, democracy, good governance
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
INGO	.....	International non-governmental organisation
IPPF	.....	International Planned Parenthood Federation
MDB	.....	Multilateral development bank
MDI	.....	Multilateral development institution
NGO	.....	Non-governmental organization

ACRONYMS AND ABBREVIATION CONT'D

OA	.....	Official assistance
OAG	.....	Office of the Auditor General
ODA	.....	Official development assistance
OECD	....	Organization for Economic Co-operation and Development
PRB	.....	Performance Review Branch
PRSP	.....	Poverty reduction strategy paper
PWGSC	...	Public Works and Government Services Canada
RBM	.....	Results-based management
RCMP	....	Royal Canadian Mounted Police
REE	.....	Renaissance Eastern Europe
RPP	.....	Report on Plans and Priorities
STD	.....	Sexually transmitted disease
SWAP	....	Sector-wide approach
UCS	.....	Universal Classification System
UN	.....	United Nations
UNICEF	..	United Nations Children's Fund

SECTION I : MINISTER'S MESSAGE



Maria Minna

Minister for International Co-operation

As Minister for International Co-operation I am pleased to present the 2000-2001 *Report on Plans and Priorities* (RPP) of the Canadian International Development Agency (CIDA).

This report offers Canadians a comprehensive overview of their international co-operation program. It provides basic information on the international assistance budget, the activities supported by Canadians' aid dollars and the results of these investments in the developing world and in Central and Eastern Europe.

This year's RPP also sets out some new directions for CIDA aimed at increasing the impact of Canada's aid effort and its support for programming in a few areas where countries in the developing world face particularly significant challenges to reduce poverty and create sustainable development.

Four areas are especially critical: health and nutrition, basic education, HIV/AIDS and the protection of children from forms of abuse such as child labour and armed service. Over the next year, CIDA will develop a strong package of programming in these areas that both builds on existing work and brings forward new and innovative initiatives. I know that there are substantial challenges to be met in each of these areas. At the same time, progress in past decades - in raising life expectancy, reducing child deaths and increasing literacy - provides clear evidence that aid does work and does make a difference.

An important element in making this difference lies in ensuring that our approach to development - the way we carry out our mandate - offers us the greatest impact and effectiveness. Over the past several years, much thought has gone into exploring ways to increase aid effectiveness and there is now widespread agreement on the key elements for success. As CIDA moves forward with its agenda it will draw on these lessons and explore new approaches to programming. For example, Canada will look for increased opportunities to work more closely with other donor countries and our developing-country partners to ensure our collective efforts are well co-ordinated and work towards the same goals. We will also be putting a stronger emphasis on building self-reliance - or capacity - in developing countries to ensure they are able to take charge fully of their own development.

Partnerships -- in Canada and with other countries -- will remain important. To a growing extent, international co-operation is about the transfer of knowledge and expertise, not just resources. Canada has world-class expertise to offer in areas essential to development and that expertise rests largely within Canadian society - in non-governmental organizations, in business, in universities and colleges and in hundreds of other organizations across the country. Through stronger partnerships, Canada will be able to ensure that its aid program remains effective and that the assistance we provide is relevant to the needs of recipient countries.

Together, these new directions should allow Canadians to make an even stronger contribution to global development. That's important, not just because Canadians care about the well-being of others, but also because we have a strong and growing stake in international co-operation. As the world grows more interdependent, events in other lands will have an increasing impact on the well-being of Canadians. By investing in international co-operation -- in supporting social and economic progress in the developing world -- we are also investing in our own future.

As Minister for International Co-operation I have felt privileged to have the opportunity to see firsthand the contribution Canadians are making in countries around the world. Now, in a new century and a new millennium, we have the opportunity to draw on the best lessons of the past and the best Canada has to offer to help move forward to a brighter future. All Canadians can contribute, so I invite you to read this document and reflect on how you too can be a part of this global effort.

Maria Minna
Minister for International Co-operation

EXECUTIVE SUMMARY

Canada's Official Development Assistance (ODA) program has as its purpose the support of sustainable development in developing countries with a view to reducing poverty and contributing to a more secure, equitable and prosperous world. This purpose mirrors Canada's three foreign policy objectives: the promotion of global security; contribution to prosperity and employment; and the expression abroad of Canadian culture and values.

CIDA, the lead Government organization for Canada's ODA, has, in the pursuit of its mission, developed a poverty-reduction strategy and made it a key element in each of the Agency's six program priorities. These priorities are: basic human needs; gender equality; infrastructure services; human rights, democracy, good governance; private-sector development; and environment. CIDA's Countries in Transition program, approximately 20% of which qualifies as ODA, focuses on co-operating with countries of Central and Eastern Europe through programs which: facilitate their transition to market economies; promote democratic reform; build Canadian trading links with the region; and reduce threats to international and Canadian security.

CIDA manages 79% of the International Assistance Envelope. Other departments, including the Department of Finance and the Department of Foreign Affairs and International Trade (DFAIT), account for the remaining 21%. ODA accounts for 96% of the Envelope.

Canada and the world face the new millennium with the advantage of 50 years' experience of development co-operation in the developing world. The results have been mixed. On the one hand, several key indicators of human well-being -- life expectancy, child health, education -- have shown marked improvement. On the other, some countries and peoples -- in Sub-Saharan Africa, for example -- have been left out of much of the progress. In a few cases, their situations have worsened in recent decades. While the percentage of people living in absolute poverty -- on less than US\$1 a day -- has declined, the actual number has increased because of population growth. The toll taken by HIV/AIDS on health, family stability and life expectancy is both an indication and a cause of some of the reversal. Women and children have been among the most vulnerable and most affected victims of poverty, the HIV/AIDS pandemic and civil and cross-border wars.

International co-operation has made positive and meaningful contributions to the well-being of people in developing countries. It has also played an important role in learning, and promoting consensus, about the factors which make for successful development efforts. Key elements of the consensus -- enshrined in the Development Assistance Committee's *Shaping the 21st Century* -- are local ownership of development initiatives, partnership, donor co-ordination and policy coherence. New instruments -- including sector-wide approaches (SWAPs) and the World Bank's Comprehensive Development Frameworks (CDFs) -- promise to answer the challenge of achieving these success factors. *Shaping the 21st Century*, as well as the outcomes of a number of international fora, also establish specific goals and targets for development co-operation in the early years of the new millennium.

These new approaches coincide with changes in the area of development financing. After several years of declining ODA flows, a number of donor countries are taking steps to return to growth in their ODA profile. Nevertheless, ODA remains roughly 20% lower in real terms than the levels achieved at the beginning of the 1990s.

Over the next several years, Canada's international co-operation program will seek to develop more focused, strategic approaches. The Agency will continue to emphasize poverty reduction and will seek to increase its impact in key social sectors. Given the importance of sound social development to all communities, CIDA will strengthen its programming in four key areas: health and nutrition, HIV/AIDS, basic education and child protection. In future, CIDA's programs are likely to evolve to the point where they rely less on individual projects and more on co-ordinated, integrated SWAP- and CDF-type interventions.

This *Report on Plans and Priorities* includes detailed plans by CIDA's seven Business Lines: Geographic Programs, Countries in Transition, Multilateral Programs, Canadian Partnership, Policy, Communications and Corporate Services.

SECTION II: DEPARTMENTAL OVERVIEW

A. MANDATE, ROLES AND RESPONSIBILITIES

Canada in the World, the Government's foreign policy statement released in February 1995, sets out the following mission for Canada's Official Development Assistance (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."

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

- International assistance contributes to **global security** by tackling many key threats to human development and human security, such as the abuse of human rights, disease, environmental degradation, population growth and the widening gap between rich and poor.
- 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.

- 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 the countries of Central and Eastern Europe (CEE). These programs reflect the following mission:

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

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 for Canada's ODA.

B. PROGRAM OBJECTIVE

In support of its 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 co-operating with them in development activities; and
- to provide **humanitarian assistance** thereby contributing to Canada's political and economic interests abroad in promoting **social justice, international stability and long-term economic relationships**, for the benefit of the global community.

C. PLANNED SPENDING

International Assistance Envelope

The **International Assistance Envelope (IAE)** was introduced in the February 1991 budget. It funds Canada's ODA¹ and other official assistance initiatives. ODA accounts for 96% of the Envelope. The remaining 4% is Official Assistance² to the countries of Central and Eastern Europe.

CIDA is directly responsible for managing about 79% of the IAE. The rest is administered by the following departments:

- **The Department of Finance**, for the World Bank Group and for the Poverty Reduction and Growth Facility (previously known as the Enhanced Structural Adjustment Facility - (ESAF), a facility within the International Monetary Fund (IMF).

- **The Department of Foreign Affairs and International Trade (DFAIT)**, for the overseas administrative functions relating to international assistance; certain grants and contributions to cover payments to international organizations; the Canadian Commonwealth Scholarship and Fellowship Plan to enable citizens of other Commonwealth countries (46 of which are developing countries) to study in Canada; and for the International Development Research Centre (IDRC), an arms-length corporation which reports to the Minister of Foreign Affairs.
- A number of **other departments** 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)³.

Table 2.1 presents a breakdown of the IAE. Chart 2.2 shows the share by channel of delivery.

Budget for 1999-00

As in the previous Budget, the Government announced additional resources for the IAE in its February 1999 Budget:

- The injection of \$121 million in 1998-99 to accelerate payment to major UN organizations and to the Enhanced Structural Adjustment Facility (ESAF). These funds have allowed CIDA to maintain flexibility in 1999-2000 to sustain new development assistance activities.
- A one-time \$50 million increase in 1999-2000 to the planned reference level of the IAE.

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

² Official Assistance is funding provided to countries which are not eligible to receive ODA (e.g. most of the "countries in transition" of Central and Eastern Europe).

³ For reporting purposes, the resources are disclosed on Table 2.1 (page 5) under Public Works and Government Services Canada and Others.

- A permanent increase of \$75 million to the IAE starting with the fiscal year 2000-01, combined with \$5 million for the Inter-American Institute for Co-operation on Agriculture, for a total of \$80 million annually.

Budget for 2000-01

The February 2000 Budget provides increases to the IAE planned reference level as follows:

- \$100 million to the reference level in 2000-01 (this is in addition to the \$80 million increase provided for in the 1999 Budget);
- an additional \$45 million per year in both 2001-2002 and 2002-2003.

This represents a cumulative injection of \$435 million to the IAE over the next three years.

In addition, there is substantial new funding to address debt relief and global environmental problems.

On debt relief, \$175 million is being provided in 1999-2000 for grants to the Heavily Indebted Poor Countries (HIPC) trust funds at the World Bank and the International Monetary Fund (IMF). These grants will help ensure the timely provision

of debt relief to the poorest countries -- as many as 25 countries by the end of this year. Canada is also committed to providing 100 per cent debt forgiveness for HIPCs qualifying for debt relief under the HIPC Initiative.

On the environment, the Budget includes \$135 million over five years for activities at the international level aimed at improving the global environment. This includes:

- \$100 million for technology transfer and related initiatives to help developing countries lower greenhouse emissions;
- \$20 million in 1999-2000 to help developing countries and countries in transition combat persistent organic pollutants; and
- \$15 million in 1999-2000 for the World Bank's Prototype Carbon Fund.

This budget stabilizes program funding for 2000-01, enabling CIDA to maintain existing programming allocations at current levels. The Agency will be examining, over the coming months, the best way to use the new resources announced for future years as well as reviewing individual program funding to determine if reallocations are necessary to strengthen its programming in key areas.

Chart 2.1: Organization Structure

The CIDA organization structure, outlined in the diagram below, is in keeping with the Agency's way of doing business. This alignment also reflects the existing management accountability structure.

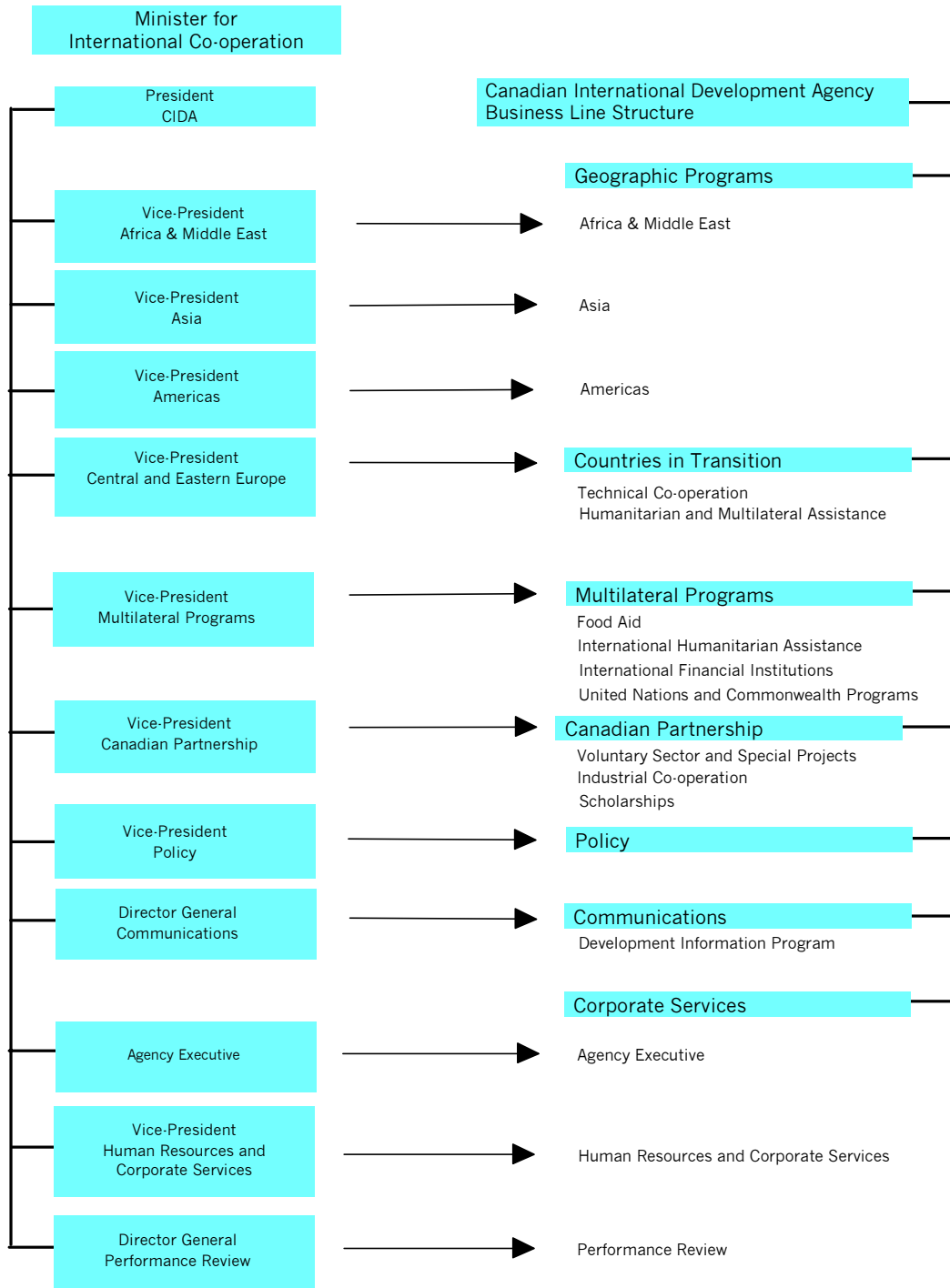
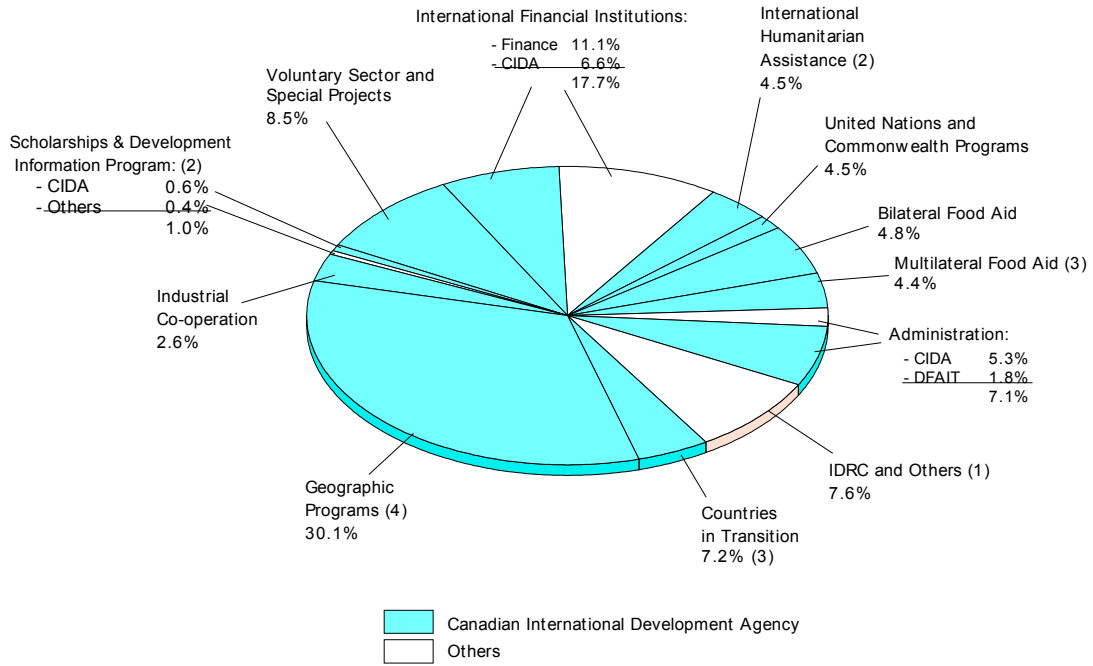


