Canadian International Development Agency

Departmental Performance Report 2005

For the period ending
March 31, 2005

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Minister of International Cooperation

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Acronyms and Abbreviations

ADB ....African Development Bank
AIDS...................Acquired Immune Deficiency Syndrome
AU… ....African Union
BRAC ....Bangladesh Rural Advancement Committee
CAREC..............Caribbean Epidemiology Centre
CCCDF..............Canadian Climate Change Development Fund
CDPF..................Country Development Programming Frameworks
CEAA ....Canadian Environmental Assessment Act
CEE ....Central and Eastern Europe
CESD..................Commissioner of the Environment and Sustainable Development
CESO..................Canadian Executive Service Organization
CFA ....Canada Fund for Africa
CGIAR ....Consultative Group on International Agricultural Research
CIDA ....Canadian International Development Agency
CIFA..................Canada Investment Fund for Africa
CPAG ....Corporate Planning and Analysis Group
DAC ....Development Assistance Committee, OECD
DART.................Disaster Assistance Response Team
DPR ....Departmental Performance Report
EFA ....Education for All
ESDP ....Environment and Sustainable Development Program
EU......................European Union
FTE....................Full Time Equivalent
GAVI ....Global Alliance for Vaccines and Immunization
GDP...................gross national product
GEF ....Global Environment Facility
GFATM..............Global Fund to Fight AIDS, Tuberculosis and Malaria
GHD ....Good Humanitarian Donorship
GOL ....Government On-Line
GPEI..................Global Polio Eradication Initiative
HIV....................Human Immunodeficiency Virus
HRM..................human resources management
IAE ....International Assistance Envelope
ICT ....information and communications technology
IDRC ....International Development Research Centre
IFAD..................International Fund for Agricultural Development
IFI......................international financial institution
IM/IT ....information management and information technology
IMF....................International Monetary Fund
IPS ....International Policy Statement
KAR ....Key Agency Result
KMI ....Knowledge Management Initiative
LDC…………..…Least Developed Countries
MDGs ....Millennium Development Goals
MRRS................Management, Resources and Results Structure
NEPAD..............New Partnership for Africa's Development
NGO ....non-governmental organization
NPF....................NGO Project Facility
OA ....official assistance
OAG ....Office of the Auditor General of Canada
OAS...................Organization of American States
ODA ....official development assistance

ODACE ....Official Development Assistance for Central Europe
OECD ....Organisation for Economic Co-operation and Development
OHCHR ....Office of the United Nations High Commissioner for Human Rights
OSCE..................Organisation for Security and Co-operation in Europe
PAA ....Program Activity Architecture
PAHO ....Pan-American Health Organization
PBA ....program-based approach
PRAS ....Planning, Reporting and Accountability Structure
PRSP..................Poverty Reduction Strategy Paper
RBAF ....Risk-Based Audit Framework
RBM ....Results-Based Management
RCMP….............Royal Canadian Mounted Police
RFP....................Request for Proposals
RMAF................Results-Based Management and Accountability Framework
RPP....................Report on Plans and Priorities
SADC ....Southern African Development Community
SARS.................Severe Acute Respiratory Syndrome
SDPs ....Social Development Priorities
SDS....................Sustainable Development Strategy
SEA ....Strategic Environmental Assessment
SME...................small and medium-sized enterprises
SWAp ....sector-wide approach
TBS....................Treasury Board of Canada Secretariat
UN ....United Nations
UNAIDS.............Joint United Nations Programme on HIV/AIDS
UNDG ....United Nations Development Group
UNDP................United Nations Development Programme
UNEP ....United Nations Environment Programme
UNESCO............United Nations Educational, Scientific and Cultural Organization
UNFPA..............United Nations Population Fund
UNHCR ....United Nations High Commissioner for Refugees
UNICEF ....United Nations Children's Fund
UNRWA.............United Nations Relief and Works Agency for Palestine Refugees in the Near East
VCA ....volunteer cooperation agency
VCP ....Volunteer Cooperation Program
WFP...................World Food Programme
WHO ....World Health Organization
WTO..................World Trade Organization

Section I: Overview

1.1 Minister's Message

Five years ago, world leaders agreed on a vision for sustainable development: a vision of peace, prosperity, justice, human dignity and equality. Expressed in the United Nations (UN) Millennium Declaration, this vision remains at the core of the Canadian International Development Agency's (CIDA) work.

Together with developing countries, other donors, international organizations and non-governmental partners, CIDA has continued to focus its efforts on the Millennium Development Goals (MDGs), a set of time-bound targets for reducing poverty. The UN 2005 World Summit provided the opportunity for the global community to assess how far we have come, and how far we have yet to go, in reaching these goals.

In 2004–2005, CIDA made significant progress, both with regard to implementing Canada's aid program and also in charting a new course for Canadian development cooperation.

During the fiscal year, the Agency participated in a comprehensive review of Canada's international policy, which culminated in the release of the International Policy Statement (IPS) in April 2005. Among other things, the policy outlines a "whole of government" approach to international cooperation with a more focused approach to our programming across all delivery channels, based on addressing the MDGs. Under the IPS, CIDA will focus on a core group of Development Partner countries for long-term poverty reduction programming and concentrate programming within five sectors of focus—health (with a focus on HIV/AIDS), basic education, governance, private sector development and environmental sustainability, with attention to gender equality integrated explicitly and systematically throughout—to ensure that the engagement of Canada and Canadians in the fight against global poverty is as effective as possible.

CIDA's programming in 2004–2005 was characterized by strong performance in many areas. The Agency fulfilled its five-year commitment to double its investments in the Social Development Priorities (health and nutrition, child protection, education and HIV/AIDS). It also took further significant steps to strengthen the way it integrates and monitors environmental sustainability and gender equality into its development programming.

This past year, Canadians witnessed humanitarian disaster and conflict in many parts of the world including Sudan, Haiti, Afghanistan and Iraq. Assistance from CIDA helped respond to immediate humanitarian needs and recovery efforts by delivering Canadian financial and material aid, including food and non-food assistance, on the ground. I am particularly proud of the Agency's response to the Indian Ocean tsunami, which saw CIDA work together with Canadians from coast to coast and with the entire international

community to help bring assistance and relief to millions of devastated people and communities, and to begin the process of rebuilding.

Effective development depends on good partnerships—with international organizations, other donors, developing country partners and Canadian organizations. In 2004–2005, CIDA placed continuing emphasis on the principles of aid effectiveness, making important headway on new programming approaches and increased harmonization of efforts with others in the development community. For example, CIDA continued to provide leadership in the donor community on the Good Humanitarian Donorship initiative, at the heart of which is the promotion of more timely, flexible and equitable responses to disasters and conflicts. We will continue to work with other governments, the UN and the broader humanitarian community to strengthen the effectiveness of the international humanitarian response system.

CIDA also continued to reach out and engage Canadians. One major accomplishment in this area was the official launch of Canada Corps, an initiative that will help CIDA to engage and mobilize Canadians to support governance in developing countries. Canada Corps' first electoral observation mission, in support of the Ukrainian Presidential election in December 2004, was a major success. Since then, it has set up new initiatives aimed at strengthening CIDA's partnership with Canadian voluntary and private sector organizations. This includes $8.5 million in support for a new Canada Corps Project Fund. The Fund will support innovative governance projects that deploy Canadian experts and youth to developing countries.

We made significant progress during the fiscal year in the modernization and strengthening of CIDA's internal systems and processes in such areas as human resources, financial, performance and information management—all of which will contribute toward a truly world class development cooperation program.

This Departmental Performance Report highlights CIDA's work in 2004–2005 and includes, for the second year, a "report card" on how well we met the commitments expressed in our 2004–2005 Report on Plans and Priorities. This performance would not have been possible without the dedication, in exceptionally challenging circumstances, of CIDA's staff in Canada and in the field, and the support of all our partners.

Canadians understand that our security and prosperity are linked to the rest of the world in an increasingly interdependent global community. An effective aid program reflects our generosity and helps to improve the lives of those in the developing world. I invite all Canadians to read this report. I am confident that in doing so, you will find in it many reasons to be proud of Canada's contribution to poverty reduction and sustainable development worldwide.

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The Honourable M. Aileen Carroll, P.C., M.P.
Minister of International Cooperation

1.2 Management Representation Statement

I submit for tabling in Parliament, the 2004–2005 Departmental Performance Report (DPR) for the Canadian International Development Agency.

This document has been prepared based on the reporting principles contained in the Treasury Board of Canada Secretariat's *Guide for the Preparation of 2004–2005 Departmental Performance Reports*:

- It adheres to the specific reporting requirements;
- It uses an approved Business Lines structure;
- It presents consistent, comprehensive, balanced, and accurate information;
- It provides a basis of accountability for the results pursued or achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

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Robert Greenhill
President, Canadian International Development Agency
September 19, 2005

1.3   Executive Summary

In 2004–2005, the global development picture was one of both hope and continuing challenges. Over the past 50 years, life expectancy has risen, food production and consumption have increased, and adult literacy has improved. Between 1990 and 2002, the number of people living in extreme poverty declined by 130 million. Notwithstanding these achievements, in 2004–2005 many parts of the world still struggled with profound poverty and marginalization, the growing menace of infectious disease, environmental deterioration, armed conflict and poor governance. Humanitarian crises, highlighted by the Indian Ocean tsunami, had a devastating impact on many countries around the world.

Development issues were prominent on the global agenda in 2004–2005, as industrialized and developing countries alike continued to mobilize in support of the Millennium Development Goals (MDGs)—a set of time-bound, interrelated targets to eradicate poverty and hunger by 2015. Preparations for the United Nations (UN) 2005 World Summit underscored the nature and scope of development challenges still facing the international community.

As the federal agency responsible for administering most of Canada's Official Development Assistance program, the Canadian International Development Agency's (CIDA) focus in 2004–2005 was on responding to these challenges.

A key initiative for the Agency during the period under review was its active participation in a comprehensive review of Canada's international policy framework. The result—Canada's International Policy Statement (IPS), issued in April 2005—sets out a "whole of government" approach to diplomacy, trade, defence and development. The policy outlines a more focused approach to CIDA's programming across all delivery channels, based on addressing the MDGs. Under the IPS, CIDA will focus its bilateral assistance on a core group of Development Partner countries and concentrate on five sectors of focus—health (with a focus on HIV/AIDS), basic education, governance, private sector development and environmental sustainability, with attention to gender equality integrated explicitly and systematically throughout—in order to maximize the impact of Canada's aid program.

Budget 2005 and the IPS affirmed Canada's commitment to an effective and substantial aid program, recommitting Canada to doubling (relative to 2001) its international assistance to over $5 billion by 2010, with a doubling of aid to Africa by 2008–2009. Management of these resources will be strengthened through a renewed governance structure for Canada's International Assistance Envelope.

Consistent with its commitment to increase the geographic concentration of aid, in 2004–2005 CIDA welcomed the graduation of several countries from Canada's aid program, and undertook the policy work to identify the 25 Development Partner countries—including 14 from Africa—which will receive two-thirds of Canada's bilateral assistance by 2010.

CIDA's performance during the fiscal year saw important achievements on a number of key initiatives. The Agency fulfilled the pledge made in 2000 to double by 2005 its spending on the Social Development Priorities (health and nutrition, HIV/AIDS, education and child protection).

In September 2004, the Agency launched its *Action Plan to Promote Harmonization*. Accordingly, CIDA placed continued emphasis on new programming approaches, the principle of local ownership, and increasingly coordinated efforts with other donors and recipient countries. The Minister of International Cooperation attended the March 2005 adoption of the Paris Declaration on Aid Effectiveness, which reconfirmed the donor community's commitment to harmonization.

In 2004–2005, there were several areas where the Agency's performance was particularly strong. The Agency's response to the humanitarian challenges of the year was unprecedented in size and scope. CIDA made important contributions in response to hurricanes in the Caribbean, the tragedy in Darfur, and in particular the Indian Ocean tsunami. CIDA also provided assistance to countries in crisis, including through its leadership role to assist in Haiti's return to stability and democracy, as well as through its contributions in such countries as Iraq and Afghanistan.

The battle against HIV/AIDS and other deadly diseases was a particular focus in 2004–2005. CIDA worked on multiple fronts, including through substantial support to the World Health Organization's "3 by 5" initiative and the Global Fund to Fight AIDS, Tuberculosis and Malaria. CIDA also helped to increase the scope of HIV vaccine trials in Africa and to build the capacity of local and regional institutions in Africa, Asia and the Caribbean to manage their own programs for prevention and treatment. Support for polio immunization helped stem an outbreak in West Africa, while ongoing support to Vitamin A supplementation is credited with having saved the lives of more than 300,000 children under five years of age.

Investments in private sector development, agriculture and natural resource development continued to be significant. In areas of longstanding concern, such as gender equality and environmental sustainability, CIDA also made real progress. To comply with the *Canadian Environmental Assessment Act* and the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*, Strategic Environmental Assessments were carried out on all of CIDA's new programs and applicable projects in 2004–2005. Work was also completed on the development of CIDA's *Framework for Assessing Gender Equality Results*—a performance assessment framework which will help the Agency to better track its success in reducing gender inequalities through its investments.

Canada's development cooperation program continues to benefit Canadians, and engagement of Canadians remains key to CIDA's work. In November 2004, the Minister of International Cooperation hosted the Agency's third International Cooperation Days event for all of CIDA's partners, providing an occasion for the exchange of perspectives on the MDGs and steps necessary to achieve them. In December 2004, hundreds of

Canadians participated as electoral observers through Canada Corps, which undertook a successful mission in support of the Ukrainian Presidential election. Since then, it has set up new initiatives aimed at strengthening CIDA's partnership with Canadian voluntary and private sector organizations. This includes $8.5 million in support for a new Canada Corps Project Fund. The Fund will support innovative governance projects that deploy Canadian experts and youth to developing countries. The enormous outpouring of support for the survivors of the Indian Ocean tsunami further bears witness to Canadians' commitment to humanitarianism and social justice.

Consistent with the Agency's commitment to delivering an outstanding development program, CIDA's accomplishments in 2004–2005 included initiatives to strengthen its own internal management systems and processes. These included, for example, improvements to its management of human resources, implementation of its second round of costed workplanning, the creation of a new mechanism to support corporate planning and effective resource re-allocation, and enhancements to its information technology capacities. The Agency also continued to identify and benefit from lessons learned through its programming experience, while recognizing the importance of continuing to strengthen its approach to knowledge management.

Finally, a significant undertaking by CIDA in 2004–2005 was the progress it achieved toward meeting the requirements of the new Management Resources and Results Structure (MRRS). Introduced by the Treasury Board Secretariat, the MRRS represents a government-wide initiative to modernize the management of government expenditures and the basis for reporting to Parliament. During the fiscal year, consistent with requirements of the MRRS, CIDA developed its initial Program Activity Architecture (PAA). Once fully integrated, the PAA will provide CIDA with a new framework for planning, performance measurement, resource allocation and reporting; it will also fully reflect the new directions and priorities for Canada's aid program set out in the IPS. As CIDA is continuing to manage its transition to the new framework, the current Departmental Performance Report (DPR) continues to report against the Agency's former Business Lines structure. CIDA's 2005–2006 DPR will be based on its new PAA.

1.4 The Development Challenge

"The world must advance the causes of security, development and human rights together, otherwise none will succeed. Humanity will not enjoy security without development, it will not enjoy development without security, and it will not enjoy either without respect for human rights." [1]

— Kofi Annan

1.4.1 Introduction: Making Good on a Pledge

In the fall of 2000, Canada, along with the rest of the international community, endorsed the historic Millennium Declaration and the Millennium Development Goals[2] (MDGs), which reflect a global consensus on what needs to be done to make the world a better, safer, and fairer place for all its citizens by 2015. Five years later, in September 2005, the countries of the world gathered at the United Nations (UN) World Summit to assess progress on that pledge. The MDGs set out critical goals such as eradicating poverty and hunger, achieving universal primary education, promoting gender equality, reducing child and maternal mortality, combatting HIV/AIDS and other devastating diseases, ensuring environmental sustainability, and strengthening the global partnerships that make sustainable human development possible (*see Annex VII for a list of the MDGs and Table 1 for a list of specific targets).*

This global consensus is more than a statement of good intentions. At the UN International Conference on Financing for Development in Monterrey in 2002, world leaders agreed that aid was not enough if developing countries were to reduce poverty— they needed markets for their products, investment in their economies, debt relief, and other financial resources. This broadened understanding of the requirements for sustainable development called for greater coherence and synergy between trade, diplomacy, foreign investment, and other financial, commercial and institutional relationships.

This "new development compact" articulated a new partnership of mutual benefits and obligations for developing and industrialized countries alike. It was grounded in the principle that developing countries bear the primary responsibility for their own development, with the support of the international community. The 2003 Rome High Level Forum on Harmonization, and the subsequent 2005 Paris High Level Forum on Aid Effectiveness, introduced to the international community the principles by which international assistance is governed today. Canada's commitment to the Rome Declaration was confirmed by the launch in September 2004 of CIDA's *Action Plan to Promote Harmonization*. As a member of the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC), Canada is now

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[1] *In Larger Freedom: Towards Development, Security and Human Rights for All,* United Nations, New York, 2004. Kofi Annan is Secretary-General of the UN.
[2] http://www.un.org/millenniumgoals/

finalizing its targets and indicators to support the implementation of the 2005 Paris Declaration. Taken together, these international agreements reflect a new consensus on the goals, resources, and conditions necessary to achieve sustainable development and poverty reduction.

Box 1: Canada's Response to the Challenge of the MDGs

As a reflection of its commitment to the MDGs, Canada has mobilized a wide range of resources involving aid, trade, diplomacy, defence, and finance, as well as the expertise of several government departments and hundreds of organizations and individuals in civil society. The following are some of Canada's major initiatives:

- Canada has placed a focus on Africa, where the greatest challenges to achieving the MDGs persist.
- Canada has committed to doubling the aid budget from its 2001–2002 level by 2010.
- Through the Canadian Debt Initiative, launched in 1999, more than $1.1 billion in bilateral debt will be forgiven.
- Since 2001, $346 million has been provided for multilateral debt relief, with an additional $172 million announced in 2005.
- Duty- and quota-free access has been provided for almost all imports from the world's poorest countries, which has led to a near doubling of imports from the least developed countries (LDC) between 2002 and 2004.

1.4.2 The Global Picture

In 2005, as the international community takes stock of achievements in relation to the MDGs, the global development picture is one of both important progress and daunting challenges.

In just over a generation, developing countries have advanced in several key areas, including infant and child health, education and literacy, income and access to clean water and sanitation, and decent housing and other social services. Between 1990 and 2002, average incomes increased by some 21 percent; child mortality rates dropped from 103 per 1,000 live births a year to 88; and, despite population growth, the actual number of people living in poverty declined by 130 million.[3]

Notwithstanding this progress, however, concern remains that if present trends continue, many of the MDG targets will not be met by 2015. Some targets, such as poverty reduction in Africa, may not be met until well into the next century. Serious challenges remain in such areas as gender equality, the development of the private sector, the protection of children from exploitation and abuse, sanitation and quality of life in urban slums. Areas of particularly pressing concern—where progress is limited and human costs are mounting—include maternal mortality, HIV/AIDS, and environmental degradation.

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[3] Sachs, Jeffrey D., *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals,* Millennium Project, New York, 2005.

The following are some of the key challenges facing the global community in its pursuit of the MDGs:[4]

- **Uneven development:** Although the numbers of poor people in East Asia dropped by half in the 1990s, the number of people living in extreme poverty in Africa has doubled since the mid-1980s.
- **Weak governance:** A total of 73 countries, representing more than 40 percent of the world's population, still do not hold free elections; more than 100 governments still significantly restrict civil and political freedoms; and many of the world's states are in crisis, providing fertile ground for conflict and extremism.
- **Health crises:** HIV/AIDS has claimed more than 28 million lives and, today, some 42 million men, women and children are infected with the virus. Other diseases that emerge first in developing countries also pose a growing global threat, as demonstrated by the outbreak of Severe Acute Respiratory Syndrome (SARS) in 2003.
- **Lack of access to education:** More than 84 percent of the world's children now attend school, but access to a quality education is far from universal. In addition, more than 800 million people, mostly women, are illiterate and 115 million children, most of them girls, have never seen the inside of a school.
- **Demographic pressure:** Although population growth is expected to level off by mid-century, two billion people—almost all in the developing world—will be added to the world's six billion in the next 25 years, putting pressure on the job market and community resources.
- **Gender inequality:** Women and girls still do not have equal access either to the means—such as education, health care, or economic assets—or to the opportunities to contribute to development.
- **Environmental stresses:** Environmental deterioration, human-induced climate change, and unsustainable use of natural resources disproportionately affect the poor, who are most directly dependent on the natural environment for their daily survival. This creates a vicious circle of misuse, declining resources, and increasing poverty.

1.4.3 A Regional Perspective

In 2004–2005, CIDA delivered development assistance in regions of the world where contexts and development challenges varied greatly.

Sub-Saharan Africa: Africa presented a mixed picture in 2004. In African economies, real growth in gross domestic product (GDP) increased in 2004 to an eight-year high of five percent overall, due to an improved economic climate, strengthened policies, and debt relief. The International Monetary Fund (IMF) forecasts an annual growth rate of 5.2

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[4] Canada's International Policy Statement, (2005). A Role of Pride and Influence in the World: Development, p. 3–5.

percent for the entire region in 2005. There is greater political freedom than there was a decade ago, with several countries holding successful elections and progress toward peace in the Great Lakes Region. There are also encouraging trends evidenced by efforts to find African solutions to African problems through increased country leadership and the African Union's (AU) program, the New Partnership for Africa's Development (NEPAD), which is supported by the international community, including Canada. Challenges remain serious, however. Africa continues to be burdened by extreme poverty and the highest population growth rate. Gains have been made in access to education, but progress has been minimal in terms of quality of education, food security, maternal and child mortality, infectious diseases, access to clean water and sanitation, gender equality, and urban living conditions. One African in five is affected by armed conflict, more than 25 million are HIV-positive, and between 42 and 52 million children are not in school.

North Africa and the Middle East: In this region, average income is double that of sub-Saharan Africa; however, a demographic explosion and political conservatism are limiting economic progress and social stability. In the Middle East, conflict is likely to continue to require ongoing humanitarian and reconstruction assistance. At the same time, elections in Gaza/West Bank and Iraq were held relatively successfully in 2005, despite continued challenges on the security front. For most countries in North Africa and the Middle East, poverty is not as severe as in the sub-Saharan region; however, continuing challenges in such areas as governance and gender equality continue to hamper economic and social development.

Asia: With half the world's population and two-thirds of the world's poor, Asia continues to be a volatile region. The unpredictable situation in Afghanistan, tensions in North Korea, and conflicts in Nepal, the Philippines, and Indonesia all have an impact on development, as do the risks associated with terrorism, economic pressures from the surge in oil prices, and epidemics such as HIV/AIDS, SARS and the avian flu. Corruption is continuing to hinder Asia's development, and there are signs of deepening income inequality and marginalization. The tsunami, which occurred in December 2004, also demonstrated the region's vulnerability to natural disasters and the difficulty of sustainable development under such conditions. Against this backdrop, however, Asia is also experiencing rapid economic growth, especially in China, India, and the Southeast. East Asia will likely meet a number of the MDGs, including income poverty and primary education, but South Asia's progress will be more limited.

The Americas: This region, which includes Latin America and the Caribbean, has the highest levels of social and economic inequality in the world. Economic recovery is still fragile; 44 percent of the population lives below national poverty lines, and a fifth of the region's people live in extreme poverty. Debt is a serious concern to this region, as four countries[5] in the Americas are currently receiving debt relief under the World Bank/IMF Heavily Indebted Poor Countries initiative, and another ten[6] are classified by the Bank as

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[5] Bolivia, Guyana, Honduras, and Nicaragua
[6] Argentina, Belize, Brazil, Dominica, Ecuador, Grenada, Guyana, Panama, Peru, St. Kitts and Nevis and Uruguay.

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"Severely Indebted".[7] Increasing crime and violence, exacerbated by trade in drugs and weapons and by societal acceptance of gender-based violence, threaten personal security. Environmental deterioration and vulnerability to extreme weather limit economic growth. With few exceptions, countries in this region have democratically elected governments and market-based economies. However, many countries still need to improve accountability, attack corruption and organized crime, eliminate abuses of power, and address growing public dissatisfaction with democracy's inability to deliver economic growth with equity.

Central and Eastern Europe: In 2004, the countries in this region recorded one of the strongest performances in economic growth since the start of their transition to market economies. According to the IMF, annual growth of GDP averaged seven percent in 2004–2005. While this growth has translated into significant improvements in average incomes, benefits have been unevenly distributed, creating or exacerbating pockets of poverty. During 2004, eight countries[8] in this region joined the European Union (EU). This group has already reached, or will soon reach most of the MDGs. Progress has been more uneven elsewhere, however. For example, most other countries will not achieve the targets for halting and reversing HIV/AIDS, which continues to spread rapidly in the region.

1.5   Meeting the Challenge: Canada's Development Assistance Program

1.5.1 CIDA's Mandate and Objectives

CIDA[9] was established in 1968 to administer the bulk of Canada's Official Development Assistance (ODA). CIDA's programming contributes to Canada's broader foreign policy objectives—to promote prosperity, to protect Canadian and global security, and to project Canadian values.

As set out in Canada's foreign policy statement, *Canada in the World (1995)*, CIDA's mandate was defined as follows:

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

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[7] Severely indebted means either of the two key ratios is above critical levels: present value of debt service to GNI (80 percent) and present value of debt service to exports (220 percent).
[8] The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.
[9] http://www.acdi-cida.gc.ca

To deliver on this mandate, CIDA has measured its progress in terms of the following development goals: economic well-being, social development, governance, and environmental sustainability. These goals are an integral component of CIDA's Key Agency Results (KARs). They reflect the fundamental development results or "strategic outcomes" that CIDA seeks to achieve through delivery of Canada's aid program *(see Section 1.6.1 for a complete discussion of the KARs)*. Working in cooperation with the international community, CIDA aims to ensure that Canada's development assistance program contributes to the achievement of the MDGs *(see Table 1)*.

In 2004–2005, CIDA participated in a comprehensive review of Canada's international policy framework. Through the International Policy Review, the Agency worked with other departments involved in international affairs to develop a more integrated and effective international agenda for Canada *(see Box 2)*. The Review culminated with the issuance by the Government of Canada of the International Policy Statement (IPS) in April 2005.[10] The IPS sets out key principles, directions, and priorities that will underpin Canada's aid program in coming years.

Box 2: New Directions—The 2005 International Policy Statement

In 2004–2005, CIDA participated in the International Policy Review. Through this process, the Agency worked with other government departments to examine Canada's development assistance program in a broader context, and to establish a renewed strategy for maximizing the impact of Canadian aid by making it more targeted and effective.

In April 2005, the Government of Canada released the IPS. Under the IPS, Canada's development cooperation policy and programs will:
- advance Canadian values of global citizenship, equity and environmental sustainability, as well as Canadian interests in regard to security, prosperity and governance;
- deliver visible, durable impact on key development challenges as identified in the MDGs;
- focus on reducing poverty through an approach which matches Canadian niches with developing countries' needs in coordination with other donors;
- recognize and promote sustainable solutions to address critical linkages between environmental degradation, poverty and social inequity; and
- mobilize Canadians to build our society's capacity to contribute effectively to global poverty reduction.

The IPS outlines five sectors in which Canadian aid will be concentrated: good governance, health (with a focus on HIV/AIDS), basic education, private sector development, and environmental sustainability. Gender equality results will be systematically and explicitly integrated across all programming within the five sectors of focus. Canada has also identified 25 Development Partner countries, which will receive two-thirds of Canada's bilateral assistance by 2010. CIDA's implementation of the IPS will reflect its commitment to a world class development cooperation program.

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[10] http://www.acdi-cida.gc.ca/ips

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1.5.2 CIDA's Operational Context

Organizational Structure

CIDA is headquartered in Gatineau, Quebec, and assigns field officers in 60 countries around the world. In 2004–2005, CIDA employed 1791 people.

CIDA delivers its assistance through bilateral (i.e. country to country) programs and through support to development initiatives of its multilateral and Canadian partners. CIDA manages the aid program through its geographic branches (Asia; Africa; the Americas; and Europe, Middle East and Maghreb), Multilateral Programs Branch, Canadian Partnership Branch, and Canada Corps. Supporting these programming activities are the following branches: Policy, Communications, Human Resources and Corporate Services, Performance and Knowledge Management, and Information Management and Technology.

In 2004–2005, CIDA's operating environment was realigned through a reorganization of some parts of the Agency. Consequent to the acceleration of activity associated with increases in the aid budget for Africa, and the deceleration of activity associated with graduation of some countries in Central and Eastern Europe from Canada's development assistance programs, CIDA undertook a restructuring initiative in February 2005. Through the reorganization, programming for the Middle East and Northern Africa was transferred to the Countries in Transition program to create the new Europe, Middle East and Maghreb Branch, while Africa Branch now focuses only on sub-Saharan Africa. In addition, the Central Asia program was transferred to Asia Branch from the Central and Eastern Europe Branch, and Multilateral Programs Branch took responsibility from Africa Branch for the program for La Francophonie *(see Annex II for CIDA's organization chart).*

In November 2004, an additional significant development was the transfer of Canada Corps[11] from the Department of Foreign Affairs and International Trade (DFAIT) to CIDA. This initiative provides CIDA with a new vehicle to strengthen Canada's contribution to human rights, democracy and good governance in developing and transition countries, and in fragile and failed states *(see Section 2, Boxes 11 and 20, for additional details on Canada Corps).*

While these organizational initiatives will benefit Canada's aid program, during the period under review considerable staff time and effort were devoted to ensuring smooth organizational transitions, and to addressing related implications for planning, budgeting, human resources and accommodations.

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[11] http://www.acdi-cida.gc.ca/CanadaCorps

CIDA's Budget

In 2004–2005, CIDA's total budget was $3.312 billion, drawn mainly from the International Assistance Envelope (IAE). Grants, contributions, and other transfer payments are CIDA's main mechanisms of program delivery. In 2004–2005, CIDA's total expenditures were $3.163 billion. Of this, 93.9 percent was in the form of grants, contributions and other transfer payments, while the remaining balance comprised operating and other expenditures by the Agency.

Through Budget 2005, the Government of Canada established a new governance structure for the IAE, which funds most of Canada's ODA and Official Assistance (OA) initiatives.[12] The new structure, organized around five pools, will support a more coordinated and flexible approach to Canada's international assistance *(see Box 3)*. CIDA is directly responsible for managing the development pool of the IAE, and shares responsibility for managing the rest with other government departments, including DFAIT (*Foreign Affairs*) and the Department of Finance. In 2004–2005, CIDA was directly responsible for 84 percent of the IAE.[13]

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[12] ODA is defined by the OECD-DAC 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%".
OA is funding provided to countries, which are not eligible to receive ODA (e.g. most of the "countries in transition" of Central and Eastern Europe).
[13] This percentage is based on planned spending from the 2004–2005 RPP.

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Box 3: New Directions—The International Assistance Envelope

To be effective, long-term development requires a predictable and stable source of funding. Supporting countries in crisis requires flexible and quick-disbursing funding mechanisms. To address such needs, Budget 2005 restructured the IAE into five distinct pools to provide a coordinated and flexible approach to Canada's international assistance. CIDA is responsible for managing the development pool, to which the bulk of the assistance will be dedicated.

International Assistance Envelope Components

International Assistance Envelope

Development	International financial institutions	Peace and security	Crisis	Development research
○ Geographic programs ○ Multilateral programs ○ Partnership programs ○ Special programs ○ Canada Corps	○ Contributions to IMF, World Bank and Regional development banks ○ Multilateral debt relief	○ Peace and security ○ Landmines ○ Global partnership ○ Counter-terrorism capacity building	○ Major crisis support	○ International Development Research Centre research

Sample activities

Source: *The Budget Plan 2005*, Department of Finance Canada

CIDA's Partners

For CIDA, partnerships are essential. CIDA delivers Canada's aid program with the help of partners from government, civil society, and the private sector in Canada and abroad. CIDA works closely with a range of departments such as, for example, DFAIT (*Foreign Affairs*), DFAIT (*International Trade*), National Defence and the Canadian Forces, Natural Resources Canada, Human Resources and Skills Development Canada, Industry Canada and the Department of Justice Canada, as well as with the International Development Research Centre. Non-governmental partners include colleges and universities, professional associations, volunteer and youth organizations, cooperatives, unions, and faith-based organizations. CIDA also calls upon and promotes the investment of Canadian private sector firms and groups in developing countries in a wide range of fields, from engineering and environmental remediation to community development and health sector reform.

CIDA also works extensively and effectively with international partners—for example the members of the UN system, the World Bank and IMF, regional development banks, and global partnerships and programs such as the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM). In addition, CIDA works with other donors and

within donor groups, such as the OECD-DAC. In partner countries, CIDA liaises with both governmental and non-governmental organizations, and private sector groups. The Agency also engages other organizations, such as the AU, Asia-Pacific Economic Cooperation, the Organisation for Security and Cooperation in Europe, and the Organization of American States.