Table 2.1: International Assistance Envelope Breakdown (Issuance Basis) ⁽¹⁾

(thousands of dollars)	Post Budget 1999-00	Post Budget 2000-01
INTERNATIONAL ASSISTANCE ENVELOPE	1,961,861	2,091,761
Plus: Repayment of previous years' loans	37,777	41,634
Others - Administration (Landlines-Kosovo-Youth) (2)	4,998	9,113
Others - Aid (Landlines-Kosovo-Youth-FOF-Climate Ch) (3)	18,060	123,642
GROSS INTERNATIONAL ASSISTANCE ENVELOPE	2,022,696	2,266,150
CANADIAN INTERNATIONAL DEVELOPMENT AGENCY		
AID PROGRAM		
Geographic Programs	671,104	672,167
Partnership Programs		
- Voluntary Sector and Special Projects (4)	186,500	192,755
- Industrial Co-operation	60,322	60,096
- Scholarships	8,288	8,288
- International Centre for Human Rights and Democratic Development (ICHRDD) (5)	4,359	
Multilateral Programs		
- Multilateral Food Aid (6)	78,058	92,700
- Bilateral Food Aid	108,650	108,243
- International Humanitarian Assistance (6) (7)	63,950	74,671
- International Financial Institutions (IFI)	150,666	150,666
- United Nations and Commonwealth Programs	29,710	102,159
Communications		
- Development Information Program	5,000	4,981
Special Funds		
- Landlines - CIDA	8,630	11,790
- Landlines - Not yet allocated among participating departments	9,430	
- Kosovo		94,900
- International Climate Change Strategy		10,000
ADMINISTRATION		
- CIDA Operating	107,767	112,185
- CIDA Capital	17,500	
CIDA - Official Development Assistance (ODA)	1,509,934	1,695,601
PLUS OTHER OFFICIAL ASSISTANCE		
- Countries in Transition - Program	90,360	90,023
- Countries in Transition - Administration	6,542	8,336
CIDA Official Assistance (OA)	96,902	98,359
TOTAL CIDA (ODA and OA)	1,606,836	1,793,960
OTHER DEPARTMENTS AND AGENCIES		
AID PROGRAM		
Dept. of Finance - (International Development Association)	202,334	202,334
Poverty Reduction and Growth Facility (PRGF) (6) (8)		48,200
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 (9)	63,270	67,352
- Voluntary Contributions	6,755	6,475
- Scholarships	8,288	8,288
- ICHRDD (5)		4,359
Public Works and Government Services Canada and Others (10)	2,450	2,275
ADMINISTRATION		
- DFAIT (for services rendered in the field) (11)	40,120	40,264
TOTAL OTHER DEPARTMENTS AND AGENCIES (ODA & OA)	415,860	472,190
TOTAL	2,022,696	2,266,150

- (1) This table shows the amount of notes to be issued (Issuance Basis) to IFIs during the fiscal year. Before 1998-99, the table was based on the 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 64.
- (2) Non-IAE allocation of \$3.112 million for Employee Benefit Plans adjustments, \$4.214 million for salary increases, \$300,000 for administration of the Canadian Landmines Fund, \$419,000 for the administration of the Youth Employment Initiative, and \$1.243 million for the administration of the Kosovo program.
- (3) In 1999-2000, the allocation represented the Canadian Landmines Fund. In 2000-2001, the funds include the non-IAE allocation of \$5.952 million for Youth Employment Initiatives received from HRDC; the funds of \$1.0 million for the Forum of Federations; \$10.0 million for the International Climate Change Strategy; \$11.790 million for the Canadian Landmines Funds; and \$94.9 million for the Kosovo program.
- (4) In 2000-2001, includes funds of \$5.952 million for the Youth Employment Initiative and \$1.0 million for the Forum of Federations.
- (5) The 1999-2000 funds for ICHRDD were paid by CIDA. Starting in 2000-2001, the funds will be paid by DFAIT.
- (6) In 1999-2000, budgets were reduced because some 1999 calendar year international obligations were prepaid in 1998-99. In 2000-2001, all 2000 calendar year international obligations will be paid as usual with current fiscal year funds. Therefore, budgets are re-instated accordingly.
- (7) In 2000-2001, includes funds of \$10 million for the Peacebuilding fund.
- (8) Formerly known as the Enhanced Structural Adjustment Facility (ESAF)
- (9) Includes \$5 million for Inter-American Institute for Co-operation on Agriculture.
- (10) Includes \$2.1 million for PWGSC, \$0.175 million for Heritage Canada.
- (11) Includes Official Assistance of \$3.098 million for Countries in Transition.

Chart 2.2: 2000-01 International Assistance Envelope by Channel of Delivery



- (1) Includes contributions to DFAIT, Health Canada, ICHRDD and PWGSC.
- (2) Includes the Peacebuilding Fund, Canadian Landmines Fund and Kosovo.
- (3) Includes Kosovo.
- (4) Includes International Climate Change Strategy.

Table 2.2: Financial Spending Plan

(\$ millions)	Forecast	Planned
	Spending	Spending
	1999-00	2000-01
Budgetary Main Estimates (gross)	2,147.6	1,858.9
Non-Budgetary Main Estimates (gross)	43.2	16.8
Total Main Estimates	2,190.8	1,875.7
Adjustments (1)	37.0	116.6
Net Planned Spending	2,227.8	1,992.3
Plus: Cost of services received without charge	14.7	15.0
Net cost of Program	2,242.5	2,007.3
Full Time Equivalents	1,238	1,239

- (1) The Budget adjustments were for 1999-2000, \$35.0M for the Climate Change Initiative, and \$2.0M for the Y2K International Initiative. For 2000-2001, the adjustments were \$100.0M for a general increase in the IAE, \$10.0M for Climate Change Initiative and \$6.6M for the Highly Indebted Poor Countries Initiatives.

SECTION III: PLANS RESULTS AND RESOURCES

A. PRIORITIES, EXPECTED RESULTS AND FUTURE DIRECTIONS

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 is committed to providing 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) **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.

Approximately 20% 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; and assisting international programs to reduce threats to **international and Canadian security**.

The Agency delivers its programs in four ways: policy influence and dialogue pursued with recipient 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 recipient-country governments or institutions; funding activities through international development organizations which include development banks, multilateral agencies and international non-governmental organizations (INGOs); and supporting projects proposed by Canadian partners from the profit, not-for-profit and institutional sectors.

EXPECTED RESULTS

Expected results have been broadly defined under the six ODA priorities and for the Countries in Transition program, as indicated in the results tables on the following pages.

Priority	Expected Results -- Excluding Countries in Transition
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.
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"/> 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 which are established on a demand-driven basis and 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 co-operation programs, projects and activities.

Priority	Expected Results -- Countries in Transition
To assist the transition to a market economy	<input type="checkbox"/> Improved investment and business environment; and <input type="checkbox"/> increased capacity of public and private institutions/business to function in a market-based economy.
To encourage good governance, democracy, political pluralism, the rule of law and adherence to international norms and standards	<input type="checkbox"/> Increased promotion and protection of human rights; <input type="checkbox"/> more effective, equitable and accountable service delivery by all levels of government; and <input type="checkbox"/> increased popular participation in decision-making in society.
To facilitate Canadian trade and investment links with the region	<input type="checkbox"/> Joint ventures and investment opportunities created; and <input type="checkbox"/> Canadian commercial benefits realised.
To assist international efforts to reduce threats to international and Canadian security	<input type="checkbox"/> Enhanced nuclear safety; <input type="checkbox"/> enhanced peace and security, stability, prosperity and regional co-operation; and <input type="checkbox"/> reduced human suffering resulting from emergency situations.

INTERNATIONAL CONTEXT

Development Co-operation: Progress and Challenge

Looking back from the vantage point of a new millennium, it is possible to see the tremendous progress in standards of living made in the world, even in just the second half of the 20th century. In the developing world as a whole, several key indicators of human well-being -- life expectancy, child health and education -- have shown marked improvement. Despite recent setbacks, a number of developing countries have made significant economic progress. Some of them now produce consumer goods that rival those of the industrial world in their sophistication and degree of technological advance.

At the same time, it is clear that not all countries and peoples have shared in this progress. In a few cases, there have even been reversals of fortune in recent decades. For example, African countries, especially in Sub-Saharan Africa, have been burdened with slow economic growth and, in some cases, brutal and debilitating conflict. In fact, in the 1990s, 65 out of 79 conflicts occurred in the developing world, many of them in Africa. The provision of basic services -- shelter, water,

sanitation -- is woefully inadequate in many countries. HIV/AIDS is having a growing impact on the continent.

By 1997, in some countries, it had resulted in a decline in life expectancy to pre-1980 levels. Debt burdens continue to pose significant obstacles for the poorest countries. The recent Asian financial crisis and its widespread impact exposed the vulnerability even in developing nations that had previously made significant headway.

Progress in reducing poverty has also been mixed, and poverty remains a global issue of enormous dimensions. The *proportion* of people living in poverty world-wide has declined. However, population growth -- overwhelmingly concentrated in the developing world -- has meant that the absolute *number* of those living on US\$1 a day or less continues to increase. Overall, about 1.5 billion people now live in such poverty, up from 1.2 billion in 1987. By 2015, that number may reach 1.9 billion. The gap between rich and poor -- within and among countries -- has also grown significantly.

Poverty exacts a substantial toll on the lives of poor women, men, boys and girls. They are more vulnerable to ill health and less likely to be able to find decent care when they do get sick. World-wide, about 17 million die from diseases that are almost wholly preventable - and seldom fatal - in wealthier countries.

And now developing countries face the new threat of HIV/AIDS. In Sub-Saharan Africa alone, an estimated 22.5 million are affected by AIDS and in some major cities, one in three adults is HIV-positive. It is estimated that within 10 years as many as 40 million children in developing countries will have lost one or both parents to HIV/AIDS. In some countries, this is equivalent to one in every 4-6 children. Poverty also means that the chance to get a decent education is substantially lower, especially for poor women and girls. More than 125 million children are now not in school, and 870 million people, 70% of them women, remain illiterate.

Children are often the most vulnerable to poverty and its attendant effects. About 97% of child deaths occur in developing countries, and 34,000 children in the developing world die every day from preventable diseases. Children are also vulnerable to unsafe labour practices and trafficking for the commercial sex trade. Moreover, it is often children whose security is most endangered by conflict. In the past decade alone, some 2 million children have been killed, 4 to 5 million disabled, 1 million orphaned and 12 million left homeless by war and conflict. Another 250,000 children now serve as soldiers in conditions that put their lives at great risk, leaving lasting emotional and physical trauma and severely reducing their opportunities to participate fully in society as they grow older.

A host of other issues - often closely related to poverty - cloud the prospects for developing countries, and necessarily involve all countries in international co-operation. Global food supplies will need to double over the next 35 years to keep pace with population growth. Water scarcity will likely affect growing numbers - in the developed and developing world - and may exacerbate existing tensions in some of the world's trouble

spots. Already, 25 countries and 300 million people face chronic shortages of fresh water. By 2025, these numbers are likely to rise to 66 nations comprising two-thirds of humanity. By 2050, despite slowing population growth, there will be 9-11 billion people on earth. On average, they will also live longer. Policy makers in the developing world will face the twin challenge of providing opportunities for their young while also dealing with the health and social problems of older segments of their populations.

The environment -- particularly climate change -- and trade are two areas that will present increasing challenges for developing countries and for international co-operation. Because of globalization and interdependence, both issues are of increasing concern to a growing number of countries. Many environmental issues are now global in reach and their resolution depends increasingly on securing the co-operation of developing countries. For example, it is expected that developing-country emissions of greenhouse gases will double in the 20 years between 1990 and 2010. This increase in emissions will affect all states, not just the developing world, so it will be important to help developing countries build the capacity for environmentally sustainable development and participate in the development of international environmental agreements.

Much the same holds true for trade. In a globalizing economy, trade is more and more important to developing countries. Participation in the global economy is important both in helping them meet their immediate needs and in providing a foundation for sustainable development and poverty reduction. Trade helps developing countries generate foreign currency to pay for imports and debt servicing. Trade is also a source of technology and knowledge transfer and helps create jobs. Yet, in spite of these potential benefits, many developing countries are marginalized from global trade and require considerable assistance to develop their capacity to participate more fully in the world economy. This is another area where international co-operation can help build capacity - by assisting

countries to meet multilateral trade commitments and establish policies at home that promote increased trade opportunities.

The Role of International Co-operation

For 50 years, international co-operation has been an important element in helping to tackle these development challenges and supporting progress in the developing world - for example, through highly successful child health interventions, such as immunization, and through research that has dramatically boosted food production in even the poorest countries. Over the same period, international co-operation has evolved substantially - both to reflect changing realities and to take into account the lessons learned through development experience.

Initially, donor countries sought to transfer the experience of European reconstruction to the developing world, with a focus on investment and infrastructure. These early efforts in the developing world soon gave way in the 1960s and 1970s to a more broadly based development concept that tended to rely heavily on the state to plan and promote growth and social change. During that period, protectionist and inward looking economic policies impeded the process of growth and development, notably in Latin America. In the 1980s, particularly in the aftermath of the Latin American debt crisis earlier in the decade, there was growing recognition internationally of the importance of the market in development. There were also increased concerns about the cost of excessive state intervention - e.g., unsustainable debt burdens, inefficient bureaucracy, inappropriate regulatory systems and increased opportunities for corruption. Market-oriented approaches gained favour and there was a heavy emphasis on policy reform and a sharply reduced role for government.

Today, the lessons of the last half century have been brought together into a growing convergence in development thinking which acknowledges the limitations of both state and market and seeks to identify where their most appropriate and helpful role should be. This new approach to development also has a strong emphasis on ensuring that a country's economic and social

policy environment is structured in such a way that aid investments can be as effective as possible. This means, in turn, a growing focus on establishing the correct roles for government and civil society respectively within partner countries.

Some of the key elements of this new consensus are found in *Shaping the 21st Century: The Contribution of Development Co-operation*, a strategy published in 1996 by the Development Assistance Committee (DAC). The targets set out in the paper - the International Development Goals - are based on agreements reached in a series of world conferences throughout the 1990s. The principles contained in *Shaping the 21st Century* - local ownership, partnership, aid co-ordination, policy coherence - are based on many years of development experience and enjoy support throughout the development community. Canada played an important role in the development of *Shaping the 21st Century* and has had significant influence on the thinking set out in that document, particularly on its approach to partnership.

Complementing this consensus is growing evidence on the kinds of programming approaches that make aid effective. This evidence - most compellingly presented in the World Bank's 1998 study, *Assessing Aid* - looks at how market-driven growth, along with appropriate roles for the state, can best reduce poverty. It looks as well at the roles played by a country's policy environment and institutional strength in influencing the effectiveness of the aid resources. This growing convergence of views is now being drawn together in the development of the World Bank's *Comprehensive Development Framework* (CDF) - an approach to development that would unite aid donors and recipients in support of programming based on enhanced aid co-ordination and strengthened local ownership.

The CDFs are also integrated approaches to development that seek to address the full range of factors that are critical to success. The application of CDFs to a number of pilot countries is now being explored by the development community, including Canada. If successful, these early

experiences could provide a focal point for expanded action on international co-operation in the future.

This new thinking is having a profound influence on international co-operation and on the kinds of programming donor countries will be supporting in the years ahead. Past experience suggests that some caution is always appropriate when moving in new directions. However, the degree of consensus on these new approaches, along with the wealth of experience supporting them, is unprecedented.

If these lessons are applied carefully and effectively in the years to come, they have the potential to accelerate development progress into the new millennium and to round out and complete the achievements made in the past half century. Success will depend heavily on the capacity of developing countries to take the lead in this process. It will depend also on the policy environment, the degree of donor co-ordination and the volume of international assistance.

Development Financing

The series of financial crises that shook emerging markets in 1997 and 1998 reduced access to international capital flows to all but a handful of countries. Private capital flows from OECD countries to developing countries, which had been increasing through the 1990s, continued to fall in 1998 falling from US\$244.9 billion to US\$147.2 billion.

In contrast, official development finance (concessional and non-concessional) managed to increase in 1998 from \$75.3 billion to \$88.3 billion. Most significantly, the decline in ODA witnessed from 1992 to 1997 came to a halt in 1998 rising by US\$3.6 billion to US\$51.9 billion - an increase of 9.6% in real terms. The recovery in aid from OECD countries in 1998, was due in part to short-term measures to deal with the Asian financial crisis but also reflected policy decisions by a number of donors to stabilize and gradually rebuild their aid programs after the cuts of recent years.

Nevertheless, ODA remains roughly 20% lower in real terms than the levels achieved at the beginning of the decade. The share of net ODA in the GNP of OECD countries rose slightly from 0.22% to 0.24% in 1998 but remains significantly below the level of 0.35% achieved in the mid-1980s. Only four countries -- Denmark, Norway, the Netherlands and Sweden -- exceeded the UN target of 0.7%.

Official non-concessional finance nearly tripled to US\$15.2 billion between 1997 and 1998. Most of this net capital inflow consisted of emergency loans intended to stabilize financial markets.

There were some positive developments in 1998. Along with the suggestion in certain OECD countries that their ODA levels would rise, donors approved the replenishment of the International Development Association with over US\$11 billion in new contributions, and further progress was made towards debt reduction through the Heavily Indebted Poor Countries (HIPC) initiative. This program brings together both bilateral and multilateral official creditors to lower the external debts of the poorest heavily-indebted countries to sustainable levels.

Countries being considered under the HIPC initiative are required to prepare Poverty Reduction Strategy Papers (PRSPs) which will serve as a basis for programs supported by the World Bank or the IMF. These papers, which replace the Policy Framework Papers (PFPs), should eventually be prepared by all developing countries seeking concessional lending under IDA and the Poverty Reduction and Growth Facility. PRSPs will be prepared by national authorities in consultation with NGOs and other stakeholders. These papers will analyze poverty conditions and present medium-term action plans to reduce poverty and generate economic growth.

FUTURE DIRECTIONS

Over the next several years, Canada's program of international co-operation will seek opportunities to develop more focused, strategic approaches. This will include a stronger emphasis on poverty reduction and increased impact in key social sectors, particularly in Africa.

It will include as well an evolution in the kinds of programming undertaken by the Agency to include new initiatives that rely less on individual

projects and more on broad, co-ordinated approaches towards a given sector - e.g., health or education.

The aim is to make Canadian assistance even more effective, to better pool Canada's efforts with those of other donors and its partner countries and to get the maximum development impact from aid dollars.

Increased Social Impact

Good social policy is good economic policy. A healthy, well-educated population means better lives not just for individuals, but for the community as well. In fact, a prosperous and growing community begins with investments in individual well-being - in health and education and in the protection of the most vulnerable members of society.

Given the importance of sound social development to all communities, CIDA will in the years ahead strengthen its programming in four key areas, ensuring that in each there is a strong focus on addressing gender equality:

WHAT OTHERS SAY ...

As a development community we face a critical choice. We can continue business as usual, focusing on a project here, a project there, all too often running behind the poverty curve. We can continue making international agreements that we ignore. We can continue engaging in turf battles, competing for the moral high ground. Or we can decide to make a real difference.

-- *James D. Wolfensohn, President, The World Bank*

- **Health and nutrition:** These are fundamental building blocks for development in any society. They are also areas where Canada has world-class expertise to offer. Canada has long shown leadership on a range of health and nutrition-related issues -- notably the global campaign to immunize the world's children against the deadliest preventable diseases and efforts to improve child nutrition through low-cost supplement programs. Building on this experience, Canada will launch a leadership initiative to support improved health and nutrition in the developing world. Under this initiative, CIDA will seek in co-operation with others, to reach certain specific goals such as the eradication of measles and a major reduction in tuberculosis. The initiative will also work to improve child health by improving nutrition. It will also include measures aimed at malaria control. The emphasis will be on integrated approaches which offer the most comprehensive impact from each health intervention. In line with its Strategy for Health, CIDA will also continue to pursue its priority of improving women's health and reproductive health, and strengthening national health systems.
- **HIV/AIDS:** This is now not merely a health matter but a growing development concern with far-reaching impacts across all of society, particularly in Africa. It has already reduced life expectancy rates in some parts of the continent and left millions of children without parents. Decisive action is urgently needed to halt its spread and mitigate its already harmful effects. Canada will therefore devote substantial new efforts to finding ways to prevent its continuing spread. Steps taken will include the promotion of: innovative approaches to health education and communication on HIV/AIDS and gender relations; changed sexual behaviors; and a focus on prevention among adolescent girls and boys. Other steps will include measures that reduce the rate of mother-to-child transmission of the disease.
- **Basic education:** Universal access to basic education is fundamental for long-term development. Yet, despite significant progress in expanding access to education, far too many children remain out of school. Drop-out rates in the poorest countries are high, the quality of public education is often very poor and about 880 million adults in the developing world are illiterate. This is more than in 1990. And the numbers are growing. The challenge is especially critical for girls, who are often unfairly denied the opportunities for schooling granted to boys. Yet, investing in expanded education for girls has enormous development benefits - expanded income for women and their families, improved family health, reduced birth rates and increased agricultural productivity. Education -- especially for girls -- is clearly one of the best possible development investments. So CIDA will move forcefully to strengthen its support for basic education. An important element of this approach will be to seek to rally the world community around the goal of eliminating the gap between girls and boys in basic education while also improving the quality of education and the educational sector in developing countries.
- **Child protection:** Children are the most vulnerable members of society. In societies torn by war or burdened with poverty and its attendant problems, this vulnerability is most apparent and finds expression in the trafficking of children, child labour, the prevalence of street kids and the use of children as soldiers. Child protection -- finding ways to end the exploitation of boys and girls -- will therefore be an area of growing involvement for Canada's international co-operation program. It will also be an important element of CIDA's contribution to the government's human security agenda. This is important, especially since it is the security of children that is often most threatened. CIDA's efforts will be undertaken through a mix of activities, including direct programming that helps

protect children -- for example, by helping to remove them from service in situations of armed conflict. CIDA will also promote dialogue with other donors and partner countries to build broader support for measures to protect children.

New Approaches to Development Programming

To support its efforts in these four areas, and as part of its continuing evolution, CIDA will explore new approaches to programming that seek to build on the lessons of the past 50 years in an effort to achieve greater development impact from its aid investments. These new strategies will include the following elements:

- **Participation in CDFs:** CDFs offer a new and promising approach to development. Canada is participating in three pilot CDFs (Ghana, Bolivia and Vietnam). The knowledge and experience gained through these pilot projects will be used to inform Canadian aid programming in other countries as well, with a view to developing more innovative approaches by Canada and its partners.
- **Developing new programming instruments:** CIDA will also look for opportunities to shift some of its efforts in developing countries away from support for individual projects towards what are called sector-wide approaches, or SWAPs. Essentially, this approach, which would be undertaken in co-ordination with other donors, would see CIDA providing broad support -- both financial and technical -- to a developing country in a given sector, health, for example. The resources and knowledge provided by CIDA would go to improved planning and service delivery within that sector rather than to specific projects. This approach aims to build sustained capacity within a country to address key social issues in ways that are more responsive to local concerns. Donors, by uniting their efforts and combining related projects in a country, would also help to lessen the administrative burden on donors, including CIDA, and the

developing-country partners. This approach also puts a premium on the quality of the knowledge Canada can provide to its developing-country partners.

- **Building capacity and knowledge:** CIDA will also place a greater emphasis on helping to develop capacity in partner countries. Capacity development -- ensuring that developing countries and countries in transition have the knowledge, skills and trained women and men they need -- is the key to long-term, self-reliant development. Capacity development, already an important element in all CIDA programs, will be emphasized further. Three areas are especially important for capacity development: trade, the environment and governance. Trade and the environment are important not just because of their critical role in development, but also because both are subject to a growing body of international rules and agreements. If developing countries are to benefit fully from these rules, they need to be able to participate effectively in international negotiations on trade and environmental issues. Governance is important as well, because the ability to govern well, to develop sound public and private institutions, and to put in place effective policies is a prerequisite to broader development progress. Canada has world class expertise in each of these three areas and will strengthen its effort to transfer its knowledge and skills to its developing-country partners. CIDA will also be looking more closely at the role knowledge networks -- within the Agency, as well as with other government departments and non-governmental bodies -- can play in helping to develop effective responses to broad, cross-cutting issues.

Over the next two years, CIDA will therefore undergo a process of assessment and examination to identify the changes needed to be as effective as possible in an increasingly knowledge-based world.

As it enters a new millennium, CIDA will continue to evolve to meet new challenges in ways that ensure continued development impact. By strengthening its focus on areas of significant social concern -- health and nutrition, HIV/AIDS, basic education, child protection -- CIDA will support progress in areas that underpin overall development gains. At the same time, this

increased impact will be enhanced by the exploration of new kinds of programming that will draw on the key lessons of the past half century and bring donors and partner countries together to work in a co-ordinated fashion on issues of shared interest.

B. DETAILS BY BUSINESS LINE

GEOGRAPHIC PROGRAMS

OBJECTIVE

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

PUTTING IT IN CONTEXT

Three Geographic Programs -- country-to-country programs in Africa and the Middle East , Americas and Asia -- enable the Government of Canada to plan and execute international co-operation activities through direct links with governments and organizations in developing countries. This is the main channel 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 needs of developing countries are the primary consideration in determining the selection and nature of Geographic Programs. The programs also reflect Canada's capacity to meet such needs. The prime responsibility for national development rests with the countries and peoples themselves. Accordingly, consultation and co-operation with governments are crucial in developing and implementing programs.

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 countries or regions concerned.

AFRICA AND THE MIDDLE EAST

Since 1996, Africa and Middle East Branch has had two main, closely related program objectives: **reducing poverty** and **promoting peace and security**. The region presents a mixed picture in a rapidly evolving environment. From 1994 to 1998, the region's economy grew at a steady rate of 4-5% annually. Yet, Africa and the Middle-East, particularly Sub-Saharan Africa, is the main development challenge of the 21st century. It is home to the vast majority of least developed countries. Poverty levels in relative terms are among the worst in the world. Corruption is widespread and systemic; and in spite of numerous multi-party elections, few governments have been changed through the ballot box. In 1999, growth fell to 2.5% in Sub-Saharan Africa and about 2% in North Africa and the Middle-East. This decline was caused by reduced primary commodity prices, the large number of conflicts and the impact on South Africa's economy of Asia's financial turbulence.