1.5.3 CIDA's Sustainable Development Strategy 2004–2006

CIDA has assigned high priority to ensuring that Canada's aid program is effective. In 2002, CIDA issued its policy statement, *Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness*.[14] The principles set out in this policy have served to guide and strengthen Canada's approach to development assistance in recent years.

CIDA's *Sustainable Development Strategy (SDS) 2004–2006: Enabling Change*[15] is also fundamental to the Agency's commitment to ensuring sound performance management and accountability to Canadians. Building on earlier strategies, SDS 1997–2000 and SDS 2001–2003, CIDA's SDS 2004–2006 represents the Agency's current three-year business plan.

The strategy sets out the Agency's plans and priorities in relation to its KARs (i.e. development results, enabling results, management results). It also sets out the following key directions for CIDA for 2004–2006:

- greater alignment of aid programming with developing countries' plans and priorities;
- a sharpened poverty focus;
- coherence between aid and non-aid policies;
- increased attention to security and governance;
- increased emphasis on economic well-being;
- improved management of development cooperation;
- strengthened effectiveness of institutional partners; and
- increasingly engaged Canadians.

CIDA's SDS 2004–2006 provides a key basis for accountability to Canadians. On the basis of this strategy, the Agency establishes an annual work plan through its Report on Plans and Priorities (RPP), and then reports on this plan to Canadians through its Departmental Performance Report (DPR).

The Agency's 2004–2005 RPP was developed in relation to the priorities, goals, and targets outlined in the Agency's SDS 2004–2006, which was tabled in Parliament in February 2004. For this reason, the current DPR—taken as a whole—constitutes a progress report on CIDA's performance in relation to SDS 2004–2006, with a focus on achievements and challenges in fiscal year 2004–2005.

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[14] http://www.acdi-cida.gc.ca/aideffectiveness
[15] http://www.acdi-cida.gc.ca/SDS0406

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1.5.4 Benefits for Canadians

Canada's development cooperation program reflects values cherished by Canadians: humanitarianism, justice, equity, peace, and security. However, Canadians' support for aid goes beyond the desire to help people and countries in need. It also brings a wide range of benefits:

- **It gives Canada a voice on the world stage.** Participation in donor groups, dialogue with developing countries, support to emerging donors, and membership in multilateral organizations such as the UN and the World Bank, allow Canada to advocate for policies that are important to Canadians, for example in the areas of health, governance and human rights, basic education, private sector development, environmental sustainability and gender equality.

- **It helps build long-term relationships with emerging economies.** Some of the world's fastest-growing economies, such as China, India, and Brazil, are developing nations with which Canada has worked for many years. These countries are also our economic partners, with trade, travel, and institutional linkages growing every year. Through support to developing countries' own efforts to strengthen their private sectors, Canadians are helping to build the engine for economic growth.

- **It contributes to global peace and security.** Security and development are inextricably linked. Canada's aid program directly addresses such challenges as environmental disaster, human rights violations, and economic and social exclusion that provoke conflict and create conditions that terrorists and criminals can exploit. Building the capacity of developing countries to deal with these threats, and also others such as health crises, reduces pressures not only locally, but also regionally and globally.

Canadians recognize that their future is intertwined with that of people around the world, and that the failure to achieve significant political, economic, social and environmental progress in the developing world will have an impact on Canada in terms of long-term security and prosperity. In 2004–2005, the massive response to the Indian Ocean tsunami was a compelling reflection of Canadians' global perspective and their abiding commitment to generosity and humanitarianism *(see Box 10)*. This generosity has resulted in many achievements over the years, not only in emergency assistance, but also in long-term development.

Box 4: Canada's Performance 2005—Contributing to Government of Canada Outcomes

The contribution of Canada's aid program cannot be understood in isolation. It is important for Canadians to see how CIDA's policies and programs contribute to the Government of Canada's overall agenda and to the betterment of Canada as a whole.

Canada's Performance 2005, tabled in Parliament by the President of the Treasury Board, provides an overview of the Government's performance across a range of areas important to Canadians. It provides a context for understanding how the objectives, initiatives, and achievements of numerous departments and agencies relate to one another, and contribute to broader outcomes. In this context, *Canada's Performance 2005* addresses the policy area of "Canada's Place in the World", and reports on the Government's performance in relation to the following four outcomes:

- a strong and mutually beneficial North American partnership;
- a prosperous global economy that benefits Canadians and the world;
- a safe and secure world; and
- global poverty reduction through sustainable development.

Through donor cooperation and multilateral organizations, Canada works closely with its North American partners on numerous sustainable development issues. However, CIDA's focus on achieving the MDGs and on advancing economic well-being, social development, governance, and environmental sustainability in the developing world is particularly relevant to Government of Canada outcomes in the areas of trade, security, and poverty reduction. As was reflected in the 2004–2005 International Policy Review and in the IPS, CIDA works closely with other departments in full recognition of the interdependence of development, security, and economic prosperity, and the importance of a well-integrated international agenda for Canada.

1.6   Summary Information: Departmental Performance

1.6.1 Linking Plans, Priorities, and Results: CIDA's Key Agency Results

CIDA is accountable to the Government of Canada and Canadians for the resources it uses and the results it obtains. CIDA's KARs provide the conceptual basis for CIDA to plan, resource, implement, monitor and report on its work. The KARs also articulate the linkages between CIDA's mandate, the MDGs, and the principles of aid effectiveness *(see Chart 1 and Table 1)*. CIDA's KARs include development results, enabling results and management results, defined as follows:

> **Development results** are CIDA's *strategic outcomes*—the long-term impacts the Agency aims to contribute to achieving in partner countries in the areas of economic well-being, social development, environmental sustainability, and governance. CIDA addresses gender equality and environmental sustainability throughout these four areas.

Enabling results identify the *strategies* that CIDA uses to ensure that the right programs are in place at the right time to enable the achievement of development results. Enabling results address such issues as appropriate program orientation; appropriate geographic, thematic, and sectoral focus; and effective engagement of key partners and institutions.

Management results set out the *management approaches* that CIDA deploys in areas such as human resources, knowledge and information management, strategic planning, and resource allocation to support enabling results and thus contribute to achieving development results.

The KARs are integrated and mutually supportive: efficient and effective management approaches support effective enabling strategies, which in turn contribute to the achievement of development results.

Measuring Results

The measurement of development results presents a number of challenges. First, development impacts can be measured only over a longer time frame (e.g. five to 10 years). CIDA also shares accountability for the achievement of these outcomes with developing countries themselves, as well as with others in the international community. The Agency has therefore identified a range of internationally accepted, macro-level indicators, to which it refers in measuring progress in each result area. (Examples of these indicators are outlined in SDS 2004–2006, and in the logic models that precede the detailed discussion of performance for each development result in Section 2.)

Compared with development results, CIDA has greater direct control over the achievement of its enabling results and management results. CIDA is fully accountable for the achievement of these results, which are internal to the Agency, and are more demonstrable in the short to medium term (e.g. three to five years). CIDA's SDS 2004–2006 sets out a range of targets and indicators which support the Agency's ability to assess the achievement of enabling results (i.e. the extent to which it is implementing sound, effective, well-targeted, and coherent policies and programs) and management results (i.e. the extent to which it has in place the necessary people management, information technology, knowledge management, resource allocation, and business management processes).

While DPRs provide accounts of results achieved in the most recently completed fiscal year against the commitments set out in the corresponding RPP—and while CIDA's performance management frameworks and tools enable the Agency to assess its performance on an ongoing basis—assessments of the overall contribution made by Canada's aid program must be informed by a recognition that development is a long-term and continuous process. Assessing the linkages between resources expended and results achieved requires a perspective that extends beyond the limits of a given fiscal year.

Chart 1: CIDA's Strategic Outcomes and Key Agency Results

Poverty Reduction/Sustainable Development

MDGs

Development Results
*Gender Equality and the Environment are crosscutting themes across all development results

Economic Well-being

Equitable economic growth and improved standards of living of poor women and men, girls and boys

Social Development

Improved quality of life of poor women and men, girls and boys through enhanced social services; management of the social impact of reform; progress toward gender equality; and humanitarian aid

Governance

Improved governance structures and institutional capacity; strenghtened civil society; improved peace and security; and enhanced respect for human rights and democracy

Environmental Sustainability

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

Enabling Results

Appropriate Programming Orientation
Appropriate Sectoral and Thematic Focus
Appropriate Geographic Focus
Engaged Canadians
Institutional Strengthening of CIDA's Partners

Management Results

Strategic Planning and Resource Allocation
People Management
Knowledge Management
Information Management and Information Technology
Management, Processes, Approaches and Support Activities

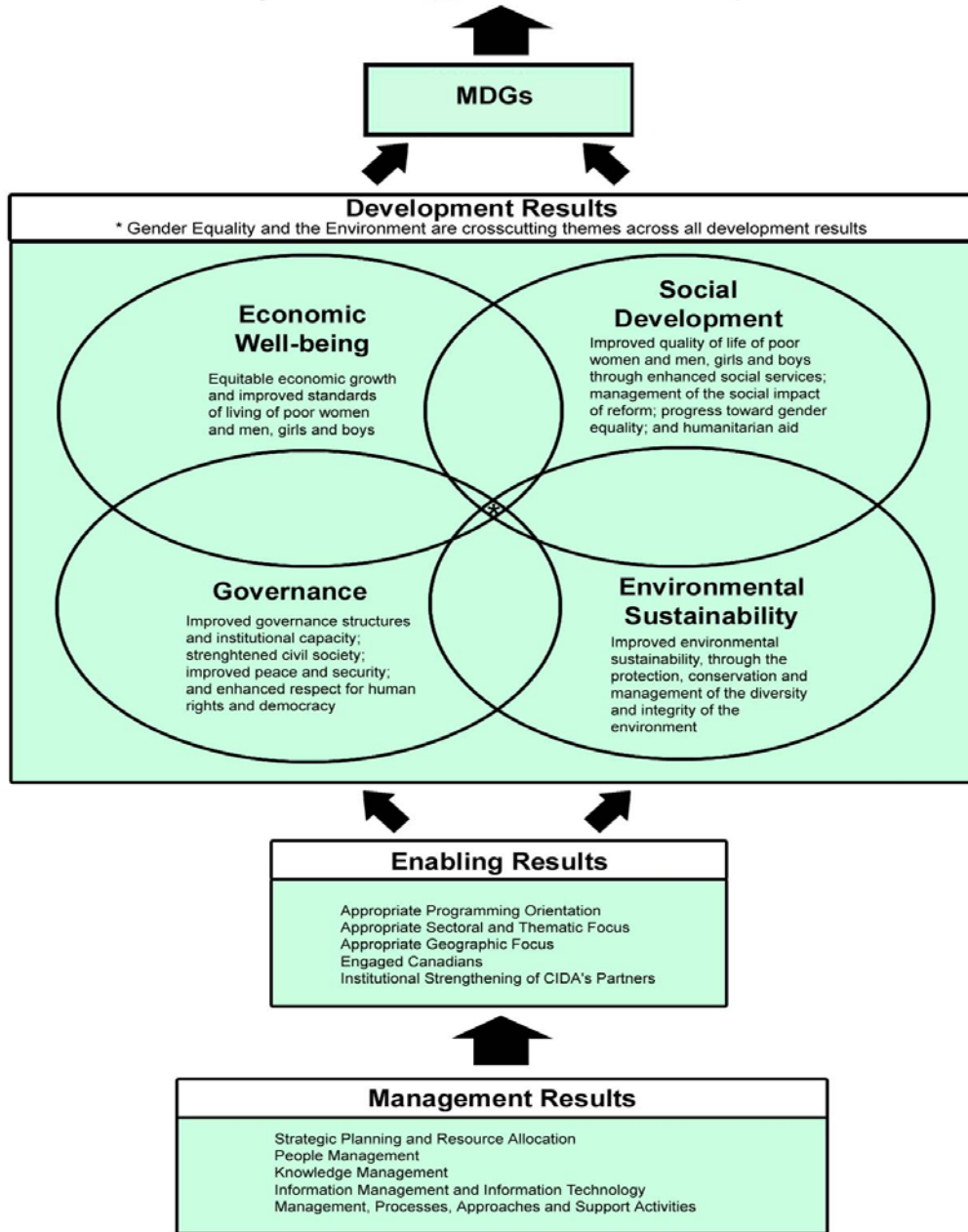*Canadian International Development Agency*

Table 1: CIDA's Development Results—In Support of the MDGs

MDG Targets	CIDA Development Result
Reduce by half the proportion of people living on less than a dollar a day, by 2015	**Economic well-being:** Strengthen investment in agriculture and rural development; ensure that private sector development and trade benefit the poor; strengthen financial institutions that serve the poor
Reduce by half the proportion of people who suffer from hunger, by 2015	**Economic well-being:** Strengthen investment in agriculture and rural development to increase production and purchasing power **Social development:** Strengthen programming in health and nutrition, including support to micronutrition and nutritional supplements; provide humanitarian assistance
Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	**Social development:** Strengthen programming in basic education, including increasing access to and improving the quality of education; provide humanitarian assistance
Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels of education, by 2015	**Social development:** Remove barriers to and facilitate equal access and participation in education; integrate gender equality into all programming
Reduce child mortality by two-thirds by 2015	**Social development:** Implement CIDA's Action Plan on Health and Nutrition and CIDA's Action Plan on Child Protection, including support for immunization; provide humanitarian assistance
Reduce maternal mortality by three-quarters by 2015	**Social development:** Implement CIDA's Action Plan on Health and Nutrition, including support for safe motherhood and family planning; integrate gender equality into all programming
Halt and reverse the spread of HIV/AIDS	**Social development:** Implement CIDA's Action Plan on HIV/AIDS, including support for prevention, treatment, and research into vaccines
Halt and reverse the incidence of malaria and other major diseases	**Social development:** Implement CIDA's Action Plan on Health and Nutrition, which includes investment in the GFATM
Integration of sustainable development into country programs and policies and reversal of the loss of environmental resources	**Environmental sustainability:** Strengthen government and industry capacity to preserve environmental assets
Reduce by half of proportion of people without sustainable access to safe drinking water by 2015	**Environmental sustainability:** Invest in community water supplies; strengthen the capacity of communities and governments to manage water resources
Achieve significant improvement in the lives of at least 100 million slum dwellers by 2020	**Environmental sustainability:** Strengthen the capacity of communities and governments to plan urban development and manage resources
Develop a new partnership for development	Implement CIDA's policy on Strengthening Aid Effectiveness, including measures to untie aid and support local priorities, as well as CIDA's Action Plan to Promote Harmonization
ALL: Build the capacity of developing countries to achieve the MDGs themselves	**Governance:** Improve governance structures and institutional capacity in partner countries; strengthen civil society; and enhance respect for human rights and democratic principles

1.6.2 Basis for Performance Assessment

In 2004–2005, departments and agencies began to address the requirements of the new Management, Resources and Results Structure (MRRS). Introduced by the Treasury Board Secretariat (TBS), the intention of the MRRS is to provide a common, government-wide approach to planning and managing the relationship between resource expenditures and results, and to provide a modernized, stable and enduring basis for financial and non-financial reporting to Parliament. Under the MRRS, departments are required to establish a Program Activity Architecture (PAA), which provides an inventory of program activities and depicts their relationship to the department's strategic outcomes.

The MRRS represents a major shift across government in planning and performance reporting practices. CIDA is still refining how its financial systems and performance measurement strategies will align with its new PAA. A more complete transition to corporate planning and reporting against the PAA will be accomplished in 2005–2006. This will be the last year that CIDA prepares its DPR on the basis of its former Business Lines structure and the KARs. CIDA's 2005–2006 DPR will report on the Agency's performance against its PAA.

1.6.3 Summary Information

An overview of CIDA's performance in 2004–2005 is supported by the summary information provided in the following charts and tables. This information provides a snapshot of CIDA's financial and human resources (planned and actual) during the fiscal year under review. More detailed information on planned and actual spending, and on disbursements by program branch, is also provided for CIDA's development results. The charts and tables are followed by CIDA's "report card," which provides a high level overview of the Agency's performance in relation to the priorities and commitments set out in its 2004–2005 RPP. (Details on CIDA's mandate and operating environment, reviewed in Section 1.5, provide additional context for this summary performance information.)

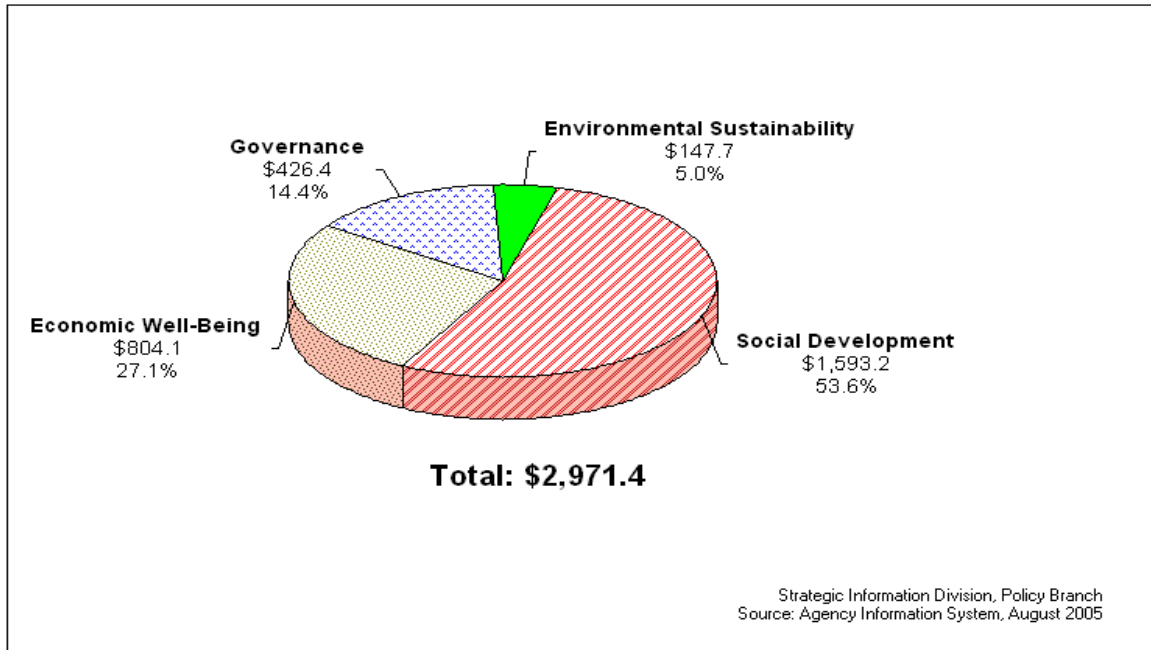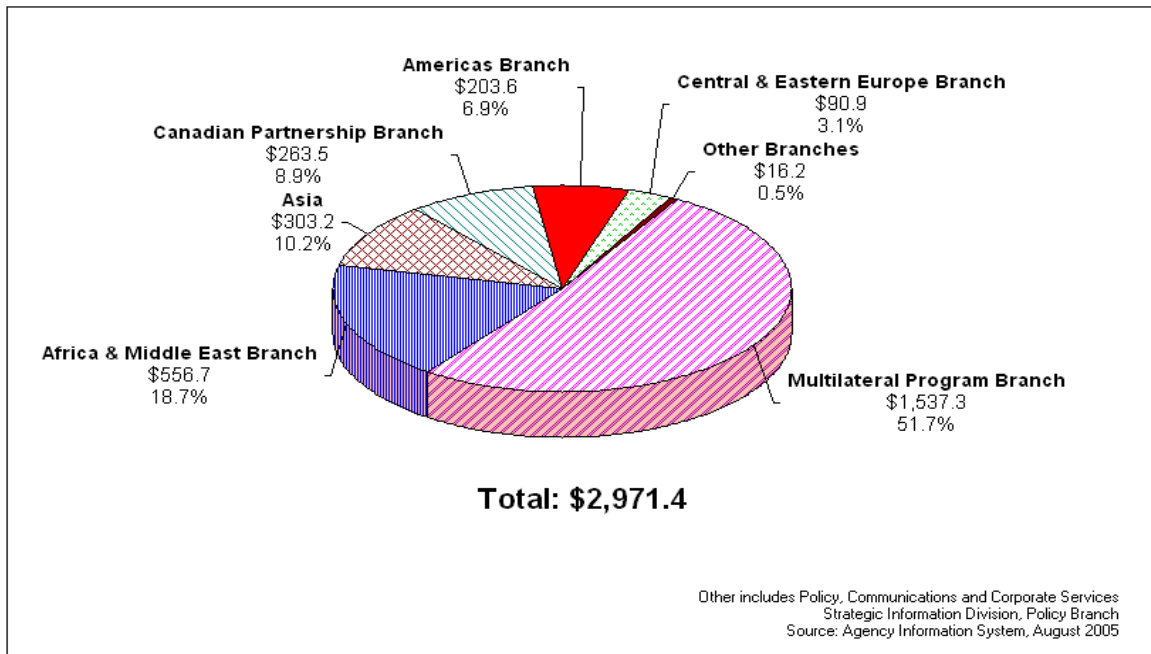**Chart 2: 2004–2005 CIDA Aid Disbursements by Development Result[*]**
($ millions)

Governance
$426.4
14.4%

Environmental Sustainability
$147.7
5.0%

Economic Well-Being
$804.1
27.1%

Social Development
$1,593.2
53.6%

Total: $2,971.4

Strategic Information Division, Policy Branch
Source: Agency Information System, August 2005

Chart 3: 2004–2005 CIDA Aid Disbursements by Program Branch[*]
($ millions)

Americas Branch
$203.6
6.9%

Central & Eastern Europe Branch
$90.9
3.1%

Canadian Partnership Branch
$263.5
8.9%

Other Branches
$16.2
0.5%

Asia
$303.2
10.2%

Africa & Middle East Branch
$556.7
18.7%

Multilateral Program Branch
$1,537.3
51.7%

Total: $2,971.4

Other includes Policy, Communications and Corporate Services
Strategic Information Division, Policy Branch
Source: Agency Information System, August 2005

[*] Rounding discrepancies due to truncation of decimal places

Chart 4: 2004–2005 CIDA Aid Disbursements in Development Results by Branch*
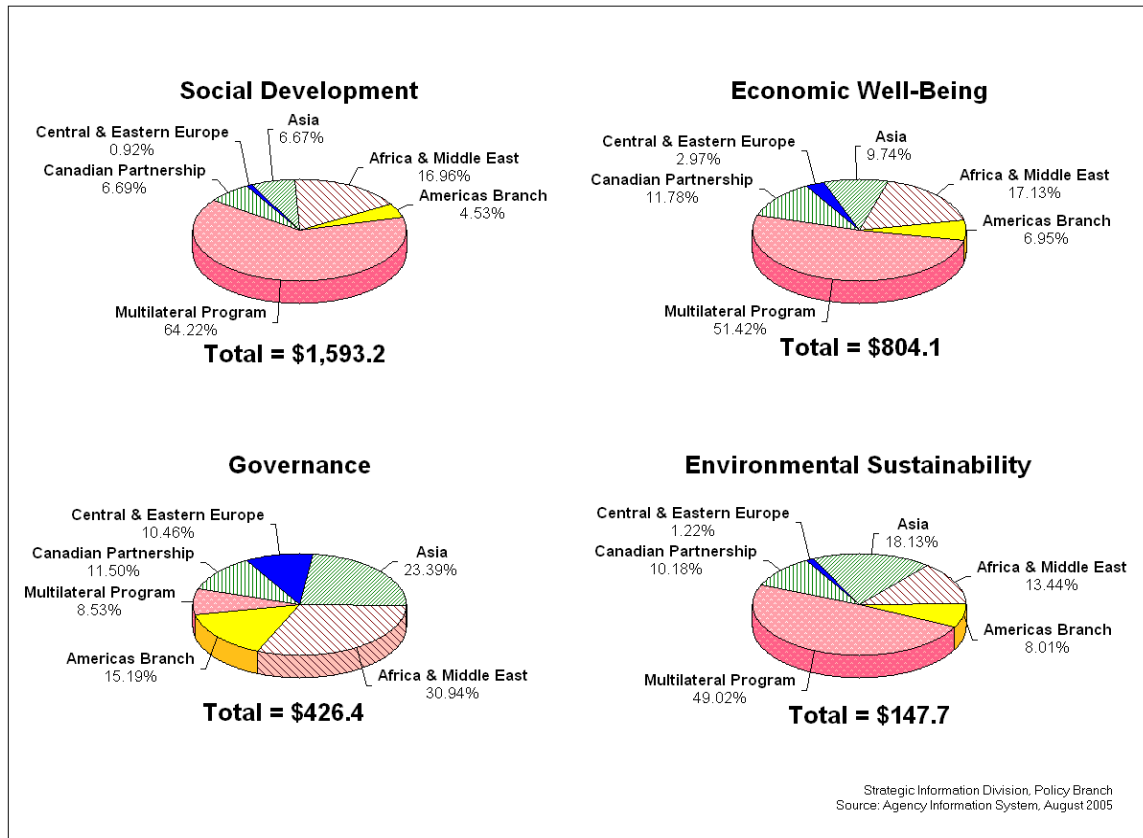($ *millions*)

Social Development
- Central & Eastern Europe 0.92%
- Canadian Partnership 6.69%
- Asia 6.67%
- Africa & Middle East 16.96%
- Americas Branch 4.53%
- Multilateral Program 64.22%
- Total = $1,593.2

Economic Well-Being
- Central & Eastern Europe 2.97%
- Canadian Partnership 11.78%
- Asia 9.74%
- Africa & Middle East 17.13%
- Americas Branch 6.95%
- Multilateral Program 51.42%
- Total = $804.1

Governance
- Central & Eastern Europe 10.46%
- Canadian Partnership 11.50%
- Multilateral Program 8.53%
- Americas Branch 15.19%
- Asia 23.39%
- Africa & Middle East 30.94%
- Total = $426.4

Environmental Sustainability
- Central & Eastern Europe 1.22%
- Canadian Partnership 10.18%
- Asia 18.13%
- Africa & Middle East 13.44%
- Americas Branch 8.01%
- Multilateral Program 49.02%
- Total = $147.7

Strategic Information Division, Policy Branch
Source: Agency Information System, August 2005

Table 2: Total Financial Resources

Financial Resources [16]		
Planned Spending (RPP)	**Total Authorities**	**Actual Spending**
$2,784.2 million	$3,311.8 million	$3,162.6 million

Table 3: Total Human Resources

Human Resources—Full-Time Equivalents (FTEs)		
Planned (RPP)	**Actual**	**Difference**
1,499	1,527	28

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* Rounding discrepancies due to truncation of decimal places

[16] The variance between the total authorities and the actual spending is $149.2 million: in the grants and contributions budget, $30 million were lapsed following a TBS decision, and a further $2 million could not be spent; $92.6 million is due to the crediting of non-respendable revenues to the actual spending; $20.8 million were lapsed in the operational budget; $3.8 million in non-budgetary expenses did not materialize.

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Table 4: Spending by Strategic Outcomes[*]

Strategic Outcomes	Type	Planned		Actual	
		$ millions	% of total	$ millions	% of total
Economic Well-Being	Ongoing	734.4	29.0	804.1	27.1
Social Development	Ongoing	1,190.2	47.0	1,593.2	53.6
Environmental Sustainability	Ongoing	177.2	7.0	147.7	5.0
Governance	Ongoing	430.5	17.0	426.4	14.4
Total		**2532.3**		**2,971.4**	

1.6.4 CIDA's Report Card: Performance Against 2004–2005 RPP Commitments

The 2004–2005 fiscal year is the second year that CIDA has used a "report card" format to outline its performance against commitments set out in its RPP. CIDA is continuing to refine its frameworks for performance measurement, in particular through the development of its PAA. Once completed, CIDA's PAA is expected to outline targets and indicators that will further strengthen the Agency's capacity to evaluate its performance. CIDA's report card should remain understood as a valuable though subjective exercise, which reflects the results of a process of reflection and self-assessment internal to the Agency.

CIDA's Report Card: Performance Against 2004–2005 RPP Commitments	Exceeded Expectations	Successfully Met Expectations	Not Yet Fully Met Expectations
Development Results			
Economic Well-Being			
• Strengthen investment in agriculture/rural development			⁝⁝⁝
• Support private sector development contributing to pro-poor, equitable, economic growth; and improved, sustainable living standards of poor women, men, girls, and boys		⁝⁝⁝	
• Build capacity to make trade work for poor women, men, girls, and boys		⁝⁝⁝	

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[*] Rounding discrepancies due to truncation of decimal places

CIDA's Report Card: Performance Against 2004–2005 RPP Commitments	Exceeded Expectations	Successfully Met Expectations	Not Yet Fully Met Expectations
• Foster an enabling environment for economic growth and investment		⠿	
Social Development			
• Strengthen programming in basic education		⠿	
• Strengthen programming regarding HIV/AIDS	⠿		
• Strengthen programming in health and nutrition	⠿		
• Strengthen programming in child protection		⠿	
• Support and promote the integration of gender equality considerations in all development policies, programs, and projects		⠿	
• Provide humanitarian assistance in times of natural disaster and/or conflict	⠿		
Governance			
• Promote public sector reform and greater use of rules-based systems to govern economic, political, environmental, and social affairs		⠿	
• Build democratic institutions and processes that represent/engage all of society		⠿	
• Support the increased promotion and protection of human rights by institutions, governments, and civil society organizations		⠿	
• Increase attention to conflict prevention, post-conflict reconciliation, peacebuilding, and security		⠿	
Environmental Sustainability			
• Support and promote the integration of environmental considerations in countries' policies, programs, and projects in support of achieving the MDGs		⠿	
• Help increase capacities to address environmental issues (e.g. desertification, climate change, water, sanitation) in ways that reflect the priorities and interests of women, men, girls, and boys		⠿	

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Enabling Results			
Appropriate Programming Orientation			
• Appropriate balance between directed and responsive programming		⦂	
• Consensual, collaborative partnerships between CIDA and its partners		⦂	
• Application of new programming approaches and funding modalities (i.e. program-based approaches)		⦂	
• Policy-based programming, and increased policy coherence between CIDA and its partners		⦂	
• Facilitation of local ownership		⦂	
• Greater untying of Canadian aid		⦂	
Appropriate Sectoral and Thematic Focus			
• Increased focus on basic education, HIV/AIDS, child protection, and health and nutrition		⦂	
• Increased focus on economic development priorities, including agriculture/rural development and private sector development		⦂	
Appropriate Geographic Focus			
• Enhanced CIDA presence in a smaller number of countries and institutions		⦂	
• Graduation of maturing countries		⦂	
Engaged Canadians			
• Improved perception of value, efficiency, and effectiveness of ODA and OA programs		⦂	
• Strategic collaboration between CIDA and its partners in engaging the Canadian public, particularly youth, in development		⦂	
Institutional Strengthening of CIDA's Partners			
• Enhance capacity and effectiveness of CIDA's partner institutions		⦂	

Management Results			
Strategic Planning and Resource Allocation (Strategic alignment of planning priorities, reporting, and resource allocation)		⋮⋮⋮	
People Management (Resourcing, development, and training, to retain a qualified, representative workforce, including enhanced field presence where necessary)		⋮⋮⋮	
Knowledge Management (Ensuring CIDA staff have ready access to the expertise and knowledge they need to continuously improve Agency programs and policies)			⋮⋮⋮
Information Management / Information Technology (Information management / information technology approaches and systems help CIDA achieve its priorities, ensure effective interaction with partners, and meet the public's information needs)		⋮⋮⋮	
Management, Processes, Approaches, Support Activities (Strengthening management approaches and transparent, cost-effective business processes to support conservation and international development assistance objectives)		⋮⋮⋮	

1.7   Performance Highlights

Box 5: RPP 2004–2005—Directions for CIDA

In its 2004–2005 RPP, the Agency outlined directions that it would pursue over the next three years:
- complete the International Policy Review process
- increase geographic and sectoral concentration of investments
- focus on Africa
- increase investments in agriculture and private sector development
- take an integrated, whole-of-government approach to development
- strengthen support for multilateralism
- promote conflict prevention, post-conflict reconciliation, peacebuilding, and security
- continue improving internal management processes

In 2004–2005, CIDA's overall performance was strong. The Agency moved forward in terms of the directions and commitments it had set out in its 2004–2005 RPP *(see Box 5)*. In most areas, the Agency judged that it had either met or exceeded expectations.[17]

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[17] A comparison of CIDA's 2004–2005 and 2003–2004 report cards reflects that this year CIDA's performance has improved in five areas (health/nutrition and humanitarian assistance moving to 'exceeded expectations'; environmental sustainability, people management and information management moving to 'successfully met expectations'); remained constant in one area (programming in HIV/AIDS continuing to 'exceed expectations'); and normalized or declined in four areas (programming in education and support for local ownership moving to 'successfully met expectations' and agriculture and knowledge management moving to 'not yet fully met' expectations.)   While each report card reflects performance in relation to commitments in a given RPP, at a general level some comparison of ratings is reasonable given the ongoing nature of CIDA's work in the areas reviewed.