Some countries -- including those in the CFA zone and Egypt, Jordan, Morocco, Mozambique and Tanzania -- fared better. The prospect of successful peace negotiations in areas such as the Middle East, a more open attitude toward the reduction of corruption, increased trade liberalization and privatization, and stronger political will towards regional integration, should foster economic growth.

Despite progress in some countries, Africa as a whole faces immense problems. Poverty is endemic in many cases. At present, 47% of the population in sub-Saharan Africa lives on less than US\$1 a day. Reaching the international goal of halving the proportion of people living in absolute poverty by 2015 would require sustained annual growth of 5-8%. Debt burdens compound the poverty challenge and reduce the countries' capacity to invest in essential social services. Education and health care are also woefully inadequate in many African countries. Fifteen African countries enrol less than 50% of their children in primary school and literacy rates are under 40% in 25 countries. Africa is home to the world's highest maternal and infant mortality rates and has been hit especially hard by the HIV/AIDS pandemic. The effects of this pandemic now reach well beyond the impact on individual health. It now has a sustained impact on social and economic development, especially in Southern and Eastern Africa. This impact can be seen, in part, in reduced life expectancy in some countries, deepening poverty and the growth in the number of children orphaned by AIDS.

ASIA

The specific goal of the Asia Branch is to promote ***growth with equity***. To attain this goal, the Branch will continue to pursue three interrelated and mutually reinforcing objectives: contributing to poverty reduction; strengthening the basis for prosperity; and promoting security. Poverty reduction must come first and is essential for achieving prosperity; and sustained prosperity is needed to achieve security. Therefore, all Branch efforts will be viewed through the lens of poverty reduction.

Asia, the world's most populous region, has about 60% of the world's population, but only 16% of its land. Asia houses more than half of the world's poor, and some of its greatest developmental success stories. The fact that Asia is steeped in history, culture and tradition provides continuity to the communities that live there, but also causes many tensions. Overall, Asia exerts significant influence over global affairs.

Many Asian countries, particularly in Southeast Asia, sustained high rates of economic growth over the past three decades. Even South Asia, starting from a very low base, grew faster than the industrialized world over the past decade. For many countries, economic growth coincided with improvements in income distribution and rising living standards, including higher life expectancy, reduced infant mortality and better access to basic education, including for women. However, Asia approaches the new millennium with considerable uncertainty. Not only have the region's economic conditions changed; so too have the political and strategic dynamics.

The unprecedented improvements in living standards and poverty reduction experienced by many countries in Southeast Asia have been tempered by the recent economic and financial crisis. Inequitable distribution of the benefits of the earlier rapid economic growth is a stark reality. Long-term growth potential remains strong in China. Yet China has also been adversely affected by the Asian financial crisis. Countries in the Indochina region are struggling to recover from both the after effects of the decades of war and the recent financial crisis. Democratization is in its early stages in many of these countries. In South Asia, the positive impact of economic growth will continue to be tempered by population growth and the resulting rise in the number of people living in poverty. Uncertainty about the economic prospects of this region increased following the detonation of nuclear devices by India and Pakistan in 1998 and the resulting imposition of economic sanctions by several industrial countries, including Canada.

AMERICAS

Two imperatives will define CIDA's actions in the Americas in the coming years: the need to improve **equity** and address the increasing marginalization of the poorest, and the need to promote **sustainable growth** by supporting the region's promising economic, social and democratic reforms. Despite the lingering effects of the 1998-99 financial crisis and a series of severe natural disasters, the situation in Latin America and the Caribbean generally remains relatively peaceful, prosperous and stable. Economic and democratic reforms have proven surprisingly resilient in the face of adversity. Economic growth has averaged 3% per year through the last decade, a significant increase from the 1% percent annual average during the 1980s. However, the number of people living in poverty remains relatively unchanged. The poorest see little benefit from the region's growth and reform.

The diverse effects of globalization have become the principal driver of change across the region. The financial crisis caused currency devaluation, capital flight and other disruptions. However, the impacts were far less severe than expected. Increased trade, more open markets and private capital flows continue to fuel economic growth in most of the Americas. Sound economic policies are crucial to continued success. Greater integration and increased competitiveness are seen as essential in positioning the region in an era of globalization. This is particularly true for the Caribbean, with many small and undiversified economies. Following a series of natural disasters, reconstruction is also a priority in much of Central America, the Caribbean, Venezuela, Peru and Ecuador.

However, external economic shocks, austerity measures and natural disasters continue to affect poor women and men disproportionately. Their productive capacity and access to essential services are particularly vulnerable to circumstances beyond their control. Safety nets are often inadequate. Although democratization in the region has progressed tremendously in the past 20 years, democratic institutions are still fragile, and the engagement of civil society in the democratic process is often limited.

Since the early 1990s, Canada has sought to play a more substantial role in the inter-American system. The enhancement of our diplomatic, trade and development efforts has been well received throughout the region. Canada has been chosen to play a lead role in several key hemispheric events over the next two years, culminating in the third Summit of the Americas, to be held in Quebec City in April 2001. These events will draw considerable attention to Canada's relationship with the Americas.

CONCRETE EXAMPLES

Child Protection: CIDA will contribute to the reintegration of child soldiers into civilian life in the Democratic Republic of the Congo. The program includes a census to determine the number and profile of child soldiers, family tracing, mediation, family reunification and school reintegration.

HIV/AIDS: The Southern Africa region will expand its HIV/AIDS program with specific HIV/AIDS projects and by addressing HIV/AIDS concerns in other projects. In Malawi, the Family and Reproductive Health Project will increase access to, and improve the quality of, reproductive health, family planning and safe motherhood. In West Africa, future activities will better target high-risk groups, particularly sex workers, and focus on women, who are the main victims.

Basic Education: In Mali, Senegal and Uganda, CIDA will support national strategies to increase gross primary school enrolment rates and to narrow the gender gap. CIDA's support is designed to build the capacities of teachers, educational consultants, inspectors and principals. Curricula will be revised to improve their content in relation to local needs, and to make them responsive to gender issues. To varying degrees, these countries have adopted a sectoral approach extended to all donors. Canadian funding will be provided in accordance with this approach.

CHALLENGES AHEAD

AFRICA AND THE MIDDLE EAST

A continuing challenge for countries in Africa and the Middle East, and for the Branch is to seek solutions to the AIDS/HIV pandemic not merely as a health crisis but as a major development issue.

Similarly, armed conflicts and social tensions, which exist in several countries, impose direct human cost and erect additional obstacles to the development process. There is also a need to understand instability in terms of its relationship to issues such as mass migration, environmental degradation and access to and control over natural resources, including land and water. In Sub-Saharan Africa, the problem is aggravated by the proliferation of small arms and land mines and the involvement of boys and girls as soldiers, through kidnapping or as a result of extreme poverty in many households.

Satisfying the need for sustainable, equitable economic growth also poses the challenge of promoting increased market openness, secure property rights, improved access to private capital and infrastructure services. Also needed are: a reduction in corruption, greater regional integration, a better educated and healthier population, a significant reduction of gender inequalities and the protection of natural resources. Linking African countries and populations to the information economy and supporting their efforts to harness the benefits of the new information and communications technologies represent another set of challenges. There is also a need to ensure Africans become beneficiaries rather than victims of these new developments.

Given these very substantial challenges, it is critical that every effort be made to achieve the maximum impact from development investments in Africa -- by African countries themselves and by their donor partners. To this end, both recipient and donor countries are now exploring approaches that are based more strongly on key elements of development effectiveness, such as enhanced local ownership, strengthened partnerships, involvement of civil society, improved donor co-ordination, expanded debt relief and increased capacity building. One means of putting these principles into practice is through participation in the Comprehensive Development Frameworks (CDFs). Seven countries in Africa are now involved in CDFs on a pilot basis. Canada is participating in the CDF exercise in Ghana. Improved debt relief, with a strong poverty-reduction focus, will also be important to the development prospects of many African countries. Thirty of the 36 countries eligible under the Enhanced HIPC Debt Reduction Initiative are in

CONCRETE EXAMPLES

Gender Equality: A project in Bangladesh will improve the social environment and working conditions for women and adolescent girls in urban areas. The project will promote improved observance of women's rights (including rights to basic health services, education and secure shelter). It will also help increase understanding by garment factory owners, government and workers of the need to improve labour practices in the manufacturing sector.

Tuberculosis and HIV/AIDS: CIDA will help strengthen the capacity of the Tuberculosis Centre of the South Asian Association for Regional Co-operation (SAARC) to combat the spread of tuberculosis and HIV/AIDS. The project is expected to increase the Centre's ability to influence TB and HIV/AIDS policies in SAARC member countries on a sustained basis. The region's capacity to diagnose tuberculosis and gather epidemiological data on TB and AIDS/HIV will be strengthened.

Biodiversity: A CIDA project will increase China's capacity to protect biodiversity and promote sustainable development opportunities for the disadvantaged in Inner Mongolia. This will be achieved through greater understanding in government and among the people of the importance of biodiversity protection and of how to increase such protection.

Sub-Saharan Africa. As part of this initiative, low-income, debt-distressed countries will be working with donors to prepare Poverty Reduction Strategy Papers which will strengthen the development impact of debt-relief measures and also provide a basis for donor-recipient co-operation in years to come.

ASIA

One lesson from the Asian crisis is that economic growth alone cannot ensure sustained **poverty reduction**. There must also be strong, resilient, participatory government and civil-society institutions capable of withstanding shocks and protecting and promoting the interests of the poor and the vulnerable. At the heart of the poverty-reduction challenge is the need to create conditions that allow for an increase in the well-being of the people.

Issues of **governance** are at the centre of many of the most pressing problems. In all countries, establishing a governance system capable of undertaking economic and political reforms to address the needs of the poor is an ongoing task.

Gender inequality remains a concern. Women's well-being lags behind men's by as much as 30% in the relatively more developed Asian countries and by much more in South Asia. Successfully removing the inequalities will result in more efficient and effective use of development resources and strengthen the prospects for equitable economic growth, good governance practices and poverty reduction in the region.

Asia presents the world with a major challenge in sharing and protecting the planet. The region contains some of the countries blessed with the greatest biological diversity in the world, countries such as India and Indonesia. But too many people, too few resources (particularly land) and pressures caused by economic growth have led to worsening **environmental** conditions. Still among the most common problems are unsustainable farming practices, distorted energy and land use, loss of biodiversity, increasing urbanization and industrial pollution, degraded coastal and marine ecosystems, poor quality and scarcity of water, and weaknesses in national policies and institutions for conservation and environmental protection.

CONCRETE EXAMPLES

Teacher Training: A CIDA project will use distance education to improve the skills of 1000 unqualified teachers in Guyana. About 40% of teachers at the primary level have neither completed secondary-school education nor received training as teachers. Some 80% of these are women.

Humanitarian Law: A CIDA project will raise understanding of International Humanitarian Law (IHL) by military institutions in 12 South American countries. IHL courses have been provided to over 900 officers. Over 200 have attended courses for IHL trainers. Regional seminars will share information on how to apply IHL in conflict situations.

Water: A five-year project helps communities construct simple water systems and latrines while being trained in basic health and sanitation, and in the link between preserving the watershed, water quality and community health. Some 14,000 people are expected to benefit directly. Steps are being taken for future initiatives to be pursued without foreign aid.

AMERICAS

Despite widespread change and considerable economic growth, the fundamental development challenge for the Americas remains to increase social equity while consolidating economic and political reforms, and stimulating sustainable economic growth and competitiveness. Economic reform and regional integration are taking on added significance in light of current concerns regarding the vulnerability of small economies in the context of the proposed Free Trade Area of the Americas.

Basic human needs remain a key priority. The emerging focus on the basic needs of poor girls and boys has particular relevance. Branch programs aim to improve the availability and quality of basic education, nutrition and primary health care. They include efforts to improve delivery systems for public health services, to reduce maternal mortality, and to address the spread of tuberculosis and HIV/AIDS. Population growth and urbanization highlight the need for potable water and sanitation services -- important determinants of health.

Governance programming in the Americas seeks to improve the capacity of key institutions to formulate and implement equitable social and economic policies. Respect for the rights of poor women, children, indigenous peoples and other vulnerable groups -- and the access of such groups to services -- is required. Greater participation of these groups in the democratic process and a stronger civil society are vital if greater equity is to be achieved. Increasing attention to corruption is also reflected in Branch activities.

The financial crisis and recent natural disasters affect the poor disproportionately. This fact highlights the need to improve the productive capacity of the poor, through improved agricultural production and marketing, expanded credit facilities, micro-credit programs for poor communities, better education and training and broader access to productivity-enhancing infrastructure.

EXPECTED RESULTS

Expected results under the Geographic Programs business line are the same as those under the Agency's six priority areas. (See "Expected Results" chart on page 10.) The degree of emphasis given to each of the priorities varies from Branch to Branch and from country to country.

More specifically, in **Africa and the Middle East**, emphasis will be placed on Basic Human Needs, including health, education and HIV/AIDS; and Human Rights, Democracy, Good Governance (HRDGG), including peace-building and conflict resolution. The programming focus in **Asia** will be on poverty reduction with emphasis on Governance, Gender Equality and Environment. Within its Basic Human Needs programming, the Asia Branch will pay attention to basic education, health and the protection of children. In the **Americas**, Basic Human Needs, Gender Equality, Private-Sector Development and HRDGG will be areas of emphasis.

KEY STRATEGIES

- Within the current ODA framework, each of the three Geographic Programs will strengthen support for measures to improve **health and nutrition**, increase access to **basic education**, reduce **HIV/AIDS** and promote **child protection**. This will be especially critical in Africa where needs are often greatest in each of these four areas. Persistent poverty in Asia and the Americas also make these four areas important bases for programming.
- The agency will increase its focus on **building partnerships** with developing countries, including their civil societies, to more effectively address development problems and transfer needed Canadian knowledge and expertise. There will be particularly strong focus on local ownership of development initiatives by the developing countries themselves.
- One means of strengthening and improving aid co-ordination is through CIDA's participation in **Comprehensive Development Frameworks**. The Africa, Asia and Americas Programs are involved in CDFs in Ghana, Vietnam and Bolivia respectively. These are being undertaken on a pilot basis. The CDFs are designed to promote a co-ordinating and leadership role for developing-country governments and civil societies in the development process. Opportunities will be sought to apply the experiences gained through participation in these CDF exercises to other country programs in the three regions.
- CIDA will experiment with new initiatives such as broader, co-ordinated approaches to a given sector (**sector-wide approaches - SWAPs**). These can help to make Canada's assistance more effective, and result in greater development impact from Canadian tax dollars. SWAPs also help to strengthen capacity in developing countries and lay the groundwork for long-term sustainable development.
- The Agency will support **capacity building** in developing countries to ensure they have the means to provide for their own long-term development. Capacity building is an element of all programming in the three Geographic Programs. However, CIDA will focus increased attention on building capacity in the areas of trade, environment and governance. Trade and environment are important for a number of reasons. Both issues are central to development success and both are also subject to a growing number of international agreements. Developing countries need to develop capacity in both areas if they are to participate in, and benefit from, these agreements as well as ensure that trade and environmental issues are reflected in their own national development endeavours.