The following section provides highlights from CIDA's performance for the period under review. Organized thematically, it addresses the key aspects of CIDA's performance for the fiscal year, including as reflected in the report card exercise. This overview is not exhaustive, however, and more detailed information about CIDA's performance is provided in Section 2 of this report.

1.7.1 Highlights of CIDA's Performance

Participating in the 2004–2005 International Policy Review

An overarching accomplishment for CIDA in 2004–2005 was its contribution to the International Policy Review—a process that resulted in the issuance by the Government of Canada in April 2005 of the IPS. As a major contributor to this wide-ranging interdepartmental examination of Canada's international policy framework, CIDA staff worked with colleagues in trade, diplomacy, defence, and many other departments to ensure that all aspects of Canada's foreign policy were integrated and focused toward common goals, priorities, and values.

Focusing on Key Sectors and Areas

Consistent with its commitment to concentrate aid in key sectors, CIDA successfully met its five-year commitment, established in 2000, to focus investments on the **Social Development Priorities** (SDPs) of basic education, HIV/AIDS, child protection, and health and nutrition. By 2004–2005, CIDA had invested $3.2 billion in the SDPs, surpassing the original cumulative investment target of $2.8 billion. CIDA is also on track to meet important, related targets, in particular the commitment made at the G8 Summit in Kananaskis to provide $100 million per year to basic education in Africa by 2005.[18]

During the fiscal year, CIDA also achieved progress in other areas. The Agency continued to support **private sector development**, and to pursue programming consistent with its 2003 policy, *Expanding Opportunities Through Private Sector Development.* In the area of **child protection**, CIDA remained a leader in promoting attention to the participation of children in aid programming and research. Progress was also steady in terms of **governance** programming, particularly in the areas of justice and public service reform, human rights, conflict prevention, and peacebuilding. A significant development in 2004–2005 was the establishment of Canada Corps, which undertook its first official electoral observation mission in December 2004 to support the Presidential elections in Ukraine.

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[18] In 2003–2004, CIDA's rating for basic education was that it had 'exceeded expectations'. The rating was largely based on progress achieved in expanding the proportion of funding for basic education, integrating new program-based approaches, and investments in national education sector plans as well as support for the global partnership of the Education for All Fast Track Initiative. In 2004–2005, CIDA's investments in education remained on track in relation to SDP and G8 commitments; however, it remains premature to identify specific results. For this reason, a satisfactory rating is proposed this year.

Two areas where CIDA's performance exceeded expectations for 2004–2005 related to initiatives aimed at strengthening programming in **health** and **HIV/AIDS**. In these areas, CIDA undertook significant investments in such major initiatives as the World Health Organization's "3 by 5" initiative, the Global Tuberculosis Drug Facility, and the Micronutrient Initiative, all of which are achieving important results. CIDA also provided special year-end funding of $342 million in support of the GFATM, the Global Alliance for Vaccines and Immunization (GAVI), and the Global Polio Eradication Initiative (GPEI).

In 2004–2005, CIDA continued to make important contributions in the area of **agriculture**, though this constituted an area where performance fell short of original expectations. The Agency continued to implement its 2003 policy, *Promoting Sustainable Rural Development Through Agriculture*, and overall in 2004–2005, investments in agriculture continued to grow, reaching a substantial $178 million. At the same time, reflecting a re-balancing of priorities within the Agency, investments did not reach the spending target of $225 million, which had originally been established for the fiscal year. In coming years, CIDA will remain committed to supporting agriculture and rural development programming, within the renewed framework for Canada's aid program established through the International Policy Review and the IPS.

Advancing Crosscutting Priorities

In 2004–2005, the Agency accomplished significant progress with respect to advancing key, crosscutting themes. Highlights included the development of an innovative performance measurement framework for the Agency's **gender equality** policy. This work supports ongoing efforts to ensure attention to gender equality considerations in all of CIDA's policies and programming.

With regard to environmental sustainability,[19] the Agency also achieved notable progress. In 2004–2005, CIDA initiated the revision of its **environmental sustainability** policy, and also took significant steps to strengthen CIDA's compliance with the requirements of the *Canadian Environmental Assessment Act* (CEAA) and the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals.*

Providing Humanitarian Assistance and Responding to Crisis Situations

In 2004–2005, the Agency responded effectively to major international humanitarian crises—most notably the Indian Ocean tsunami of December 2004—exceeding expectations for performance. During the year, the Agency disbursed approximately 50 percent more on **humanitarian assistance** than planned: $216 million on non-food humanitarian assistance, and another $100 million in food aid. The requirements of

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[19] In 2003–2004, CIDA rated its work on integration of attention to environmental considerations as having "not yet fully met expectations," largely because plans to update the Agency's Policy for Environmental Sustainability had not been completed and because there were weaknesses in the application of Strategic Environmental Assessments (SEA). In 2004–2005, CIDA made progress in these areas, particularly in respect of SEAs.

tsunami relief alone totalled $110 million. Canada's overall assistance, including CIDA's contribution, helped more than two million people. In 2004–2005, the Agency also responded through humanitarian or other types of assistance to countries affected by conflict including, for example, Haiti, Iraq, Afghanistan, and Sudan.

Achieving Greater Geographic Focus

In 2004–2005, CIDA met its expectations for greater geographic concentration of Canada's aid program. This was achieved through increased aid programming in the nine countries of focus identified in 2002;[20] the graduation of seven countries[21] in Central and Eastern Europe from Canada's aid program upon their accession to the EU, and; through policy work undertaken through the International Policy Review process to identify 25 Development Partner countries to which CIDA will target two-thirds of its bilateral aid budget by 2010.

A further highlight of 2004–2005 was CIDA's continued success in increasing its focus on Africa. The fiscal year marked the third year of annual 8 percent increases in the IAE overall, from which CIDA's Africa and Middle East Branch received resources of $103 million 2003–2004 and more than $164 million in 2004–2005. This increase was allocated to the six countries of focus in Africa in the key sectors of education, governance, health, and agriculture. In Budget 2005, the Government committed to doubling its aid to Africa between 2003–2004 and 2008–2009.

Strengthening Strategies for Aid Effectiveness

In 2004–2005, CIDA continued to implement a range of strategies aimed at improving aid effectiveness. Through the International Policy Review, CIDA advocated a strong **"whole of government"** approach to policy coherence in support of global poverty reduction. With the infusion of new resources, particularly for Africa, CIDA made considerable progress in applying **new programming approaches and funding modalities**. In Africa Branch, 45 percent of programming is delivered through initiatives that involve program-based approaches.[22] During 2004–2005, CIDA also made considerable gains in **harmonizing** its programming and administration of aid with other donors, and aligning with developing country partners' priorities. In accordance with the 2003 Rome Declaration on Harmonization, the Agency launched its *Action Plan to Promote Harmonization* in September 2004.

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[20] Bangladesh, Bolivia, Ethiopia, Ghana, Honduras, Mali, Mozambique, Senegal and Tanzania

[21] The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, and Slovakia. Canada's aid program was terminated with these countries, with the exception of the Official Development Assistance for Central Europe (ODACE) program, which focuses on helping these countries, and Slovenia, to build their own capacities as donor countries.

[22] This refers to 45% of disbursements in Africa Branch, excluding the Canada Fund for Africa, Middle East and North Africa, and la Francophonie.

The fiscal year also saw continuation of the Agency's commitment to **local ownership**;[23] initiatives to ensure **appropriate balance between directed and responsive programming**; and activities aimed at **strengthening collaborative relationships** with, as well as **institutional strengthening** of, CIDA's partners. The latter included providing funding to partners to engage in capacity building and public engagement activities, facilitating knowledge sharing, policy dialogue to strengthen aid effectiveness, and the organization in November 2004 of CIDA's third International Cooperation Days event, hosted by the Minister of International Cooperation, for all of CIDA's partners.

Modernizing Management Processes

Finally, CIDA also made concrete progress in modernizing its internal management processes. With the requirement for new skills associated with new program approaches, in 2004–2005, CIDA took additional steps to strengthen its **human resources management**.[24] Initiatives focused on areas such as improved governance, greater training and learning opportunities, and workplace environment issues. With respect to **strategic planning and resource allocation**, the Agency undertook its second round of costed workplanning, integrating a number of improvements based on its experience in 2003–2004. CIDA's establishment of a more rigorous approach to rationalizing and managing its operating budget also enhanced its capacity to re-allocate resources from lower to higher priorities. The Agency made further progress in the area of **information management**,[25] for example, through the development of a draft action plan to strengthen capacity, the completion of an e-business service model for the Agency, and the development of new communications tools.

Although the Agency accomplished important achievements in 2004–2005, it also faced some challenges with respect to **knowledge management**—an area in which the Agency judges that it did not fully meet expectations. During the fiscal year, CIDA did consolidate a new branch devoted to performance and knowledge management. At the same time, it was recognized that more needs to be done to strengthen coherence and focus, and to clarify roles and responsibilities in this area.

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[23] In 2003–2004, CIDA's expectations with regard to local ownership were exceeded, largely due to CIDA's work in Africa, involving increased use of program-based aid in support of national poverty reduction strategies. While CIDA remained fully committed to local ownership in 2004–2005, the Agency has taken into account a 2005 OECD report which observes that while local ownership is emerging globally (and not only in relation to CIDA's activities), much progress remains to be made in developing strong national development strategies in partner countries.

[24] In 2003–2004, CIDA assessed that it had 'not yet fully met' expectations in respect of people management. In 2004–2005, the Agency undertook significant efforts to strengthen its performance in this area, moving forward with a multi-year project plan to systematically modernize its human resources practices and systems.

[25] In 2003–2004, CIDA judged that it had 'not yet met' expectations related to information management, citing amongst other factors results of an evaluation which had identified a range of areas for improvement (e.g. in areas of finance, business engagement, governance and information management.) In 2004–2005, the Agency achieved progress in several of these areas and prepared its draft *IM Action Plan* informed by the results of the previous evaluation.

1.7.2 Risks, Challenges, and Future Directions

While CIDA's performance in 2004–2005 was strong overall, practical experience continued to highlight the challenges of development cooperation, and to provide the Agency with the opportunity to reflect on lessons learned, and on the risks and the opportunities associated with its work.

In 2004–2005, several factors affected CIDA's operating and programming context. Some of these factors, outlined briefly below, required—and will continue to require— ongoing attention by the Agency.

- **Implementing program-based approaches and shared funding modalities:** CIDA's experience with the implementation of program-based approaches (e.g. various forms of pooled funding and direct budget support) and efforts to harmonize its assistance with other donors continued to present challenges, as well as to highlight the need*, inter alia*, for new skill sets and training, increased field presence, strengthened risk management, streamlined administrative procedures, and capacity building for partners. The Agency is addressing these challenges, and will continue to devote attention to them.

- **Responding to humanitarian emergencies and other crises:** The demands associated with responding to serious humanitarian and other emergencies during 2004–2005, particularly the Indian Ocean tsunami, placed significant pressures on Agency staff, and in some cases delayed some programming activities. The Agency's experience with responding to major emergencies, combined with the special challenges of working in failed or fragile states affected by conflict, continued to underscore the need for strong risk management and close donor collaboration in these areas.

- **Reforming approaches to planning, measuring, and reporting on performance:** In this area, increasing and evolving accountability requirements, and particularly major, new government-wide policies, such as the MRRS and PAA, are requiring that the Agency develop new tools and frameworks for planning, performance measurement, and resource allocation. This undertaking is a complex process that will involve a significant re-orientation of existing approaches.

- **Implementing outcomes from government-wide initiatives:** In 2004–2005, the Agency engaged in two significant, government-wide initiatives: the International Policy Review and the Expenditure Review exercise. Although both exercises benefited the Agency, they also generated some challenges. Implementation of the results of the Expenditure Review, but particularly the new directions set out in the IPS, will have significant implications for the Agency in coming years.

A fuller discussion of these lessons, risks, and challenges appears in Section 2, following the detailed discussion of CIDA's 2004–2005 performance.

Section II: CIDA's Performance

2.1   Strategic Outcomes: Achieving Results

Each of the following sections—one per strategic outcome or development result as listed in the report card in Section I—begins with a table (or logic model) summarizing the priorities or intermediate outcomes for each result area, along with examples of indicators or immediate outcomes. Each section also identifies planned spending and actual disbursements for 2004–2005 and outlines a sample of results achieved.

2.1.1   Economic Well-Being

In the area of economic well-being, planned spending for 2004–2005 totalled $734.4 million, and actual disbursements totalled $804 million.

> **MDG Targets:**
> **Between 1990 and 2015, halve the proportion of people whose income is less than one dollar a day, and the proportion of people who suffer from hunger**

Strategic Outcome	Priorities / Intermediate Outcomes	Sample Indicators / Immediate Outcomes (SDS 2004–2006)
Equitable economic growth and improved standards of living of poor women, men, girls, and boys	• Strengthen investments in agriculture and rural development • Support private sector development that contributes to pro-poor equitable economic growth and improved and sustainable standards of living of poor women, men, girls, and boys • Build capacity to make trade work for poor women, men, girls, and boys • Foster an enabling environment for economic growth and investment	• Proportion of population making less than one dollar per day • Poverty gap ratio (incidence and depth of poverty) • Extent of male/female income gap • Trade volumes, market access for developing countries • Broad indicators of economic performance (i.e. economic growth rates, unemployment rates, and growth in private sector activity) • Indicators of sound monetary policy (e.g. inflation rates, real interest rates)

Introduction

Poverty reduction is the cornerstone of CIDA's development cooperation program. Because economic growth is essential to reducing poverty, Canada's aid programming includes a focus on investments aimed at stimulating such growth and improving standards of living.

Building a dynamic, growth-oriented private sector that benefits all members of society is critical to the achievement of all the Millennium Development Goals (MDGs). In 2004–2005, CIDA's work in this area continued to be guided by its policy, *Expanding Opportunities Through Private Sector Development,* released in 2003. It also remained guided by the directions set out in *Unleashing Entrepreneurship: Making Business Work for the Poor*, the 2004 Report of the UN Commission on the Private Sector and Development, which had been co-chaired by Prime Minister Paul Martin and by the former President of Mexico, Ernesto Zedillo. With Canadian support and advocacy, Canada's multilateral partners and other donors, as well as developing country partners, are integrating private sector development into institutional policies and strategies. CIDA has also maintained its leadership in supporting microfinance, building local institutions, and targeting women microentrepreneurs.

In developing countries, where many of the poor live in rural areas, private sector development often revolves around agriculture. In 2004–2005, CIDA's support for agriculture continued to be informed by its policy *Promoting Sustainable Rural Development Through Agriculture,* released in 2003. As a result of a re-balancing of priorities within the Agency, in 2004–2005 CIDA did not meet its original spending target of $225 million, as set out in the 2003 policy. However, the Agency's investment in agriculture did continue to grow during the fiscal year, reaching a substantial $178 million. CIDA remains committed to programming in this area. The 2004–2005 International Policy Review and resulting IPS have identified priority sectors of activity (e.g. private sector development; health, including food security; environmental sustainability) under which continued investments in agriculture and rural development will remain important.

Finally, in addition to support for private sector development and agriculture, in 2004–2005 CIDA also placed continued emphasis on initiatives to create an enabling environment for economic growth as well as increase opportunities for the poor, including through improved legislation and policies. CIDA's work in this area further included initiatives to enhance the capacity of governments and entrepreneurs in the developing world to participate effectively in international trade and investment.

Key Targets and Results

Strengthen investments in agriculture and rural development

- In 2004–2005, CIDA continued to support major projects in this sector, such as the Nile Basin Initiative and the Quality Protein Maize Development in East Africa initiative. At the country level, in Ghana, more than half of CIDA's $38 million investment during 2004–2005 was in the agriculture and food security sector, mainly for the implementation of the Food and Agriculture Sector Development Policy (FASDEP). FASDEP has already increased the availability of foods in the market due to increases in cultivated areas under irrigation, access to mechanized tillage, and small-scale agro-processing.

- Support for natural resource management and sustainable agriculture has yielded important results in Mozambique, where assistance to rural water development and agroforestry have improved access to potable water for 123 communities and expanded the use of agroforestry techniques to farmers. CIDA is also supporting Mozambique's National Program for Agricultural Development, along with other donors. In 2004–2005, production increased by 9 percent; 150,000 families were reached with extension services; 1,195 hectares of irrigation schemes were rehabilitated; and an increased number of land title files were submitted, with most receiving a favourable response.

- In keeping with its pledge to reduce Ethiopia's vulnerability to famine, CIDA launched two new programs in Ethiopia in 2004–2005: the $17.5 million Sustainable Water Harvesting and Institutional Strengthening in Amhara project and the $19.9 million Improving the Productivity and Market Success of Ethiopian Farmers project. As an active member of the New Coalition for Food Security established by the Government of Ethiopia, CIDA also worked with its partners to translate existing initiatives into integrated, multi-donor programs that will achieve economies of scale. CIDA further worked to address food security in West Africa, where a massive locust infestation dampened agricultural productivity prospects in 2004–2005. In response to this crisis, CIDA provided $6.5 million to the UN's Food and Agricultural Organization to support remediation programs in the worst affected countries, including Mali, Niger and Senegal.

- In Vietnam, an improved livelihoods project, which CIDA supported in Thanh Hoa province, has resulted in a 10 percent reduction in the number of poor households, a 37 percent increase in average incomes, a 10 percent reduction in the number of days spent ill, a 10 percent increase in credit availability, an 8 percent increase in households marketing their crops, and a total of 424 infrastructure development projects.

- In addition to its annual core support of $17.37 million to the Consultative Group on International Agricultural Research (CGIAR), CIDA added $13.33 million from the Canada Fund for Africa (CFA) to support research, development, and the dissemination of production and processing technologies for Africa-specific agricultural research. CGIAR research is improving local nutrition and incomes, in particular for rural families. An additional $30 million from the CFA was also committed to a new centre of excellence in biosciences for agriculture, based in Nairobi, Kenya, in response to the New Partnership for African Development (NEPAD).

Support private sector development that contributes to pro-poor economic growth

- In Egypt, the Small and Medium Enterprise Development in Upper Egypt project, which ended in March 2004, helped establish 2,000 new enterprises and create 8,000 jobs. Building on this success, a new project launched in July 2004 supports

existing or new business development service providers and related local institutions to further enhance the small and medium-sized enterprise (SME) sector in the country.

- In Russia, CIDA's contribution to SME development aimed to diversify the economy away from oil and minerals, through the development of other natural resources. Over a period of five years, ending in 2004, training to more than 500 people in the production and marketing of forest products resulted in the creation of 25 new businesses in the largely aboriginal district of Nanai in the Khabarovsk region of Russia's Far East.

- In 2004–2005, CIDA supported multilateral development partners that provide loans to small enterprise. The South Asia Enterprise Development Facility in Bangladesh, managed by the World Bank's International Finance Corporation, trained 1,600 bankers to identify, develop, and implement financing for SMEs. Loans in this sector increased by US$150 million over the year, and business training was provided to more than 800 professional staff.

- CIDA also continued to provide direct assistance to countries for microfinance and microenterprise, especially for women. In Senegal, support to a savings and credit network, which involves more than half a million members, most of whom are women, profited from loans totalling $142 million over the life of the project. In the Philippines, CIDA's support for the National Confederation of Cooperatives helped 43 cooperatives to provide better service to about 243,696 members, 50 percent of whom are women. About 23,000 affordable business loans were provided, creating new jobs in the community, while the project's cooperative insurance component improved benefits to members.

- Consistent with its commitment to support new approaches to facilitate investment, in 2004–2005 CIDA approved funds for the establishment of a Local Enterprise Investment Centre in Bangladesh, and assessed the feasibility of a similar centre for Senegal. The aim is to provide SMEs with access to capital, and innovative knowledge, technologies, and practices that will allow them to produce more and better goods and services for import substitution and for export.

> **Box 6: Regional Cooperation—Promoting Private Sector Development in West Africa**
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> CIDA's support for establishing the Regional Stock Exchange Project was a six-year, $3-million investment that ended in 2004–2005. It created the platform for the implementation of a multi-donor, five-year West Africa Regional Financial Market Development Program, a US$408 million initiative in which CIDA will continue to participate (contributing $3.1 million from 2005–2006 to 2008–2009).
>
> Through the first project, regional institutions were strengthened and made more transparent. The more favourable investment environment created through the activities of CIDA's initial support resulted in increased confidence in West African financial markets and institutions. The new program will contribute to the continued strengthening of the regional regulatory and governance bodies, including the regional stock exchange, management and intermediation companies, the West African Economic and Monetary Union, the Central Bank of West African States, and the Regional Council for Public Savings and Financial Markets.

Build capacity to make trade work for the poor

- In 2004–2005, CIDA continued to help poor countries build capacity to compete in international markets. CIDA provided $750,000 to the Organization of American States (OAS), whose program of assistance to small economies in the Caribbean has created legal and trade databases, investment facilitation frameworks, impact studies, workshops on key economic issues, and an inventory of legal barriers to trade. The program has also established reference centres in 11 countries.

- Small producers in 15 African countries are increasing their competitiveness through the Program for Building African Capacity for Trade (PACT), which CIDA supported through the CFA. For example, trade missions helped 600 Ghanaian farmers find markets for their produce in Europe, resulting in $680,000 in additional weekly exports. In 2004–2005, PACT also launched a regional gender and trade initiative that develops and delivers courses for women entrepreneurs in the area of export management, business counselling, trade information, and networking.

- In 2004–2005, CIDA continued to provide assistance for effective participation in trade negotiations. For example, support to the African Trade Policy Centre helped raise awareness on trade issues for policy-makers and negotiators, supporting the development of common negotiating positions on the July 31, 2004 World Trade Organization (WTO) package for African countries. In the South Caucasus, CIDA also supported the International Centre for Trade Policy and Law, which provided workshops and general advice on trade policy issues, leading to the participation of Georgia and Armenia in several WTO conferences as well as support to Azerbaijan's negotiations for WTO accession.

Foster an enabling environment for economic growth and investment

- In Egypt, a "one-stop" shop model for the licensing and registration of businesses developed with CIDA support has reduced the waiting time from almost a year to about two weeks. Viewed as a best practice, the model is now part of the new law on SMEs and is being replicated throughout the country. In Ukraine, CIDA support ($4 million over three years) improved the legal environment for private corporations, including through amendments to agriculture and banking laws, as well as the passing of a new law on joint stock companies. In Burkina Faso, the CIDA-supported Financial Centre for Entrepreneurs participated in the development of a national strategy for microfinance.

- Through CIDA support, senior Canadian industrial experts are providing business advice through the Turn Around Management Program and the Canadian Technical Cooperation Fund in Central and Eastern Europe. In 2004–2005, a Canadian-staffed project also provided cutting-edge advice to improve airport management in Ulan Ude, Siberia. In Uzbekistan, innovative advice was provided in the context of agreements for performance-based management of public services to be adopted by a local heating utility.

- Integration of Information and Communications Technologies (ICTs) into SMEs in Africa was also a focus for CIDA in 2004–2005 through its Enablis project. In 2004–2005, a CIDA contribution of $1.4 million supported the establishment of Enablis' first regional hub in South Africa, and the accreditation of 53 member entrepreneurs, 26 percent of whom were women, to be eligible for loan financing and technical support.

- CIDA completed the preparatory work in 2004–2005 for the Canada Investment Fund for Africa (CIFA), which was launched in April 2005. CIFA is a bold and innovative measure to promote public-private partnerships with the objective of increasing foreign direct investment in Africa that generates economic growth. As a limited partner in this private equity, blind pool Fund, the Agency will contribute up to $100 million, to be matched on a one-to-one basis by other limited partner investors.

2.1.2 Social Development

In the area of social development, planned spending for 2004–2005 totalled
$1,190.2 million, and actual disbursements totalled $1,593.2 million.

MDG Targets:

- **Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling**
- **Eliminate gender disparity, preferably by 2005, in primary and secondary education, and in all levels of education no later than 2015**
- **Between 1990 and 2015, reduce the under-five mortality rate by two thirds**
- **Between 1990 and 2015, reduce the maternal mortality ratio by three quarters**
- **By 2015, halt and begin to reverse the spread of HIV/AIDS**
- **By 2015, halt and begin to reverse the incidence of malaria and other major diseases**

Strategic Outcome	Priorities / Intermediate Outcomes	Sample Indicators / Immediate Outcomes (SDS 2004–2006)
Improved quality of life for poor women, men, girls, and boys, through enhanced social services, management of the social impact of reform, progress toward gender equality, and humanitarian assistance	• Strengthen programming in basic education, HIV/AIDS, health and nutrition, and child protection • Support and promote the integration of gender equality considerations into all development policies, programs, and projects • Provide humanitarian assistance in times of natural disaster and/or conflict	• Net enrolment ratio in primary education • Proportion of pupils (male/female) starting Grade 1 who reach Grade 5 • Ratio of girls to boys in primary, secondary, and tertiary education • Percentage of patients (male/female) with sexually transmitted infections at health care facilities, who are appropriately diagnosed, treated, and counselled • Mortality rates: infant, under-five, and maternal • Incidence of malaria and tuberculosis (male/female) • Knowledge/skills among women and women's organizations for advocacy, and participation in decision-making • Early warning systems in place in vulnerable countries

Introduction

Development is first and foremost about people. People care for the human and natural
resources, create the institutions and processes, and drive the productivity and commerce
upon which development depends. Education, health care and other basic needs are the
foundations of human progress. Investment in these sectors has proven to be the single
most effective contribution to poverty reduction and sustainable development that a
country can make, provided that it is undertaken in an environmentally sustainable
manner.

Canadian International Development Agency

In September 2000, the Minister for International Cooperation launched CIDA's *Social Development Priorities: A Framework for Action*. The framework outlined four priority areas for CIDA: education, health and nutrition, HIV/AIDS, and child protection. The Agency's objective was to strategically invest in these Social Development Priorities (SDPs) in order to make a stronger contribution to social and economic well-being and to accelerate progress toward achieving the MDGs. In 2004–2005, CIDA successfully met its commitments to double spending on the SDPs between 2000 and 2005. The cumulative investment target for the five-year period was set at $2.8 billion; by the end of 2004–2005, CIDA had surpassed this target and had invested $3.2 billion.

In addition to CIDA's success in meeting the SDP targets, the Agency also accomplished significant results in the areas of health and nutrition, HIV/AIDS, and humanitarian assistance, where the Agency's performance exceeded expectations. Important progress was also achieved in child protection and the promotion of gender equality.

Key Targets and Results

Strengthen programming in basic education

- At the G8 Summit in Kananaskis, Alberta, in June 2002, Canada committed to doubling its spending on basic education in Africa to $100 million per year by 2005. This target will be met by the end of 2005. Close to 80 percent of this budget is spent in Mozambique, Tanzania, Senegal, and Mali, mainly on primary education. Since 2002, an additional 6 million children, almost half of them girls, are now in school in the nine countries[26] in which Canada is involved in education. This represents approximately one quarter of the school-aged population.

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[26] Mozambique, Tanzania, Senegal, Mali, Uganda, Kenya, Zambia, Malawi and Burkina Faso

- In addition to government-to-government support, CIDA funds the education initiatives of its Canadian partners. In Sierra Leone, Foster Parents Plan of Canada has developed the Education Renewal program, which supports the government's commitment to increase school enrolment and retention rates and to improve the quality of basic education. The World Bank and the African Development Bank (ADB) are now replicating this model.

- In 2004–2005, CIDA continued to support education-related training. In Guyana, a long-running basic education teacher-training program established an in-service training centre to facilitate distance education for the underserved hinterland areas. Over the course of this project, there has been a steady increase in students sitting for exams and increasing pass rates in the areas covered by its activities.

- In Vietnam, CIDA continued to build on the success of a previous investment in education reform by providing assistance to the Ministry of Education and Training in relation to the implementation of the national Education for All (EFA) plan. This initiative included preparation of EFA education plans by provincial education authorities within the framework of the national plan, and strengthening the capacity of the Ministry of Education and Training to coordinate the provincial education planning process.

- In Bangladesh, CIDA supports the Bangladesh Rural Advancement Committee (BRAC), the lead non-governmental organization (NGO) in the country, to provide non-formal education to 1.3 million poor children (60 to 65 percent of

whom are girls) from remote areas who have dropped out of formal schools or have never attended school. This includes children from ethnic minority groups and children with disabilities. In 2004–2005, BRAC operated 16,000 pre-primary and 31,000 primary schools.

Strengthen programming in HIV/AIDS

- In 2004–2005, CIDA made major contributions to the fight against HIV/AIDS through contributions to both international and national initiatives. Benefiting from special end of year funding, CIDA contributed $140 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), doubling its planned contribution for 2004–2005. GFATM has reached tens of millions through prevention programs, including behaviour-change campaigns; condom distribution; support for injection drug users, sex workers, and mobile populations; school programs; and awareness-raising initiatives. The fund also supports infrastructure and skills upgrading. In 2004, more than 350,000 people from ministries of health, community organizations, and education programs received training.

- CIDA was also an early donor to the World Health Organization's (WHO) "3 by 5" initiative on HIV/AIDS, committing $100 million over two years (2004 – 2006). Because of "3 by 5," the number of people receiving anti-retroviral therapy is now approximately one million, and increasing in all regions. In 2005, CIDA will be represented on the steering committee of an independent, multi-country evaluation of this initiative initiated by WHO.

- As Chair of the Programme Coordinating Board of the Joint UN Programme on HIV/AIDS (UNAIDS), Canada played an important role in improving coordination among donors, promoting efficiency and effectiveness of the Board's Bureau, fostering a rights-based approach to harm reduction and HIV prevention (particularly through further development of the Global Coalition on Women and AIDS), and providing leadership in endorsing the "Three Ones" principles.[27]

- In addition to supporting international initiatives, CIDA also supports national HIV/AIDS programs in a range of countries, many of which are in Africa, such as Nigeria, Ghana, South Africa, Zimbabwe, Tanzania, Kenya, Malawi, and Mozambique *(see Box 8)*. The CFA is providing $50 million during the 2002–2007 period to support vaccine research for strains prevalent in Africa.

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[27] One agreed HIV/AIDS Action Framework that provides the basis for coordinating the work of all partners; one National AIDS Coordinating Authority, with a broad-based multi-sectoral mandate; and one agreed country-level Monitoring and Evaluation System.

> **Box 8: Fighting AIDS in Mozambique—The Comprehensive Approach**
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> Mozambique is a priority country of focus for CIDA's work on HIV/AIDS. CIDA is contributing to integrated, multi-donor, country-led HIV/AIDS programs, including the Common Fund for Support to the Health Sector, and the Common Fund for Support to the National AIDS Council.
> Specific results for CIDA's HIV/AIDS programming include the following:
> - Increased access for Mozambicans to HIV/AIDS treatment. The following results were achieved in 2004:
>   - 6,226 Mozambicans received anti-retroviral therapy;
>   - 4,047 women and 4,950 children received prevention of mother-to-child transmission treatments;
>   - 25 day hospitals offering anti-retroviral therapy were established; and
>   - 50 doctors were trained in the provision of anti-retroviral therapy.
> - Improved access for Mozambicans to HIV/AIDS prevention information and services. The following results were achieved:
>   - 300,000 people received counselling and testing; and
>   - 113 voluntary counselling and testing sites were in operation.
> - The approval of the strategic component of the National HIV/AIDS Strategic Plan 2005–2009.
> - Greater support for communities and local organizations through the National AIDS Council.
> - CIDA gained approval for the following initiatives in 2004–2005: the HIV/AIDS Mainstreaming Responsive Fund initiative ($4 million, 2004–2008); the Orphans and Children Made Vulnerable by HIV/AIDS initiative in Mozambique ($1.183 million, 2005–2006); and the Training for Health Renewal Program in Mozambique ($1.165 million, 2005–2008).

- In Cambodia, a CIDA-supported prevention and awareness program has contributed to a reduction from 3.9 percent in 1999 to 1.9 percent in 2003 in the incidence of HIV along major highways. In Haiti, despite the political unrest and the ravages of Hurricane Jeanne, the Ministry of Health, community groups, and donors, including Canada, increased their coordination, trained more than 70 percent of health care workers in their project areas, and extended the reach of services among schools, community organizations and commercial sex workers. CIDA contributed more than $2.2 million in 2004–2005 to this project.

- Support to the Caribbean Epidemiology Centre HIV/AIDS Program, a major multi-donor initiative (CIDA contributed $1.042 million in 2004–2005), has enabled member countries to develop and implement national plans and establish programs such as mother-to-child transmission prevention. In addition, the centre has negotiated a reduced price for anti-retrovirals for the region.

- In Central and Eastern Europe and Central Asia, CIDA is supporting a $1 million, three-year regional program ($377,522 disbursed in 2004–2005) promoting harm reduction[28] to help stop the spread of HIV/AIDS in Russia, Ukraine, Georgia, and Tajikistan. For example, through this initiative, the Georgian Ministry of Health

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[28] Harm Reduction is a pragmatic and humanistic approach to diminishing the individual and social harms associated with drug use, especially the risk of HIV infection, and encompasses a wide range of drug user services, including needle and syringe exchange, drug substitution treatment, and other support services.

established an advisory council to recommend policy and legislative changes, and the Ukrainian Prison Administration committed to develop prison-based HIV and drug-use programs.