Developing capacity in governance is especially important because governance sets the broad framework within which development takes place. Strengthening capacity in these three areas is particularly critical for the poorest countries of Africa, Asia and the Americas. They are often poorly placed to benefit from expanding world trade,

are not able to manage effectively their natural resource base and do not have in place sound systems of governance. Canada has world-class expertise in each of these areas and can make a significant contribution to capacity building in developing countries.

Table 3.1: Resources -- Geographic Programs

(thousands of dollars)	Forecast	Main	Post
	Spending	Estimates	Budget
	1999-00	2000-01	2000-01
Program Expenditures	661,902	624,300	682,167
Operating Expenditures	44,859	43,980	43,980
	706,761	668,280	726,147
Human Resources (FTE)	520	525	525

OBJECTIVE

To support democratic development and economic liberalization in Central and Eastern Europe (CEE), to facilitate Canadian trade and investment links in the region, and to assist international efforts to reduce threats to international and Canadian security.

PUTTING IT IN CONTEXT

Canada's Countries in Transition (CIT) Program supports the countries of Central and Eastern Europe (CEE) in their reform towards market economies and democratic political systems. The bulk of this program is comprised of Official Assistance (non-ODA). The program is flexible and responsive, allowing Canada to adapt to a wide spectrum of conditions in CEE countries, while promoting Canadian priorities and interests in the region. The largest component of the CIT Program is technical co-operation. This component focuses on country-specific projects that share Canadian expertise in key sectors. Projects are proposed and managed by Canadian firms, non-governmental organizations (NGOs), business and trade associations, government departments, labour groups, and educational institutions. Projects are small, have low overhead, and are approved and implemented quickly. The CIT Program also includes a number of other elements.

- A multilateral program supports the work of international institutions, such as the World Bank Group and the European Bank for Reconstruction and Development, and includes trust funds that support Canadian consulting services for Bank project preparation and assessment.
- A humanitarian assistance program helps people displaced by conflict or suffering the effects of internal crisis.
- A regional program supports the creation and strengthening of regional networks in sectors related to CIT Program priorities, through the provision of technical assistance.
- The Renaissance Eastern Europe (REE) Program assists Canadian companies to form long-term business relationships with companies in the region.
- A nuclear safety program delivers on commitments made by Canada in the G7 (primarily related to Chernobyl).
- Finally, the Canada Funds for Local Initiatives enable Canadian embassies to support community-based projects.

Although the pace of democratization and economic liberalization has not been uniform across the region, several countries should "graduate" from the CIT Program to a more mature political, commercial and social relationship with Canada over the next five years. For example, Poland's economy has been growing since 1992, primarily in response to macroeconomic stability and a strengthened financial sector. Five countries - Czech Republic, Hungary, Poland, the Slovak Republic and Slovenia - have experienced an increase in life expectancy rates since 1989. Thirteen countries are now candidates for accession to the European Union, considered a primary incentive in the movement towards democratic reform and in the transition to market economies. Six of the thirteen countries - Cyprus, Czech Republic, Estonia, Hungary, Poland and Slovenia - began full accession negotiations last year. No country is expected to join the Union prior to 2004.

There has been some privatization and reform in Albania, Bulgaria, Romania, Ukraine, the former Republic of Yugoslavia and the Commonwealth of Independent States (Armenia, Georgia, Kazakhstan, Kyrgyzstan, Russia and Uzbekistan). However, these countries are still characterized by a measure of state control and by weak financial institutions. Azerbaijan, Belarus, Tajikistan and Turkmenistan are still predominantly command economies. Widespread atmospheric, aquatic and terrestrial pollution is a legacy of command-and-control economies. Clearly, the Countries in Transition Program will be required for many years to come.

In many of these countries, official GDP has declined significantly since 1989, by as much as 50% in some cases. The reduction in national income has created higher levels of unemployment and deteriorating social programs. Poverty is growing, social indicators are declining and significant gender-based disparities exist throughout the region. Diseases such as tuberculosis and HIV/AIDS are spreading at alarming rates.

Governance is also a serious issue in these countries. Corruption is considered pervasive and deeply rooted. Public confidence in the states' ability to govern is low. Public institutions are in serious need of strengthening.

CONCRETE EXAMPLES

Assisting Visible Minorities:

Canadian Federal Government departments have begun discussing the creation of a co-ordinated approach to assist the Roma minority in Hungary and the Czech and Slovak Republics. Building on successful relationships and networks established during ongoing projects, the RCMP, Justice Canada and Canadian Heritage are in preliminary discussions with CIDA to develop separate but complementary technical co-operation initiatives. These initiatives are in the areas of community-based minority policing (similar to Aboriginal policing in Canada), legal reform and cultural sensitivity training for judges, and national-level approaches and strategies for managing a diverse society. This approach is based on the principle that the whole is greater than the sum of its parts.

Community-Based Rehabilitation:

Community-based infrastructure and services in Kosovo are in a state of marked disrepair and disarray following years of neglect and after the recent conflict. One of the components of Canada's involvement in the rehabilitation and recovery in Kosovo is small-scale local initiatives involving the reconstruction of such infrastructure as schools and roads. CIDA's assistance also focuses on areas where Canada has a comparative advantage and will help regenerate the delivery of social services, including health care. Canada will seek to improve such areas as maternal, child and reproductive health, public health and continuing medical education and the psycho-social well-being of children. Included in this package of proposed initiatives is the

CHALLENGES AHEAD

The challenges faced in program implementation will depend largely on developments in the region and will vary from country to country. However, the existing laws and regulations supporting the reform process throughout the region are inadequate.

The CIT Program must therefore continue to support initiatives designed to improve the environment for business and investment. Efforts to build the capacity of the judiciary, the police forces and other institutions to deal with crime and corruption will continue.

Instability in such regions as the Balkans and Chechnya poses significant challenges to the reform process. Initiatives need to be developed to deal with the social issues, including health issues, affecting the societies. Considerable resources must be expended to return to pre-conflict socio-economic conditions. The reform process in these regions will be protracted.

EXPECTED RESULTS

- Economic transition:** Improvements to the investment and business environment. Increased capacity of public and private institutions/business to function in a market-based economy.
- Democratic development:** Increased promotion and protection of human rights. More effective, equitable and accountable service delivery by all levels of government. Increased popular participation in decision-making in society.
- Trade and investment links with Canada:** Joint ventures and investment opportunities created. Canadian commercial benefits.
- Global interests and Canadian security:** Enhanced peace and security, stability, prosperity and regional co-operation. Enhanced nuclear safety. Reduced human suffering resulting from emergency situations.

strengthening of public health services by enhancing the capacity of the Institute of Public Health and its regional offices in Kosovo to deliver effective health promotion, disease prevention and health protection activities and services.

AIDS Training and Community Development: The Russian AIDS Training & Community Development Project is supporting the implementation of Russia's Federal AIDS Program. This is being done through activities for training and collaboration among professional AIDS personnel and community-based representatives, the development of practical recommendations for HIV/AIDS prevention and care consistent with international standards, and initiatives to support the development of community-based AIDS initiatives. The Canada AIDS Russia Project (CARP) is located at the Toronto Hospital's Immuno-deficiency Clinic. CARP is working in partnership with a consortium of institutions in St. Petersburg in such core areas as testing and epidemiological surveillance, clinical management, counselling and psycho-social care, prevention and education, and community development.

KEY STRATEGIES

- **Fostering partnerships:** The success of the CIT Program is directly linked to the quality of the relationship among the Canadian partner, the recipient partner and the CEE Branch. All future Branch efforts will focus on the development of quality partnerships between Canadians and members of the recipient organizations, both before project approval and during implementation.
- **Donor co-ordination in the Balkans:** As the conflict in Kosovo drew to a close, the international community began a concerted effort to rehabilitate Kosovo and assist the war-affected countries bordering the Federal Republic of Yugoslavia by promoting sustainable peace, security and democratic governance. CIDA expects to play a modest but helpful role in sectors where Canada is recognized as possessing the expertise to make a meaningful difference. Specifically, Canada is contributing to humanitarian and economic assistance, community-based rehabilitation, peace-building and the promotion of a secure environment. Canada supports, and is a member of, the Stability Pact, which brings together donor countries and agencies to promote stability in the Balkans. CIDA is particularly keen on contributing to economic reconstruction, development and co-operation.
- **Capacity building in health:** The social cost of political and economic reform has been high. In the Russian program, technical assistance is targeted towards strengthening the capacity of public and private institutions to deal with the broad range of health and social issues, including HIV/AIDS, youth services and community-level health care.

Table 3.2: Resources -- Countries in Transition

(thousands of dollars)	Forecast	Main	Post
	Spending	Estimates	Budget
	1999-00	2000-01	2000-01
Program Expenditures	114,037	156,787	163,423
Operating Expenditures	7,780	8,336	8,336
	121,817	165,123	171,759
Human Resources (FTE)	85	95	95

OBJECTIVE

To promote a more effective and efficient multilateral development system which supports sustainable development in order to reduce poverty and to contribute to a more secure, equitable and prosperous world; and to provide appropriate, timely and effective Canadian humanitarian assistance and food aid to developing countries.¹

PUTTING IT IN CONTEXT

The multilateral development system comprises: international humanitarian organizations that deal with conflict resolution, disaster relief and assistance to refugees; the international financial institutions -- the International Monetary Fund, the World Bank and the four Regional Development Banks -- that facilitate access to development finance and support an open trade and payments system; and United Nations and other development organizations, such as the Global Environment Facility and the Commonwealth Fund for Technical Co-operation, that support sustainable development in developing countries. The system facilitates consensus building on key global issues, joint international responses and the sharing of lessons learned. One of the overarching goals is reducing poverty and improving the quality of human life.

Multilateral development institutions channel US\$40-60 billion annually to support human development and poverty reduction in the developing world. They play a major role in setting the international development agenda. They are key advocates for national and international policies and actions that are essential to the achievement of the human and economic development targets agreed to at major UN Conferences and set out in *Shaping the 21st Century*.

The Multilateral Programs Branch is the backbone of Canada's leadership role in key UN and Commonwealth development and humanitarian organizations as well as the Regional Development Banks. Multilateral programs allow Canada to leverage substantial resources in support of its international priorities, and to have a major influence on policies and programs designed to meet emerging and ongoing global and regional development challenges. Canada works with other member states and with key officials within multilateral organizations to enhance the effectiveness of the multilateral development system and to promote reform as a means of improving performance and results in development and humanitarian terms.

¹ Over time, the security mandate of the Branch has been expanded to encompass: (a) the reduction of the scourge of antipersonnel land mines by supporting demining activities, promoting mine awareness and strengthening victim assistance; and (b) the reduction of the negative impact of conflict on development through the support of peace building initiatives which are catalytic in nature in countries entering, experiencing or emerging from conflict.

Canadians need a strong multilateral development and humanitarian system to help the world address threats that transcend borders and menace all of humanity. Such threats include complex humanitarian emergencies; global environmental issues such as climate change and ozone layer depletion; the rise and resurgence of infectious diseases such as tuberculosis and AIDS; and, more recently, economic crises resulting from the increased volatility of global financial markets. Economic and financial globalization requires effective instruments of global governance and strengthened multilateral institutions. The rationale for multilateralism -- that global problems require global solutions -- is now clearer than ever.

In 1998-99, debt relief was a priority for most MDBs. Under the leadership of the G-7 countries, a new proposal to provide broader, faster and deeper relief to heavily indebted poor countries (HIPC) led to the development of the Enhanced HIPC Initiative. This Initiative has since gained wide support among donor countries and is under consideration by the World Bank, the IMF and Regional Development Banks. Throughout this process, Canada has publicly advocated a generous package of debt relief that is, as much as possible, additional to existing and planned aid flows.

CONCRETE EXAMPLES

Leadership in Health: Multilateral Programs Branch will help implement CIDA's Leadership Initiative in Health and Nutrition. Emphasis will be placed on women's and children's health and nutrition issues including HIV/AIDS. This Initiative foresees commitments from other bilateral and multilateral donors and from developing countries. It is expected to help prevent at least half a million deaths from malnutrition and disease. It will reduce significantly the burden of illness and disability. A likely result will be higher productivity, accelerated economic growth and the sustainable reduction of poverty.

Saving Children's Lives: Canada has been a strong supporter of UNICEF since its creation in 1946. Since then, child mortality rates have been cut by half, thanks mainly to strategies championed by UNICEF -- simple, low-cost technologies, the involvement of communities, and putting children first. Without immunization, 5 million children would die each year of preventable diseases and 0.8 million would suffer paralysis from polio. Current levels of immunization save nearly 3 million young children yearly. CIDA is working with UNICEF on the Canadian International Immunization Initiative. CIDA is supporting UNICEF in its efforts to meet the global goal of immunizing at least 90% of the world's children under one year against preventable childhood diseases by the end of 2000. In 1996, 89 countries had reached that goal. Continued efforts will reduce and eventually eliminate the remaining 2 million child deaths from diseases for which vaccines are available.

Relief for Heavily Indebted Poor Countries (HIPC): The HIPC Initiative provides a combination of substantial debt relief and important policy reform to help heavily indebted poor countries reduce their external

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 those targets mentioned in *Shaping the 21st Century*.
- Preventing and reducing the frequency, duration and impact of complex humanitarian emergencies.
- Responding effectively to well-known global concerns -- poverty, refugees, climate change, AIDS and hunger/malnutrition, particularly among children -- as well as such emerging issues as land mines and peace building.

The pursuit of optimal performance by multilateral development and humanitarian institutions presents challenges for the Branch. These include:

- Maintaining Canada's influence and credibility despite financial constraints. Supporting the creation of approaches, such as the Comprehensive Development Framework (CDF), which attempts to ensure that developing countries, including their civil societies, have the deciding voice regarding their development priorities and programs.
- Encouraging the IFIs to: enhance the transparency of their operations; facilitate the participation of civil society; improve the governance performance of borrowers; and increase anti-corruption activities.
- Building support for food aid strategies that address specific nutritional deficiencies as well as the continuing problem of food deficits among poor households.
- Supporting the government's human security agenda through peace building, land mine removal and rehabilitation of victims, as well as the treatment of the root causes of destabilization including poverty and environmental degradation.
- Supporting the Enhanced HIPC debt relief initiative.

debt to sustainable levels and reallocate their resources toward long-term poverty reduction and economic growth. It was endorsed by some 180 governments represented at the World Bank and the IMF. The cost of the HIPC Initiative is estimated at US\$28 billion. About half is associated with multilateral development banks. As these institutions do not possess sufficient resources to cover this cost, bilateral donors, including Canada, will be expected to cover a shortfall of US\$5 billion.