- CIDA also promotes the integration of AIDS awareness into mainstream educational institutions in countries from Mozambique to Haiti. In seven South-eastern European countries, a youth-oriented HIV/AIDS prevention program lobbied the ministries of education to include sex education and life-skills-based education into official school curricula. In Bosnia and Herzegovina, 236 out of 300 high schools have adopted the new curricula and, in Macedonia, these are being piloted in eight schools.

Strengthen programming in health and nutrition

- In 2004–2005, CIDA made very significant contributions to international efforts to address health and nutrition issues. Canada contributes financially and through policy dialogue to a range of organizations, including the United Nations Children's Fund (UNICEF), WHO, the Pan-American Health Organization (PAHO), and the United Nations Population Fund (UNFPA).

- CIDA contributes to several special funds that have achieved important results. Canada is a founder and leading donor ($25 million contributed in 2004–2005) of the Global Tuberculosis Drug Facility, which has supplied anti-tuberculosis drugs to an estimated 4.48 million patients in 58 countries since 2001. As a result of special year-end funding, CIDA also channelled a further $160 million to the Global Alliance for Vaccinations and Immunization (GAVI), and $42 million to the Global Polio Eradication Initiative (GPEI). *(See Box 9.)*

Box 9: A Polio-Free World by 2008

Since 1988, Canada has been among the top five donors to the Global Polio Eradication Initiative (GPEI), providing a total of $165 million, of which $42 million was disbursed in 2004–2005. As a result of increased international immunization, reported polio cases have decreased from more than 350,000 estimated cases in 1988 to 1,255 in 2004. The highest incidence of polio continues to be in Africa. The GPEI's goal is the worldwide eradication of polio by the end of 2008. Canada continues to work with G8 governments and other partners to support this effort, particularly through WHO's and Rotary International's initiative to eradicate polio.

In the fall of 2004, Canada's quick response to a polio outbreak in Nigeria that threatened the entire region helped enable 1 million vaccinators in 23 countries to immunize 80 million children under the age of five, thereby containing the outbreak. Quick action such as this, supported by Canada's continued commitment to fight the disease, will bring the world closer to making polio history by 2008.

- Long-lasting insecticide treated mosquito nets are the most cost-effective method of preventing malaria and thus reducing the burden on health systems in Africa. In December 2004 CIDA's contribution of $4.5 million to the Canadian Red Cross

enabled the provision of more than 700,000 long-lasting insecticide treated bednets for all households with children under-five as part of a National Child Health Campaign in Togo, West Africa. This was the first national-scale pairing of bednet distribution with a vaccination campaign, and preliminary results indicate that the campaign was widely successful. Support also continues to the African Program for Onchocerciasis Control, which treats more than 40 million people annually against river blindness. Other regional programs include a technical cooperation project in Southeast Asia, which trained 52 participants in biosafety and biocontainment, as part of a regional strategy to respond to outbreaks of emerging infectious diseases affecting humans and animals.

- During the period under review, CIDA continued to be a lead supporter of Vitamin A supplementation programs in partnership with UNICEF and the Ottawa-based Micronutrient Initiative. In 2004, the Micronutrient Initiative estimates that CIDA support ($23 million contributed in 2004–2005) helped provide Vitamin A to more than 200 million children under five years of age helping to save the lives of more than 300,000 of them.

- Efforts to reduce maternal mortality also remained an important focus for the Agency. In 2004–2005, CIDA provided $700,000 to a new international Partnership for Maternal, Newborn and Child Health. In addition, through its support to the UNFPA, CIDA helped increase access to reproductive health for treatment and prevention of obstetric fistula in 20 countries, and provided emergency obstetric services in Afghanistan, which has one of the world's highest maternal mortality rates.

- CIDA continued to support improvements to health service delivery. Support to community health care in Mali has increased access to health care; in 2004, the proportion of people living within a 5-km radius of a clinic rose from 33 percent in 2002 to 46 percent; assisted live births rose from 36 percent to 44 percent; and vaccination coverage for infants rose from 52 percent to 87 percent. In Bangladesh, the Centre for Health and Population Research continues to investigate health issues affecting the poor and vulnerable, as well as provide health care services. In Ecuador, a major tuberculosis control program is succeeding in detecting and treating the disease in the three most populous provinces, using an approach that is now serving as a model for treatment in other countries.

- Potable water supply and sanitation services are improving health in communities around the world, from Indonesia to Malawi to Peru, where more than 360,000 have benefited from a recent project to strengthen capacity to deliver these services in municipalities.

- In 2004–2005, CIDA helped overcome the legacy of Hurricane Mitch in Honduras. The final year of the Post-Mitch Transformation Fund ($4.5 million over seven years) wrapped up a range of infrastructure projects, including

schools, health facilities, latrines, and water systems on the north coast of Honduras.

Strengthen programming in child protection

- One of Canada's primary contributions to the protection of children from abuse, exploitation, and discrimination is through its ongoing support to UNICEF ($13.5 million in core funding in 2004–2005). CIDA also supports a range of individual projects in partnership with UNICEF, including a project in Sri Lanka advocating for the release of all children employed by government or rebel armed forces, and providing transit centres and re-integration assistance for released children. In another initiative, UNICEF supported the return to school of nearly 7,000 children, catch-up classes for approximately 45,000, and the rehabilitation of 241 school buildings.

- In 2004–2005, CIDA launched the process to develop a Child Rights Strategy for its cooperation program with Egypt, which integrates children's rights and protection into its employment / small enterprise development, basic education, and gender equality programming. CIDA further collaborated with government and civil society partners to develop, test, and disseminate several innovative tools related to literacy and small loans to help children working in micro- and small enterprises.

- During the review period, CIDA continued to support the rehabilitation and re-integration of war-affected children. A CIDA-funded study on girls abducted during the conflict in Angola helped CIDA and its partners to ensure girls' needs were addressed in other demobilization efforts. Young people caught up in Colombia's civil war played an important role in the design and implementation of the highly successful Conflict Resolution for Adolescents project. This project was selected in September 2004 by the United Nations Educational, Scientific and Cultural Organization's (UNESCO) International Bureau of Education as an example of a best practice in education.

- In West Africa, CIDA supports a Save the Children Canada project (more than $500,000 disbursed in 2004–2005), which addresses child trafficking in the transborder region between Mali, Burkina Faso, Guinea, and Côte d'Ivoire. The project raised awareness and intervened in dangerous situations to protect migrant children and provide them with referrals to social services. The project has also developed a methodology and tools to strengthen the capacity of civil society organizations and public officials to fight child trafficking. In addition, its own investigations along trafficking routes have allowed it to alert authorities to criminal acts.

Support and promote the integration of gender equality

- In 2004–2005, CIDA worked with national governments to strengthen their capacity to mainstream gender equality. Dialogue with the Government of Senegal contributed to the development of the National Strategy for Equality and Gender Equity released in early 2005. CIDA also supported the implementation of the Gender Reform Action Plan in Pakistan. In Nicaragua, CIDA support helped strengthen the National Gender Equity Plan, now a component of the National Development Plan supported by funds from the national budget. At the program level, CIDA worked to include gender equality into project design in education, resulting in increased access and higher completion rates in Bangladesh, Egypt, Kenya, Mozambique, Senegal, and Uganda.

- CIDA's performance in gender equality work was highlighted by observers and partners in 2004–2005. CIDA's advisor in social development and gender equality in Burkina Faso was nominated as Chevalier de l'Ordre National on International Women's Day for her contribution to the development of Burkina Faso's National Policy on the Promotion of Women.

- CIDA funded a wide range of activities that supported women's rights, including participation in decision-making. During the 2004 elections in Ghana, CIDA support enabled civil organizations to draw greater attention to gender inequality in governance and political decision-making. In Bolivia, Colombia, Ecuador, and Peru, local gender funds continued to support women candidates in municipal and national elections. In Bangladesh, employment and credit training through the Rural Maintenance Program have empowered women to take on community leadership roles. More than 2,000 participants were trained in leadership development in this initiative, and 100 have been elected at the local level.

- In 2004–2005, CIDA also continued to integrate a gender perspective into its internal policies, programs, and priorities. During the review period, work was completed toward the development of a complex and innovative performance measurement framework to support the Agency's gender equality policy. CIDA's *Framework for Assessing Gender Equality Results* will help CIDA better track its success in reducing gender inequality through its investments. This is the first such assessment framework developed by an OECD country for a crosscutting policy, and considerable international interest has already been expressed. In April 2005, the Framework was also cited in a report by Canada's Standing Committee on the Status of Women as an encouraging example of action in support of the government wide mandate to perform gender-based analysis.

Provide humanitarian assistance in times of natural disaster and/or conflict

- In 2004–2005, CIDA responded to significant humanitarian emergencies, disbursing 50 percent more on humanitarian assistance than planned *(see Table 5 on actual spending)*. These emergencies included such natural disasters as the hurricanes in the Caribbean, where CIDA provided for the emergency and longer-

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term recovery needs of affected populations in Grenada, Cuba, Jamaica, and Haiti. *(For details on CIDA's leadership role in Haiti, see Box 15.)*

- The disaster of the greatest magnitude, however, was the Indian Ocean earthquake and tsunami. In 2004–2005, of the $216 million total, non-food humanitarian disbursements by the Agency, $110 million were tsunami-related. *(For details on Canada's and CIDA's response to the tsunami, see Box 10.)*

Table 5: Humanitarian Assistance—Actual Spending[29]

	2000–2001	2001–2002	2002–2003	2003–2004	2004–2005
Humanitarian assistance and distress relief	$158.7 million	$174.3 million	$195.3 million	$228.2 million	$335.9 million

- In addition to the tsunami, CIDA also responded to crises related to a number of ongoing conflicts in Africa. In the Democratic Republic of Congo, CIDA supported UNICEF's efforts to provide emergency water and sanitation assistance, education supplies, and support to victims of sexual and gender-based violence. In Northern Uganda, CIDA supported World Vision Canada in its efforts to provide emergency education for internally displaced children. CIDA support to the United Nations High Commissioner for Refugees (UNHCR) helped tens of thousands of refugees return home to re-establish their lives in Angola and Burundi. CIDA also provided humanitarian and other assistance in response to the tragedy in Darfur, Sudan *(see Box 12).*

- As the world's fifth largest donor to the World Food Programme (WFP), CIDA provided $83 million for emergency food aid during 2004–2005, reaching almost 5 million people in Ethiopia, Haiti, Sudan, and in tsunami-affected countries. The tsunami disaster has focused the world's attention on the need to invest more resources in disaster reduction efforts. In 2004–2005, CIDA's $5 million Disaster Reduction Fund helped support disaster preparedness and reduction programs, including through the International Secretariat for Disaster Reduction, the International Federation of Red Cross and Red Crescent Societies, and the United Nations Development Programme (UNDP). CIDA also supported a special account at the International Monetary Fund (IMF) with a contribution of $1 million to help disaster-stricken countries cope with the balance of payments problems arising from emergencies.

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[29] This includes food aid under humanitarian assistance criteria.

Box 10: Canada Assists Survivors of the Indian Ocean Tsunami

In response to the December 2004 Indian Ocean earthquake and tsunami, Canada committed $425 million over five years, of which CIDA is managing $383 million. CIDA provided $37.2 million to the immediate disaster response through support to the UN Flash Appeal, and grants to UN agencies, the Red Cross movement and select Canadian NGOs. A key component of the Government's overall package was a pledge to match funds received by eligible NGOs, which resulted in $213 million being made available for relief and reconstruction efforts. By March 31, 2005, CIDA's Matching Fund program had disbursed an additional $88.5 million to eligible NGOs toward such initiatives. Approximately $133 million has been allocated over the next four years to reconstruction through regular CIDA program channels, together with $124 million via the Matching Fund program. Overall, funding has supported the following relief activities:

- World Vision Canada distributed non-food items and hygiene kits to more than 70,000 families in Indonesia, Sri Lanka, India, and Thailand, as well as assistance to repair fishing equipment and provide transitional shelter in Indonesia and Sri Lanka.
- CARE Canada distributed household items and shelter materials, and supported a livelihoods clean-up program to help more than 25,000 families get back on their feet. As well, it rehabilitated water access in Indonesia and India, benefiting 100,000 people.
- More than $18 million was provided to UNICEF which, with support from other donors, enabled it to provide nearly 200,000 women and children with almost 100,000 bed nets to prevent malaria; vaccinate almost 1.1 million children against measles; and distribute approximately 2.6 million iron tablets to 26,000 pregnant women.
- The Canadian Red Cross shipped $33 million worth of relief supplies, including 200 tonnes of water purification supplies and shelter materials to Sri Lanka, Indonesia, India, and the Maldives; and sent Canadian delegates to the region to help coordinate the disaster response.
- Canada provided $10.5 million to WFP for food aid rations. WFP used $9 million to buy food aid and $1.5 million to support logistics for its distribution. With support from CIDA and other donors, WFP provided food to more than 1.3 million people.
- Oxfam Canada improved water and sanitation in Northern Sumatra and Sri Lanka and enhanced access to shelter and household items for up to 56,000 households.
- In Sri Lanka and Indonesia, Save the Children Canada provided food, shelter, household items, and water purification material to up to 40,000 families, reunified families, and made temporary shelters child-friendly.
- The International Development and Relief Foundation, one of the first NGOs to reach Banda Aceh, Indonesia, supplied drinking water, food, milk for babies, disinfectant, and latrine facilities for 500 families.
- Christian Reformed World Relief Committee reached more than 15,000 people with assistance in emergency health provision, basic livelihood support, and essential non-food items. It also provided more than 2,000 children with educational materials, allowing them to return to school and bringing some stability to their lives.
- As part of Canada's "whole of government" effort, the Canadian Forces Disaster Response Team (DART) was deployed to Sri Lanka. DART medical teams treated approximately 7,628 patients, while engineers produced approximately 3.5 million litres of drinking water.

All told, more than 2 million people have been helped with this assistance, which has reduced mortality and morbidity, met basic needs in health, education, nutrition, water and sanitation, shelter and child protection, and restored livelihoods in fishing and agriculture.

2.1.3 Governance

For CIDA programming related to governance, planned spending for 2004–2005 totalled $430.5 million, and actual disbursements totalled $426.4 million.

Strategic Outcome	Priorities/Intermediate Outcomes	Sample Indicators / Immediate Outcomes (SDS 2004–2006)
Improved governance structures and institutional capacity, strengthened civil society, improved peace and security, and enhanced respect for human rights and democracy	• Promote public service reform and greater use of rules-based systems to govern economic, political, and social affairs • Build democratic institutions and processes that represent and engage all members of society • Support the increased promotion and protection of human rights by institutions, governments, and civil society organizations • Increase attention to conflict prevention, post-conflict reconciliation, peacebuilding, and security	• World Bank Institute composite indicators for rule of law, government effectiveness, control of corruption, and regulatory quality • Extent of country compliance with international human rights instruments • Number of violent conflicts/threats to security • Proportion of females/males participating in decision-making in peace- and conflict-related institutions, mechanisms, and processes

Introduction

Developing and industrialized countries alike agree that peace and good governance are essential conditions for achieving the MDGs. However, many developing countries are new democracies, still struggling to build their institutions, update their public services, enforce the rule of law, and establish peace and stability. Countries in crisis, where governance has failed, or is at risk of failing, require special attention. It is often in these countries where the challenge of meeting the MDGs is most profound.

Building sound governance and security requires support in a wide range of areas. In 2004–2005, CIDA's programming in support of good governance focused on strengthening democratization, human rights, rule of law, and public sector institutions, as well as on conflict prevention and peacebuilding efforts. A major event during the period under review was the launch by CIDA of Canada Corps *(see Box 11 and Box 20)*, now a key focal point for Canadian governance-related assistance.

Key Targets and Results

Promote public service reform and greater use of rules-based systems

- CIDA supported judicial reform in a number of countries. For example, the Agency provided technical assistance in China, through the International Centre for Criminal Law Reform, a Canadian NGO affiliated with the UN, which

facilitated the investigation of more than 35,000 cases of public service corruption. The work of the International Centre is directed at strengthening the rule of law in accordance with international legal and human rights standards. In Bosnia and Herzegovina, training in alternative dispute resolution helped to increase Banja Luka's court efficiency and reduce case backlog (some cases, which had been in the Court pipeline for an average of six to eight years, were resolved in a matter of days). In Mali, CIDA provided $1 million to support the implementation of a national judicial reform program to strengthen legal institutions, authorities, and systems.