An important output expected from the HIPC Initiative is the Poverty Reduction Strategy Papers. These will be prepared by the recipient countries in collaboration with their development partners and with the participation of civil society. The Papers will guide the reallocation of resources which will likely result in increased support to social sectors such as education and health. On the basis of such indicators as literacy rates, lower maternal mortality rates, increased incomes, and increased access to health-care facilities, the papers will also help measure the success of the recipient countries in reducing poverty.

High-quality Financial Services: The Consultative Group to Assist the Poorest, established in 1995 as a multi-donor initiative, is making it possible for more poor women and men to lift themselves out of poverty through access to high-quality financial services. The poor can use such services to create small enterprises, generate savings, obtain training and access to credit lines, purchase stock items or even deal with such unforeseen circumstances as illness in the family.

EXPECTED RESULTS

- A more effective and efficient multilateral development system.
- Sustainable development enhanced, poverty reduced, human security improved, and international prosperity increased and more widely shared.
- Lives saved, and human suffering and malnutrition reduced, through emergency assistance and development food aid.
- Human suffering reduced and human security and prosperity enhanced through mine action initiatives.
- Peace prospects enhanced.

KEY STRATEGIES

- Use leverage and strategic alliances to encourage multilateral activities which advance sustainable development, reduce poverty, improve human security, promote peace and contribute to international prosperity.
- Maintain dialogue with Canadian stakeholders, especially DFAIT and the Department of Finance, to ensure CIDA's views are reflected in Canadian policy on multilateral development organizations.
- Continue to encourage multilateral partners to adopt a results-based management approach and report on results, including international targets and humanitarian objectives.
- Provide rapid peace building support to conflict-affected countries and provide timely and effective relief to victims of natural disasters and conflicts.
- Promote increased international emphasis on nutrition through leadership and building donor support for a renegotiated Food Aid Convention that focuses on hunger and malnutrition.

Table 3.3: Resources -- Multilateral Programs

(thousands of dollars)	Forecast Spending 1999-00	Main Estimates 2000-01	Post Budget 2000-01
Program Expenditures	941,665	709,725	743,329
Operating Expenditures	5,565	5,411	5,411
Non-budgetary: International Financial Institutions	43,197	16,735	16,735
	990,427	731,871	765,475
Human Resources (FTE)	65	55	55

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 number of responsive programs. This means that these programs, which operate on a cost-shared basis, support development initiatives planned, designed and implemented by CIDA's partners -- Canadian private-sector, public-sector and civil-society organizations and their developing-country counterparts. CPB supports and engages its Canadian partners in meeting CIDA's commitments and objectives. It also provides them with the opportunity to help shape and enrich Canada's ODA program with their ideas, experiences and capabilities.

Canada and developing countries have a mutual interest in ensuring that their civil societies and public and private sectors are active development partners. In some cases, the skills and knowledge required by developing countries can best be transferred by non-governmental bodies, sometimes through a joint effort by NGOs and other agencies. Development effectiveness and sustainability also depend heavily upon the skills and capabilities of the developing countries. The Branch therefore focuses on increasing the capacity of local organizations through strengthened partnerships.

While NGOs, universities and colleges, professional associations and such membership organizations as co-operatives and unions, undertake programs in all six ODA priorities, their contribution is particularly noteworthy in the areas of basic human needs; human rights, democracy, good governance; gender equality; and the environment. Private-sector partners play a major role in targeting poverty reduction by promoting sustainable economic growth through the Industrial Co-operation Program. Although the private-sector development and infrastructure services priorities are particular focuses of the Industrial Co-operation Program, private-sector partners also contribute to environmental and gender equality issues. Grassroots intervention and the transfer of Canadian technology and knowledge to strengthen local institutions are key tools in pursuing these six 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.

CONCRETE EXAMPLES

Children in School: The Women Program of SOPAR, a Canadian NGO, and its partner in India, Bala Vikasa, aim to reduce the number of children at work and increase the number in school. Several thousand children are expected to attend regularly Balwadies, a kind of kindergartens. The children are expected to learn reading, writing, singing and social values. SOPAR wants to enable vulnerable groups, including women and poor rural communities, to increase their productive activities and meet their basic needs. SOPAR and its partners will work in hundreds of Indian villages, particularly in the Andhra Pradesh region. Projects will include basic child education and female literacy, water and sanitation, kindergartens, leadership training and capacity development of rural women, support to marginalized rural farmers and the creation of agricultural co-operatives. One expected result is that women, having learned basic skills in reading and writing, will give greater value to education and be more likely to encourage their children to go to school.

Housing for the Poor: Rooftops Canada is helping to improve the housing situation of poor people in a number of countries. A project titled "Building Sustainable Housing and Communities" aims to establish or reinforce housing co-operatives in countries such as Cuba, Haiti, Kenya, South Africa, Tanzania and Zimbabwe. The project will also help implement housing and human-settlement policies, programs and projects that will improve basic living conditions among the poor. Rooftops Canada will work with local municipal governments and local co-operatives to revise affordable housing policies, to reform hostels so they can accommodate entire families, and to

CHALLENGES AHEAD

In common with all international development programs, CPB programs face several challenges. These include unfavourable political, economic or social situations and conflicts in recipient countries; the complexities of globalization; rapid advances in information technology; and recently declining expenditures in support of international co-operation.

Because of their responsive nature, CPB programs will face the additional challenge of determining, in consultation with Canadian partners, ways to advance CIDA's emerging emphasis on health and nutrition, basic education, HIV/AIDS and child protection, while continuing to harness the contributions of these autonomous partners. The same consultation and determination will apply with regard to the Agency's increasingly strategic approach to planning, implementation, evaluation and reporting.

CPB will also need to continue working with Canadian partners to sharpen the focus on development results and to refine measurable indicators.

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, nutrition and basic education.
- Gender equality:** Increased capacity of developing-country organizations to ensure gender equality in development activities and decision making.
- Infrastructure services:** Support for sustainable infrastructure services -- and the participation of Canadian firms in private infrastructure projects -- in developing countries.
- 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.
- Private-sector development:** Sustainable Canadian private-sector investment in developing countries and effective technology transfer. Increased capacity of developing-country partner organizations to support sustainable private-sector development.

strengthen local organizations offering credit for affordable housing. This initiative is helping Rooftops Canada to tap into international information networks to stay abreast of international developments and of opportunities in the building and financing of low-cost, mainly co-operative, housing.

HIV/AIDS: An annual CPB grant to the International Planned Parenthood Federation (IPPF) funds such activities as the provision of services related to sexual and reproductive health. Examples include STD/HIV/AIDS testing and counseling, family-planning counseling and maternal and child health. The value of CIDA's contribution is enhanced by the funds provided to IPPF by a wide range of other donors.

Privatization: Alex-Socatrag in Guinea is an interesting example of a privatization project involving a public or parapublic corporation. The project is designed to mobilize employees in the mechanical vehicle maintenance service of a major public corporation to create their own co-operative, and to invest their severance pay in a new joint venture that will operate this service. Creating this joint venture will allow the workers to keep their jobs. It is expected that 240 Guinean workers will be employed, favouring the hiring of women, especially in non-traditional positions, and that an ongoing human resources development and training program will be created. A clinic is also expected to be established, with a full-time doctor, pharmacist and nurses, who will monitor the health of Guinean employees and their families (about 2500 people).

- **Environment:** Increased capacity of developing-country partner organizations and institutions to plan, implement and manage specific environmental programs and projects as well as to ensure that all their development projects are environmentally sound.

KEY STRATEGIES

- **Public engagement:** Together with Communications Branch, pursuing a public-engagement strategy, contained in CIDA's new *Public Engagement Strategy and Action Plan*, representing a more integrated and synergistic approach and involving both CIDA and its partners in order to optimize resource allocations, maximize results and attract increased Canadian support for the aid program.
- **Consultation:** CPB will develop a revised CIDA consultation policy for seeking policy and programming inputs from Canadian development partners. The new policy will be useful in seeking inputs on the Agency's increasingly strategic approach and on the implications of that approach for CPB partners.
- **Capacity development:** Retaining capacity development as a major component of CPB programming and continuing to help build the capacity of both Canadian partners and their developing-country counterparts to participate meaningfully and optimally in the development process, having regard to the role of capacity building as a critical factor in people-centred development, especially in the context of poverty reduction and sustainable development.
- **Working with the private sector:** CPB will encourage the Canadian private sector to identify opportunities to participate in the development of joint ventures. A proactive approach will be taken to increase the flow of information on the Industrial Co-operation Program to the Canadian private sector.
- **Partnerships:** Creating sustainable partnerships between Canadian and developing-country organizations is the cornerstone of CPB's program. The responsive nature of the program ensures that Canadian organizations are given the opportunity to contribute to Canada's international development effort, in co-operation with their developing-country partners.

Table 3.4: Resources -- Canadian Partnership Program

(thousands of dollars)	Forecast	Main	Post
	Spending	Estimates	Budget
	1999-00	2000-01	2000-01
Program Expenditures	282,721	242,982	261,139
Operating Expenditures	12,160	11,386	11,386
	294,881	254,368	272,525
Human Resources (FTE)	150	145	145

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. The Branch monitors issues and trends in development assistance, such as the link between good social policy and development. It 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. In certain cases -- e.g., environmental assessment -- it 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 co-ordination 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.

CONCRETE EXAMPLES

SWAPS and Gender Equality: CIDA currently chairs the DAC Working Party on Gender Equality which has set up a task force to look at gender equality issues in SWAPs in health, education and agriculture. Case studies will be prepared for several countries to provide conceptual and practical insights on integrating gender equality issues and SWAPs, with a focus on both health and education.

A preliminary paper by the World Bank on agriculture SWAPs concludes that a bilateral donor is required to be the catalyst for adding a gender equality approach to SWAPs and to develop the local capacity in this area. The work of this DAC group should assist Canada and other donor countries to shape the nature of their involvement in this new type of development programming.

CHALLENGES AHEAD

The environment for policy-related work grows more challenging because of a number of trends. Development issues are becoming more complex -- or their complexity is now better recognized. Over the past few decades there has been a growing appreciation of the linkages between what were once seen as unrelated issues -- e.g., environment and the economy. Reflecting these relationships in development programming requires a greater emphasis on policy analysis and multidisciplinary skills.

In addition, because of globalization and interdependence, issues once seen as domestic now have strong international dimensions. More government departments are becoming involved in foreign policy and a broader range of issues are subject to international co-operation. These changes require aid agencies to participate in policy discussions on a broader range of issues.

New approaches to development programming are also placing greater emphasis on policy work and the transfer of knowledge and expertise. These approaches include increasing attention to capacity development, donor co-ordination and policy-oriented programming, particularly in governance. Growing concerns for coherence in government policies affecting Canada's relations with developing countries (e.g., trade, investment, immigration) also call for a more prominent role for policy in international co-operation.

Together, these trends pose a number of challenges for Policy Branch:

- **Strengthening the knowledge base:** There is an increasing need to expand the knowledge base in Policy Branch - both in terms of strengthening its scientific and technical capacity and developing a cadre of policy analysts who are able to bring integrative approaches to complex issues. Strengthening this knowledge base requires appropriate information systems and the access to knowledge-based networks, within CIDA and externally as well.
- **Policy coherence:** As more departments get involved in international co-operation issues, CIDA, through its Policy Branch, must have the capacity to bring a strong development perspective to bear on the Government's response to an increasing array of issues. The Branch needs expertise and knowledge on a wider range of issues. It also needs personnel who can effectively present development perspectives in interdepartmental fora.
- **Knowledge-based programming:** As development programming shifts to new approaches based on broader donor co-ordination, such as the CDFs and SWAPs, there will be a growing emphasis on the role aid agencies can play in policy analysis and dialogue - within given sectors and in broader development processes. In general, there is a trend in development programming towards an increased focus on providing partner countries with knowledge and expertise, in addition to more traditional financial support.
- **Strengthening the strategic planning capacity:** Given the increasingly complex policy environment and the shift to more knowledge-based programming, the strategic planning capacity of Policy branch must be strengthened to provide more consistent and coherent policy and program direction. This will require stronger analytical and policy research capacity to enable the Branch to

better identify emerging issues, integrate cross-cutting issues into Agency programming and provide greater corporate direction to the international co-operation program as a whole.

EXPECTED RESULTS

- **Advice and information:** Development of timely and accurate policy, scientific and technical advice and information on integrative approaches to complex 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.
- **Transfer of knowledge and expertise:** New forms of programming based on principles of strengthened local ownership and enhanced aid co-ordination through policy guidance, knowledge and expertise to developing-country partners.

KEY STRATEGIES

- **Strengthening the knowledge base:** This will be a top priority for the Branch over the next 2-3 years. One important step will be to improve the integration of scientific and technical personnel within the Branch, as well as the Agency more generally, in ways that allow them to contribute more effectively to policy and program development. This may involve as well developing new scientific and technical capacity in areas of growing development concern (e.g., trade). Policy Branch will also strengthen its cadre of analysts to ensure it

has a core of personnel who are able to integrate a range of related policy issues into corporate perspectives and represent the Agency effectively in policy dialogue with other government departments, non-governmental bodies, other donors and developing-country partners. An important result of a strengthened Policy Branch will be improved linkages between Agency policies and programming.

- **Policy outreach with other government departments:** Policy Branch will undertake a concerted effort to contribute more fully to a wider range of cross-government initiatives that have a bearing on international co-operation. Policy Branch will bring a perspective to these initiatives that reflects Canada's growing stake in the developing world and in international development.
- **Supporting knowledge-based approaches to development:** Together with program branches, Policy Branch will explore new forms of programming based on the principles of local ownership, strengthened development partnerships and improved aid co-ordination - for example, through CDFs and SWAPs. The emphasis in these new approaches will be on providing policy guidance, knowledge and expertise to developing-country partners. Capacity development -- particularly in the areas of

trade, the environment and governance -- will also be an important element of these knowledge-based approaches. In addition, Policy Branch will lead an evaluation of current country programming with a view to ensuring aid funds are allocated in ways that maximize their impact on poverty and reflect conditions within individual countries.

- **Improving CIDA's strategic planning capacity:** Based on a strengthened cadre of policy analysts, Policy Branch will increase its support for policy research and analysis on key issues affecting the international co-operation program. This will include in-depth analysis of the program today -- for example, its range of country programs and program instruments -- as well as the identification and analysis of emerging issues that will have a growing impact on international co-operation. Within the Agency, Policy Branch will strengthen its role within the strategic planning process, including in its relations with program branches, to ensure more consistent and coherent corporate direction for the Agency. Taken together, the objective of these strategies is a strengthened Policy Branch that is better able to exercise leadership within CIDA and also better placed to contribute to the government's broader agenda on issues related to international co-operation.

Table 3.5: Resources -- Policy

(thousands of dollars)	Forecast Spending 1999-00	Main Estimates 2000-01	Post Budget 2000-01
Operating Expenditures	8,750	8,457	8,457
	8,750	8,457	8,457
Human Resources (FTE)	89	83	83

COMMUNICATIONS

OBJECTIVE

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

PUTTING IT IN CONTEXT

The communications function supports the achievement of Agency-wide objectives in two ways. First, given the recognition that CIDA cannot conduct the work of development co-operation by itself, communications plays a key role in the building of partnerships. Second, through its communications programs and activities, the Agency satisfies Canadians' desire to know the nature and results of international development initiatives undertaken by the government in their name and with their tax dollars. Strengthening partnerships and demonstrating results -- two key priorities of the Communications Branch -- are identified in *Canada in the World*, the government foreign policy statement, as two ways of meeting Canada's international assistance objectives and priorities.

While all Branches within CIDA share the responsibility of communicating with partners and Canadians in general, Communications Branch plays a leadership role. Over the years, the Branch has implemented a number of programs to reach out to the media, elected officials, opinion leaders, decision makers, youth as well as other Canadians in all regions of the country. Over the past year, under the leadership of Communications and Canadian Partnership Branches, the Agency has adopted a public engagement strategy. This strategy will guide CIDA's efforts to encourage more Canadians to get involved in development. Implementation of this strategy will increase collaboration with domestic development partners engaged in communications and education activities and lead to a more synergistic public engagement approach which will optimize resource allocations and maximize results.

The Development Information Program is the only program in the Communications Branch which administers ODA funds. The other programs and activities are funded through the Branch's operational and maintenance budget.

CONCRETE EXAMPLES

Health, education, women and children: In the coming years, Communications Branch will further highlight CIDA's work in health, HIV/AIDS and education and on behalf of women and children. In its latest call for proposals, the Development Information Program requested innovative communications projects on children's health and basic education for girls.

Public engagement: As a first step towards the implementation of the Agency's Public Engagement Strategy, Communications Branch supports a research project undertaken by the Canadian Teachers' Federation to identify barriers to informing and engaging young Canadians through activities in their schools. The study will also identify current practices and available opportunities in development education within the school system. Once completed, the research findings will help CIDA and its partners identify the most promising approaches to reach and engage young Canadians. The research will also be helpful in implementing a new component of the Development Information Program called the *Global Classroom Initiative* that will support the research, development and production of in-class materials to increase knowledge and understanding of international development issues among students and teachers in Canada.

CHALLENGES AHEAD

CIDA's communications and engagement activities face a number of challenges. These include the broad range and changing interests and attitudes of Canadians. The complexity of development work, felt first and foremost in developing countries, adds to the challenge of explaining CIDA's work and the importance of it for Canada's own prosperity and security in terms that are both simple and relevant to Canadians. There are also many opportunities, including that of bringing together various resources within the Agency, the diversity and communications expertise of development partners and new, effective communications technologies.

In the pursuit of its objectives, the Communications Branch has set the following objectives:

- Increasing in-depth media coverage of development issues, particularly by regional and local media, in terms of progress made in developing countries rather than just from the point of view of problems and crises;
- In collaboration with partners, finding new and effective ways of reaching young Canadians.
- Continuing to demonstrate that actions supported by CIDA thousands of miles away are effectively contributing to global security and prosperity.
- Increasing opportunities for Canadians to demonstrate their support for development activities.
- Creating effective and innovative ways to complement partners' efforts and work with an increasingly greater number of new partners.

EXPECTED RESULTS

- Awareness and understanding of development and co-operation issues:** An increase in the number of individuals from selected target audiences who understand the linkages between poverty in the world, the future of the planet and Canada's own prosperity and security.
- Support for Canada's development assistance program:** A significant improvement in the level and extent of support demonstrated by key audiences for Canada's development assistance program.

Working with the media:

Communications Branch will implement two new initiatives to increase coverage of international development issues by Canadian media. Through an awards program with the Canadian Community Newspapers Association, community newspapers will be encouraged to write and publish in-depth development stories. In addition, the Development Information Program will add a component to increase knowledge of international development issues among journalists. In addition, funding for innovative projects will be available to journalists through the Development Information Program.

Speakers Program: Communications Branch will expand the Speakers Program, which has been successful in enabling CIDA officials to hold dialogue with thousands of Canadians representing more than 600 organizations across Canada. Youth interns will be recruited to share their international co-operation experience with other young Canadians and an *Influential Speakers Series* will expose senior federal government executives to development issues.

Our millennium: The *Our Millennium* program is a nation-wide initiative of the Community Foundations of Canada and its numerous partners. The program uses the occasion of the new millennium for extensive public engagement. It invites Canadians to mark the passing of the millennium by giving meaningful and lasting gifts to their communities.

- 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 co-operation program.
- "Ambassadors" on development and co-operation issues:** An increase in the 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.

KEY STRATEGIES

- Knowledge base:** Provide information, advice and support to the Minister, the President and CIDA branches in the areas of communications and public engagement. This support is provided in the form of strategic advice, media relations and analysis, speech writing, events planning and organization, printed and audio-visual materials and communications research.
- Support ongoing and emerging priorities:** To communicate CIDA's work to Canadians, core messages are designed to demonstrate the direct benefits of the aid program on recipients and are supported by concrete examples of CIDA in action in relation to the six CIDA priorities. Increasingly, the Branch will highlight Agency activities under the emerging areas of emphasis -- health and nutrition, basic education, HIV/AIDS and child protection.
- Outreach:** Outreach programs such as the *Speakers Program*, the *Regional Events Program* and *Partners in Communication* enable CIDA officials, parliamentarians and partners to inform and discuss the benefits of the aid program with Canadians in all regions of the country. Events such as *International Development Week* and the *Our Millennium Campaign* provide additional opportunities for CIDA and its partners to raise awareness of development

As a partner in *Our Millennium*, CIDA has sponsored the creation of a global citizenship theme within the campaign that will educate and inspire Canadians about their role in the global community and encourage them to give gifts that will help make a difference for people in the developing world.

The program involves an extensive community mobilization network of over 100 local co-ordinating groups in every region of the country and a sustained advertising and public relations campaign using a six-pronged strategy:

1. distribution of the "Catalogue of Possibilities" (gift ideas);
2. television, radio and print ads;
3. public service announcements;
4. public relations;
5. web site; and
6. special events.

The goal is to engage as many as three million Canadians (10% of the population) during the year 2000.

issues and to encourage Canadians to take an active part in international development. Through its internet site, the Agency welcomes more than 25,000 visitors a month with current information on its development programs and activities.

- **Partnership:** Through the *Development Information Program (DIP)*, Communications Branch works in partnership with non-governmental and private-sector organizations to promote awareness and understanding of international development issues. The Program reaches millions of Canadians every year with innovative print, television and radio initiatives that highlight Canada's role and the unique contributions Canadians make in developing countries and countries in transition. For example, in April-May 2000, CTV and TVA viewers will be exposed to the devastating impact of AIDS in Africa through a documentary on the life of Lucille Teasdale, the Canadian doctor who died of AIDS after dedicating her life to the people of Uganda.
- **Public engagement:** To implement the Agency's Public Engagement Strategy, CIDA and its partners will work together to find ways to improve information sharing, to identify the best approaches to reach and engage Canadians, particularly youth, and to measure results.

Table 3.6: Resources -- Communications

(thousands of dollars)	Forecast	Main	Post
	Spending	Estimates	Budget
	1999-00	2000-01	2000-01
Program Expenditures	4,871	4,614	4,981
Operating Expenditures	7,078	6,670	6,670
	11,949	11,284	11,651
Human Resources (FTE)	36	38	38

CORPORATE SERVICES

OBJECTIVE

To ensure that CIDA 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 covers the work of the Agency Executive, the Human Resources and Corporate Services Branch and the Performance Review 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.

HUMAN RESOURCES AND CORPORATE SERVICES

The Human Resources and Corporate Services Branch (HRCS) 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 management and technology, and legal services. HRCS takes a leadership role in developing and facilitating Agency adoption of best practices in these areas. The Branch also provides services directly to employees mainly in the areas of career management, counselling, compensation and benefits, workplace health and safety, and redress mechanisms.

Recently the Branch received a new mandate to promote corporate knowledge and facilitate change management. The Branch is now responsible for developing and implementing concrete strategies to help CIDA become more of a learning organization. HRCS will promote the active sharing of knowledge around the globe about project contents and results, administrative requirements, lessons learned and best practices within CIDA and with the Agency's partners around the globe. HRCS will also develop strategies to take a more proactive approach to help employees deal with the changes facing the organization.

A second new mandate is to participate in a joint initiative with Policy Branch to develop and implement a Strategic Management Framework. This initiative will provide a strategic framework and governance structure for the optimal management of CIDA resources.

PERFORMANCE REVIEW

In support of CIDA's six priorities, the Agency's Performance Review system emphasizes the responsibility of CIDA managers at all levels for demonstrating development results and acting on performance information. A productive alliance between managers and review professionals links review activities to learning, management decision-making, accountability and external reporting practices. The Performance Review Branch (PRB) is responsible for conducting evaluations, internal audits and special investigations. PRB also provides functional leadership in results-based management.

Assessing aid effectiveness is a key element of CIDA's transformation into a more results-oriented, transparent and accountable organization. Lessons learned from assessment activities become part of the Agency's knowledge base and lead to improved performance. Assessing aid effectiveness is also an integral part of the management process that links a range of activities from corporate planning to reporting. Assessments enable managers to better exercise their accountabilities by offering them tools to help them achieve expected results.

Evaluations are carried out with the active involvement of appropriate CIDA managers and staff. Emphasis is placed on methodological rigor in order to ensure the credibility and utility of evaluation findings. Internal audits are conducted to provide assurance on the management framework and focus on its various elements: systems, procedures and management practices used by CIDA managers to achieve established objectives and results, as well as controls that give managers reasonable assurance that expected results will be achieved and that due prudence and probity are being exercised with public funds. Results-based management is being developed by means of a participatory approach involving an Agency-wide practitioner network. This approach ensures "buy-in" by CIDA managers and the development of management tools which meet program requirements.

CONCRETE EXAMPLES

The **Phoenix Project** involves a total renewal of CIDA's information systems and has an impact on each and every CIDA employee and on the way the Agency does business. Wave 1 of Agency Information System/Systems, Application and Products (AIS/SAP) was completed on schedule in June 1999. The next stage of the implementation will include: system stabilization, refinement and enhanced reporting; project management enhancements, basic results-based management, additional legacy systems replacement and preparation for roll-out in the upcoming year of a new Human Resources System using the SAP software; and planning for the establishment of a foundation for information management.

Change management will focus on continued training, best practices standards development, as well as continued communications and briefings to specific communities within the Agency. The impact of changes in roles and responsibilities and work descriptions as a result of the new systems implementation will need to be reviewed in light of the implementation of the new Universal Classification Standard.

CIDA has taken steps to continue increasing effectiveness, efficiency, transparency and simplicity in **contract management** at the program and corporate levels. The production of contracting tools to support the implementation of managing for results has already commenced. During the upcoming year, a guideline and a template on how to prepare both terms of references and requests for proposals (RFPs) based on CIDA's RBM principles will be developed and implemented.

CHALLENGES AHEAD

HUMAN RESOURCES AND CORPORATE SERVICES

- Managing in the aftermath of the Universal Classification Standard (UCS) exercise, having regard to uncertainties about expected changes in the responsibility structure within work units; and managing potential morale problems relating to reclassification.
- Implementing the Action Plan to improve the representation of women, visible minorities, Native Canadians and persons with disabilities within CIDA.
- Undertaking a major effort, within the Phoenix project, to develop and implement a new information system related to human resources management.

PERFORMANCE REVIEW

- The inherent difficulties of measuring and assessing the impact of development activity on the economic, social and political circumstances of developing countries because of the wide scope of development co-operation undertaken by CIDA; the fact that there is no one, definitive way of pursuing development; and the risks associated with the experimental nature of some of CIDA's activities which means that a number of activities may fall short of meeting desired results, while others may exceed expectations.
- The fact that in some cases, such as projects of a physical nature, results are easily quantified while in other cases, such as human capacity building, results are more qualitative and long-term in nature. Nevertheless, it is essential to have a sound information base which enables the Agency to assess aid effectiveness, that is, the degree to which its programs achieve the desired development results, and how efficiently programs are delivered.

EXPECTED RESULTS

Human Resources and Corporate Services

- Processes:** Standardization of documents related to contractual processes. Contracting for results to tie into CIDA's progress in results-based management. New approach in calculating overhead costs.
- Human resources:** Implementation of the Action Plan to improve the representation in CIDA of women, visible minorities, Native Canadians and persons with disabilities. Continued preparation for the realities of an aging workforce by further recruitment and training of entry-level development officers.
- Information management and technology:** (See "Concrete Examples.") Implementation of the new federal government Financial Information System (FIS) scheduled for 2000-2001. Meeting reporting requirements to both external and internal users, including requests from Ministers and Members of Parliament for information on contracts.

Performance Review

- Increased identification of lessons learned and improvement in the dissemination of such lessons and their adoption by Agency staff into CIDA-funded operations.
- Improved external reporting on the performance of CIDA's operations and easier, more user-friendly access to lessons learned.
- Greater consensus on, and harmonization of, RBM techniques used by CIDA staff, partners, executing agencies and beneficiaries with a view to increased awareness, knowledge and ability to utilize RBM approaches and tools in planning and implementing projects more efficiently and effectively.

KEY STRATEGIES

Human Resources and Corporate Services

- Continued emphasis on the simplification of work processes.
- Conducting the Agency's human resources management in accordance with the principles and objectives of its 2000-2003 Human Resources Strategy.
- Contributing** to CIDA's visibility, representing the Agency's interests and pursuing partnerships with other government departments, NGOs and the private sector.
- Improving the Agency's "normative environment" (guidelines, policies, practices) pertaining to activities, programs and products delivered by corporate services sectors.
- Helping the Agency to progress in the management of its information and optimize the utilization of technology to facilitate the work to be done by employees and thus provide better support to management.
- Continuing to provide quality services to CIDA clientele and to supply instruments/tools which facilitate/support the work to be achieved and enhance the work environment.

Performance Review

- The generation of strategic knowledge through internal audits, evaluation activities, methodological support to branches on performance measurement and the development/implementation of RBM and performance frameworks.

- At the corporate and strategic levels, reviewing Agency activities related to poverty reduction and to each of the six priorities. With regards to the new emphasis on health and nutrition, basic education, child protection and HIV/AIDS, distilling lessons learned from CIDA's operations and from the experience of the donor community. In response to the need for enhanced corporate governance of the Agency, focusing internal audits on strategic coherence, information management, institutional learning and management issues.
- At the program level, synthesizing lessons learned from donor experiences in results-based country and institutional programs.
- Undertaking pilot cases of audit and evaluation of country programs and continuing to support program branches in the conduct of institutional evaluations of Canadian partners and international organizations.
- At the activity/project levels, support to other branches for the conduct of audits, special investigations, evaluations and performance reviews either directly or by giving advice. Providing functional leadership for the development and implementation of RBM. Actively engaging in knowledge networks to make available, in a timely fashion, information on the performance of the Agency's policies, programs, projects, operations and systems.

Table 3.7: Resources -- Corporate Services

(thousands of dollars)	Forecast Spending 1999-00	Main Estimates 2000-01	Post Budget 2000-01
Operating Expenditures:			
- Agency Executive	5,003	4,135	4,135
- Performance Review	2,095	2,004	2,004
- Human Resources and Corporate Services	28,569	30,142	30,142
	35,667	36,281	36,281
Capital Expenditures	20,500		
	56,167	36,281	36,281
Human Resources (FTE)	293	298	298

SECTION IV: HORIZONTAL INITIATIVES

CIDA's Sustainable Development Strategy

Sustainable development does not define a particular path for development, but focuses on what would enhance the quality of life. It requires the capacity to adapt to changing conditions, the flexibility to work with uncertainty, and with differences in local conditions and in public expectations shaped by culture, values and experience. It is participatory, ensuring that local communities and individuals have substantive input into designing and implementing development programs -- only when local people have a sense of ownership and personal investment in their own development will they have a stake in ensuring its long-term sustainability.

Our Commitment to Sustainable Development,
CIDA, September 1997

CIDA will shortly undertake the updating of its first Sustainable Development Strategy, *Our Commitment to Sustainable Development*. The Agency's second Strategy will be tabled in Parliament by December 2000. CIDA's business is sustainable development through poverty reduction. The Agency is committed to producing a Strategy which will strengthen the critical role which Canada's development co-operation program plays in addressing many of the key horizontal issues that now head the global security agenda. These include trade, environment and development, multilateral environmental agreements and capacity-building.

CIDA will be guided by what it has learned in the implementation of the original Strategy, and by the Expectations Report of the Commissioner of the Environment and Sustainable Development, *Moving Up the Learning Curve: The Second Generation of Sustainable Development Strategies*. The Agency will:

- assess its first Strategy, identifying what has been achieved, what has changed and what needs to be done differently;
- enhance the planning nature of the Strategy, to make it a strategic, forward-looking document; and
- identify an Agency management body to oversee the development and implementation of the Strategy.

The Agency will build on its understanding of how environmental, economic, political, social and cultural systems interact. This understanding helps ensure that Canada's development co-operation program continues to address root development problems - through policy and program proposals, by influencing and supporting policies and institutions that promote sustainable development, and by fostering increased awareness among CIDA's partners about the conditions necessary for sustainable development.

CIDA looks to its next Strategy as an opportunity to further strengthen CIDA's capacity for integrated decision-making, supported by a management framework which builds complementarity between the Agency's planning and reporting processes.

The Agency will seek to set achievable sustainable development goals for the next three years, quantitatively and qualitatively measurable. The selection of workable and credible performance indicators to measure progress remains a challenge. The Agency's work will be informed by the activities of the Development Assistance Committee (DAC) on qualitative indicators for measuring progress on international development goals.

CIDA will work closely with its stakeholders to find creative and effective means to advance sustainable development through poverty reduction. From its international partners, CIDA will learn lessons in sustainable development many of which will be of value to Canadians.

SECTION V: FINANCIAL INFORMATION

Table 5.1: Capital Spending

(thousands of dollars)	Current	Forecast	Planned	Post	Future Year
	Estimated	Spending	Spending	Budget	Spending
	Total Cost	1999-00	2000-01	2000-01	Requirements
Corporate Services					
- Implementation of New Information Systems (S-EPA)	38,600	20,500	—	—	

Definitions Applicable to Table 5.1

Substantive Estimate (S): This estimate is one of sufficiently high quality and reliability 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.

Table 5.2a: 2000-01 Summary of Transfer Payments

(thousands of dollars)	Geographic	Countries	Multilateral	Canadian	Com m uni-	Post Budget
	Program s	in Transition	Program s	Partnership	cations	2000-01
Grants						
Food Aid			99,100			99,100
International Humanitarian Assistance			101,361			101,361
United Nations & Commonwealth Programs	8,745		115,425			124,170
Voluntary Sector Support and Special Projects				77,102		77,102
Scholarships				8,288		8,288
Countries in Transition		250				250
Total Grants	8,745	250	315,886	85,390		410,271
Contributions						
Geographic Programs	673,422					673,422
Food Aid			108,343			108,343
International Humanitarian Assistance			100			100
International Financial Institutions			1,400			1,400
Voluntary Sector Support and Special Projects				115,653		115,653
Industrial Cooperation				60,096		60,096
Countries in Transition		163,173				163,173
Development Information Program					4,981	4,981
Total Contributions	673,422	163,173	109,843	175,749	4,981	1,127,168
Other Transfer Payments						
International Financial Institutions (notes encasement)			317,600			317,600
Total Other Transfer Payments			317,600			317,600
Total	682,167	163,423	743,329	261,139	4,981	1,855,039

Grants and Contributions and Other Transfer Payments

CIDA grants, contributions and other transfer payments of \$1,871.8 million, including non-budgetary expenditures, account for 93.2% of CIDA's program expenditures. Further information is given below.

Figure 5.2b: Details of Transfer Payments

(thousands of dollars)	1999-00 Forecast Spending	2000-01 Main Estimates	2000-01 Post Budget
<u>Grants</u>			
Grants for co-operation with countries in transition in Central and Eastern Europe and the former Soviet Union	0	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	88,043	117,035	124,170
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	72,430	92,322	99,100
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	120,932	96,632	101,361
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 co-operation 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	62,963	71,611	77,102
Development assistance as education and training for individuals and for special program and project expenses directly related thereto	8,638	8,288	8,288
Y2K International Initiatives	2,000		
Total Grants	355,006	386,138	410,271

Figure 5.2b: Details of Transfer Payments (cont'd)

(thousands of dollars)	1999-00 Forecast Spending	2000-01 Main Estimates	2000-01 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	655,358	615,555	673,422
Contributions for co-operation with countries in transition in Central and Eastern Europe and the former Soviet Union	111,217	156,537	163,173
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	890	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	36,056	100	100
Contribution to the Inter-American Development Bank	1,800	1,300	1,300
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	81,786	93,281	108,243
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	7,356	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 co-operation 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	157,125	107,416	115,653
Incentives to Canadian, international and developing-country private investors, institutions, organizations, and governments in support of industrial co-operation programs, projects and activities as well as special program and project expenses directly related thereto	50,237	55,667	60,096

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

Figure 5.2b: Details of Transfer Payments (cont'd)

(thousands of dollars)	1999-00 Forecast Spending	2000-01 Main Estimates	2000-01 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	4,271	4,614	4,981
Total Contributions	1,106,096	1,034,670	1,127,168
<u>Other Transfer Payments (1)</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>	539,735	317,600	317,600
Total Other Transfer Payments	539,735	317,600	317,600
<u>Items Not Required</u>			
Grant to the International Centre for Human Rights and Democratic Development	4,359	0	0
Total Items Not Required	4,359	0	0
Total	2,005,196	1,738,408	1,855,039

(1) Other Transfer Payments exclude non-budgetary expenditures of \$16.7 million for 2000-2001.

Table 5.3: Net Cost of Program for Estimate Year

The total CIDA program cost including \$15.0 million for services provided without charge by other departments are shown in the table below.

(thousands of dollars)	Main Estimates 2000-01	Post Budget 2000-01
Geographic Programs	668,280	726,147
Multilateral Programs	731,871	765,475
Canadian Partnership	254,368	272,525
Countries in Transition	165,123	171,759
Communications	11,284	11,651
Policy	8,457	8,457
Corporate Services	36,281	36,281
Main Estimates	1,875,664	1,992,295
Services provided without charge by other departments		
Operating Expenditures:		
- Accommodation - Public Works and Government Services Canada	6,111	6,111
- Employee benefits covering the employer's share of insurance premium and costs - Treasury Board Secretariat	4,040	4,040
- Legal services - Department of Justice	330	330
- Employee compensation payment - Human Resources, Development Canada	60	60
	<u>10,541</u>	<u>10,541</u>
Additional Expenditures:		
- Imputed interest on advance payments - Department of Finance (1)	4,500	4,500
	<u>15,041</u>	<u>15,041</u>
Total estimated program cost	1,890,705	2,007,336

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

Table 5.4: Loans, Investment and Advances

(in millions of dollars)	Forecast Spending 1999-00	Main Estimates 2000-01	Post Budget 2000-01
Payments to International Financial Institutions			
- Capital Subscriptions (L40) - Asian Development Bank	3,362	—	—

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 Table 2.1 (page 5) of this *Report on Plans and Priorities*, information is presented on the basis of planned note **issuance**. Table 5.5, below, illustrates the difference between the two accounting methods.

Table 5.5: Reconciliation of the International Assistance Envelope -- Cash Basis to Issuance Basis

(thousands of dollars)	Issuance Basis 2000-01	Cash Basis 2000-01	Variance
GROSS INTERNATIONAL ASSISTANCE ENVELOPE	2,266,150	2,266,150	
CANADIAN INTERNATIONAL DEVELOPMENT AGENCY			
AID PROGRAM			
Geographic Programs	672,167	672,167	
Partnership Programs	261,139	261,139	
Multilateral Programs	392,439	392,439	
- International Financial Institutions	136,000	317,600	181,600
Communications	4,981	4,981	
Special Funds	116,690	116,690	
ADMINISTRATION	112,185	112,185	
CIDA - Official Development Assistance (ODA)	1,695,601	1,877,201	181,600
PLUS OTHER OFFICIAL ASSISTANCE			
- Countries in Transition - Program	90,023	90,023	
- Countries in Transition - Administration	8,336	8,336	
CIDA Official Assistance (OA)	98,359	98,359	
TOTAL CIDA (ODA and OA)	1,793,960	1,975,560	181,600
OTHER DEPARTMENTS AND AGENCIES			
AID PROGRAM			
Department of Finance:			
- International Development Association	202,334	365,726	163,392
Other Government Departments	269,856	269,856	
TOTAL OTHER DEPARTMENTS AND AGENCIES (ODA & OA)	472,190	635,582	163,392
TOTAL	2,266,150	2,611,142	344,992

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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INDEX

Africa and the Middle East	19, 22, 25
Agency Executive	51
Americas	19, 21, 24, 25, 26
Asia	19, 20, 21, 23, 25, 26
Basic Human Needs	vi, 9, 10, 24, 25, 39, 40
Canadian Partnership	i, ii, vii, 30, 39, 47
Central and Eastern Europe (CEE)	ii, iv, vi, 1, 2, 27, 30, 59, 60
Children	iv, vi, 12, 16, 17, 20, 24, 25, 30, 35, 40, 48
Communications	i, vii, 22, 41, 47, 48, 49, 50, 61, 64
Comprehensive Development Framework (CDFs)	ii, vi, vii, 13, 17, 22, 25, 35, 45, 46
Corporate Services	i, ii, vii, 51, 53, 54, 55
Countries in Transition	i, ii, vi, vii, 2, 7, 9, 11, 12, 17, 27, 28, 29, 30, 31, 50, 59, 60
Development Information Program (DIP)	ii, 47, 48, 49, 50, 61
Education	iv, vi, vii, 9, 10, 11, 12, 15, 16, 18, 20, 22, 23, 24, 25, 29, 30, 36, 40, 44, 47, 48, 49, 55, 60, 61
Environment	vi, 2, 9, 10, 11, 12, 13, 14, 17, 19, 23, 25, 29, 30, 33, 39, 41, 44, 45, 46, 57
Finance, Department of	vi, 2, 36
Food Aid	33, 35, 36
Foreign Affairs and International Trade, Department of (DFAIT)	ii, vi, 1, 2, 8, 8, 36
Gender Equality	vi, 9, 10, 15, 23, 25, 39, 40, 44
Geographic Programs	i, vii, 19, 25, 26
Grants and Contributions	2, 8, 59, 62
Health	iv, vi, vii, 9, 10, 11, 12, 13, 15, 16, 17, 18, 20, 22, 23, 24, 25, 29, 30, 35, 36, 40, 41, 44, 48, 49, 51, 55
HIV/AIDS	iv, vi, vii, 11, 12, 16, 18, 20, 22, 23, 24, 25, 28, 30, 35, 40, 41, 44, 49, 55
Human Rights, Democracy, Good Governance	ii, vi, 9, 10, 39, 40
Infrastructure Services	vi, 9, 10, 39, 40
International Assistance Envelope (IAE)	i, ii, vi, 2, 3, 5, 6, 8, 43, 45, 63
International Financial Institutions (IFIs)	ii, 8, 33, 59, 60, 61, 63
Landmines	6
Millennium	11, 14, 18, 46, 49
Multilateral Development Institutions (MDIs)	12, 33
Multilateral Programs	i, vii, 33, 35, 37
Non-governmental organizations (NGOs)	ii, v, 9, 27, 40, 59, 60
Nuclear Safety	11, 27, 29

Official Development Assistance (ODA)	iii, vi, vii, 9, 14, 19, 25, 39, 43, 47, 62
Organization for Economic Co-operation and Development (OECD)	iii, 14, 43
Performance Review	iii, 51, 52, 53, 54, 55
Policy	i, vi, vii, 9, 12, 13, 14, 15, 19, 35, 36, 40, 41, 43, 44, 45, 46, 47, 51, 57
Poverty Reduction	iii, vii, 15, 19, 20, 21, 25, 33, 34, 36, 39, 41, 55, 57, 62
Private-Sector Development	vi, 9, 10, 25, 39, 40, 41
Results-Based Management (RBM)	iii,vi, 36, 52, 53, 54
Sector Wide Approaches (SWAPs)	vi, 17, 25, 44, 45, 46
Shaping the 21st Century	vi, 13, 33, 35
Sustainable Development	v, vii, 9, 10, 12, 19, 23, 25, 33, 34, 36, 39, 41, 57
United Nations	iii, 33
Youth	30, 39, 47, 49, 50