- CIDA continued to help strengthen regional organizations, providing $5.5 million in overall support to the African Capacity Building Foundation to improve public sector management and public participation in government, as well as public servants' skills in policy analysis, financial management, and accountability. CIDA also supports capacity building for parliamentarians and their staffs. The African Parliamentarians' Network Against Corruption (with CIDA support of $270,000 in 2004–2005) is developing anti-corruption laws and guidelines for member countries; its success has already attracted funding from other donors.

- Through the Pan-Africa Program, CIDA is strengthening institutions of financial control in Francophone Africa to ensure greater institutional capacity, integrity, efficiency, and accountability in reporting, as well as better fiduciary management of public funds. CIDA also supports the Partnership for Municipal Development to improve living conditions in the cities of central and western Africa through the strengthening of governance, democracy, and basic service provision.

- In 2004–2005 CIDA continued to support public sector reform programs. St. Vincent and the Grenadines has improved its financial governance structure with support from CIDA (more than $2.3 million in 2004–2005) and has become a regional leader in fiscal reform. Activities have included the passage of a modernized *Financial Act* to ensure greater accountability; decentralization and provision of automated tools for management; and revisions to the *Audit Act* to give greater autonomy to the Office of the Director of Audit.

Build democratic institutions and processes that represent and engage all members of society

- In Tanzania, CIDA supported the establishment of a permanent national voters' registry, which contributed to the registration of 8.5 million voters, over half of whom were women. The project also supported civic and voter education programs that reached one out of every four adults in the country. Other countries receiving election support in 2004–2005 included Ethiopia, Ghana, Mozambique, the West Bank and Gaza, Haiti, Indonesia, Mali, and Ukraine. Some of this support is provided through multilateral partners. For example, through its funding to UNDP, CIDA supports one out of every three parliaments and, on average, one election every two weeks.

- In March 2005, Canada was the first donor to contribute to UNDP's fund to support the African Peer Review Mechanism, a unique process that allows more than two dozen African countries to share and adopt best practices in democracy and political governance, economic governance and management, corporate governance, and socio-economic development.

- The Cambodia Civil Society Initiatives Fund has enhanced the capacity of participating NGOs to provide services to citizens (such as legal services and voter education) and engage the Royal Government of Cambodia on governance reform initiatives. Organizations supported by the project have reported that government agencies have requested training in the areas of human rights and/or democratic development. The project has also contributed to increased legal representation for vulnerable groups and increased representation of women in elected positions.

- CIDA helped the local and cantonal governments in Tuzla, Bosnia and Herzegovina, to build their capacity for an effective participatory planning process. The new process was characterized by broad-based public involvement—a dramatic departure from traditional processes—and has quickly become a model for the country. The increasing number of requests received by the Tuzla project team for information and expertise indicate the level of awareness and interest in these new processes in Bosnia and Herzegovina as well as across the region.

Box 11: Canada Corps and Election Observers in Ukraine

The December 2004 Presidential election in Ukraine proved to be an important accomplishment for democracy in that country. The first round of the election, held in October 2004, was marred with serious violations. International monitors also determined that the run-off election in November 2004 between government candidate Viktor Yanukovich and opposition candidate Viktor Yushchenko was seriously flawed. Responding to the outcome of the November election, Ukrainians rose up in non-violent demonstrations involving approximately 400,000 people in Kiev, with small demonstrations in other centres across the country. The Supreme Court ultimately called for the vote to be re-run.

On December 26, 2004, Viktor Yushchenko was elected President. Nearly 13,000 international election observers were present, including from Canada. As a result, the conduct of the election was substantially closer to meeting international standards, and campaign conditions in the run-up to the voting were considerably more equal than in previous campaigns.

Canada's support to the Ukrainian Presidential election provided the occasion to announce the launch of Canada Corps, a new mechanism which mobilizes Canadians to participate in governance programming abroad (*for details see Box 20*). Nearly 1,000 election observers from Canada supported the December 2004 Presidential election process, including 500 from the Ukrainian Canadian Congress and 463 from Canada Corps. Support for the Canada Corps mission was provided through the $4-million Electoral Assistance to Ukraine Project. The project, despite the significant risks of a short time frame and political tensions in the country, resulted in a very successful mission.

The Canadian public showed an extremely high interest in the Ukrainian election, and there was an unprecedented level of Canadian public response to solicitation for volunteers for the observer mission. More than 2,000 Canadians were identified with skills and experience needed by international organizations such as the UN and the Organization for Security and Co-operation in Europe (OSCE), and are now on the CANADEM Civilian Reserve Roster from which Canada Corps selects candidates.

Support the increased promotion and protection of human rights

- Consistent with its commitment to support international human rights organizations, CIDA announced its first ever core support ($5 million for the period 2004–2007) to the Office of the United Nations High Commissioner for Human Rights (OHCHR). This contribution, combined with support to OHCHR field offices in such countries as Nepal and Colombia, has moved Canada from the 17th to the 8th largest donor to the OHCHR, and recognizes the successful efforts of High Commissioner Louise Arbour to strengthen the mandate and operational capacity of the organization. In 2004–2005, CIDA's increased funding to the OHCHR included $1 million to support OHCHR human rights monitors in Sudan and to strengthen the capacity of NGOs and UN agencies working in that country to address human rights issues.

- In 2004–2005, CIDA also supported initiatives at the national level to promote and protect human rights. CIDA's support to a review of Malawi's laws was completed during the fiscal year, leading to a more gender equitable legal framework in that country. In Bangladesh, respect for human rights in the juvenile

justice system was strengthened by improving the understanding of children's legal rights, upgrading conditions in detention centres, and piloting systems for diverting juvenile offenders from the mainstream justice system and monitoring their conditions. In Sri Lanka, efforts to secure birth certificates and national identity cards have enabled more than 3,000 people to access their rights, including the right to vote, seek education, and obtain health care.

- In 2004–2005 CIDA also supported civil society organizations that promote human rights through training and institutional support. CIDA supported the Canadian Bar Association's program in Zimbabwe, which provided training in human rights and supported networks such as the Southern African Development Community (SADC) Lawyers' Association to advocate for changes in policies, institutional frameworks and practices. In Central and Eastern Europe, CIDA contributed to the training of 73 trainers on human rights, who influenced more than 500 people from local NGOs; in Central Asia, similar support helped create a network of NGOs working on human rights and the introduction of human rights instruction into classrooms throughout the region.

- CIDA continued to increase integration of human rights principles into programming through the development of training and other tools. CIDA leadership within the donor community and its direct financial support resulted in the convening of a joint donor study on human rights based approaches to development through the OECD-DAC Network on Governance (GOVNET).

Increase attention to conflict prevention, post-conflict reconciliation, peacebuilding, and security

- CIDA supported the African Union (AU) in responding more effectively to emerging conflicts across the continent by funding unarmed military observer missions to Burundi and Comoros, as well as political mediation missions in Côte d'Ivoire, Somalia, and Sudan. In the Great Lakes Region, CIDA supported institution-building and capacity building in peaceful conflict resolution for community groups in Rwanda, Burundi, and the Democratic Republic of Congo.

- CIDA continued to support efforts to reduce the threat of landmines in a number of countries, including Cambodia, where seven more fields were cleared in 2004–2005, allowing more than 4,000 people to return to their land, and Mozambique, where nearly a quarter of a million people benefited from mine clearance and verification activities.

- In Asia, CIDA supported the ongoing Sri Lankan peace process and efforts to limit the impact of protracted conflict situations in the Philippines and Nepal. CIDA support to Nepal's Peace and Development Trust Fund has supported 88 conflict prevention, peacebuilding, and related awareness-raising activities in 39 districts.

- In 2004, CIDA pledged $250 million in development assistance for the Afghanistan program for 2005–2009, bringing Canada's total allocation since September 2001 to more than $616 million. Funding to date has contributed to significant achievements, including the democratic election of President Karzai. CIDA's support has made Afghanistan more secure by helping to disarm and demobilize 62,000 soldiers and decommission more than 10,000 pieces of heavy weaponry. CIDA also contributed to rebuilding the livelihoods of Afghans, by supporting a microcredit program, which has provided loans to almost 100,000 clients.

Box 12: Canada Responds to the Tragedy in Darfur, Sudan:

Since October 2003, CIDA has committed over $11 million through a range of international organizations and NGOs to address the humanitarian needs of the internally displaced populations in Darfur and Sudanese refugees in Chad. As has been noted, CIDA also contributed $1 million to the UN OHCHR to support its initiatives to protect, promote and defend human rights in Sudan. Additional initiatives supported by CIDA in 2004–2005 included:

- support for deployment of two Canadian police officers to the AU and UN missions in Sudan to assist in preparations for future police deployments designed to build local capacity to protect and promote the rule of law;
- a contribution of $470,000 to the International Rescue Committee to continue its work with Sudanese youth severely affected by the conflict;
- support to the International Criminal Court to facilitate its investigation of the situation in Darfur;
- support to enhance the AU's capacity to prevent and resolve conflict, as well as support to the peace talks in Nigeria, dealing with the Darfur conflict, where important agreements on security and humanitarian access were signed.

Canada has made further, recent commitments to support peace in Sudan. In April 2005, Canada pledged $90 million to help consolidate the peace following resolution of the civil war. In May 2005, Canada pledged up to $170 million to assist the AU Mission in Sudan's (AMIS) efforts in Darfur, including peace talks and peacebuilding initiatives. Overall, Canadian support will engage diplomatic, development, military and police resources in a whole-of-government response to the complex humanitarian emergency.

- The West Africa Peace and Security Initiative, funded by the Canada Fund for Africa ($15 million over the 2002–2007 period) and managed by CIDA in partnership with DFAIT (*Foreign Affairs*), supported key initiatives in 2004–2005. These included the implementation of the West African Moratorium on small arms and light weapons; the development and delivery of a training program to strengthen West African capacities to engage more effectively in peace support operations; and "an arms for development" program, in which several communities in central Sierra Leone have been certified weapons-free.

- CIDA continued to integrate gender equality in all aspects of conflict prevention, peacekeeping, peacemaking, and post-conflict reconstruction. The Agency also strengthened the capacity of the UN OHCHR through proactive dialogue on

gender equality, encouraging the OHCHR to provide training and tools for dealing with sexual and gender-based violence for governments and civil society groups.

Box 13: West Bank and Gaza—Support for Peace and Sustainable Development

In the Middle East, development assistance has been a central component of Canada's efforts to support a just and sustainable solution to the conflict. In 2004-2005, including exceptional contributions, CIDA provided a total of $38.26 million for the West Bank and Gaza, Palestinian refugees, and the search for peace in the Middle East.

- Through support from the Federation of Canadian Municipalities, two large municipalities in the Gaza strip (Rafah and Khan Yunis) improved their management and planning processes, as well as democratic practices through local participation. This is particularly important in light of Israel's withdrawal from Gaza.
- In support of the Palestinian presidential elections in January 2005, CIDA deployed 20 elections observers and two senior experts, in addition to funding voter registration and providing ongoing support for women's participation.
- Canada is a lead donor in providing emergency psychosocial counselling to children traumatized by the conflict, and helped develop the National Plan of Action for Palestinian Children.
- CIDA provided $10 million in support of the multi-donor World Bank Public Financial Management Reform Trust Fund. This exceptional contribution helped to substantially improve the transparency and accountability of Palestinian budget management, while addressing an acute fiscal deficit.
- CIDA responded generously to the UN consolidated humanitarian appeals for the West Bank and Gaza, supporting among others, the activities of United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), UNICEF and the International Committee of the Red Cross.

2.1.4 Environmental Sustainability

For CIDA programming related to environmental sustainability, planned spending for 2004–2005 totalled $177.2 million, and actual disbursements totalled $147.7 million.

MDG Targets:
- **Integrate the principles of sustainable development into country policies and programs, and reverse the loss of environmental resources**
- **By 2015, halve the proportion of people without sustainable access to safe drinking water**
- **By 2020, achieve a significant improvement in the lives of at least 100 million slum dwellers**

Strategic Outcome	Priorities/Intermediate Outcomes	Sample Indicators/Immediate Outcomes (SDS 2004–2006)
Improved environmental sustainability through the protection, conservation, and management of the diversity and integrity of the environment	• Support and promote the integration of environmental considerations in countries' policies, programs, and projects, in support of the achievement of the MDGs • Contribute to increasing capacities to address environmental issues such as desertification, climate change, and water and sanitation in ways that reflect the priorities and interests of poor women, men, girls, and boys	• Number of initiatives incorporating sustainable, integrated water resource-management approaches, leading to an increase in the proportion of people with access to safe water and sanitation • Number of policies, programs, and projects addressing climate change, leading to a decrease in carbon dioxide emissions • Number of initiatives integrating sustainable land management approaches leading to an increase in the proportion of land covered by forest; land area protected to maintain biological diversity; and the proportion of people with access to secure tenure of land

Introduction

Economic growth, public health, and social peace all depend on a stable and functioning ecosystem. Developing countries are struggling with a number of major challenges to the sustainability of their natural resource base, including desertification, climate change, deforestation, vulnerability to natural disasters, and the unregulated exploitation of resources. For the poor, whose livelihoods often depend directly on soil, water, and air, environmental damage can be disastrous.

In 2004–2005, CIDA continued to support a range of initiatives in support of environmental sustainability, and accomplished particular progress through measures aimed at ensuring CIDA's compliance with the *Canadian Environmental Assessment Act* (CEAA) and the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*. CIDA's strengthened performance in the area of environmental sustainability provides a good example where CIDA took active and significant steps to respond to the findings of an external audit, conducted in 2004 by the Commissioner of the Environment and Sustainable Development, which had found weaknesses in CIDA's existing approaches *(see Annex VI for details)*.

Key Targets and Results

Support and promote integration of environmental considerations

- CIDA supported its partners' efforts to regulate and protect their environment in 2004–2005. For example, the World Fisheries Trust and its Brazilian partners are working closely with local communities along the Sao Fransisco River to establish fisheries regulations and management processes to ensure sound river management, a pollution-free environment, and sustainability of the fisheries. In Vietnam, CIDA-funded technical assistance has helped the Ministry of Natural

Resources and Environment to develop statutory instruments, including a National Strategy for Pollution Prevention.

- CIDA support to the Ombudsman in Peru ($506,000 in 2004–2005) is enabling it to review and advise on an increasing number of cases of environmental conflicts between local communities and the mining and hydrocarbon industries. In Africa, the Nile Basin Initiative ($26.6 million from 2001 to 2007) brings the countries within the Basin together to jointly manage their shared water resources in order to promote socio-economic development and ensure environmental sustainability.

- Building capacity through training and information sharing is key to the development of appropriate policies and laws. Training and research activities sponsored by the Economy and Environment Program for Southeast Asia have increased the capacity of 550 participants to improve the design and implementation of policies affecting environment in the region. In West Africa, CIDA supports improved data gathering for planning and programming through the Regional Agrhymet Centre, which collects and disseminates data on climate change.

Contribute to increased capacity to address environmental issues in ways that reflect the priorities and interests of the poor

- Approximately 52 percent of all CIDA support to environmental sustainability is directed through multilateral organizations and funds, including the United Nations Environment Programme (UNEP) and the Global Environment Facility (GEF). CIDA contributed $39.7 million to the GEF's $1.1-billion fund to support approximately 200 biodiversity projects. These projects have supported more than 1,200 protected areas, covering more than 250 million hectares, and representing 15 percent of the total terrestrial land area protected globally. Canada was the first and principal donor to contribute to the GEF's $10-million Least Developed Countries (LDC) Fund, which was designed to help LDCs adapt to the challenges of climate change.

- Assistance to help communities cope with climate change is a priority for CIDA. In 2004–2005, CIDA helped strengthen soil conservation in countries affected by desertification, such as Malawi, where soil conservation has improved through the adoption of agroforestry techniques by more than 120,000 farmers. CIDA also assisted countries dealing with carbon emissions. In China, enterprises are applying cleaner production and waste management technologies, and companies in Jiangsu are achieving sustained cost reductions of 20 percent or more. In Ethiopia, water harvesting and institutional support projects in Tigray and Amhara provinces are building local capacity to cope in drought conditions by better managing water resources for agricultural development and food security.

- Assistance to manage critical environmental threats is provided at both the community and regional levels. The Africa Stockpiles Program, implemented by the World Bank, became operational in 2004–2005 and is working to clean up

obsolete pesticides across Africa and prevent recurrence by raising awareness and enhancing pesticide management skills. In Ukraine, ongoing assistance to the Chernobyl Shelter Implementation Plan is supporting the decommissioning of the nuclear power plant and helping to ensure that no further accidents will jeopardize the environment or human safety.

- To comply with the CEAA and the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*, environmental assessments were carried out on all of CIDA's new programs and applicable projects during 2004–2005. CIDA's Implementation Directive on Strategic Environmental Assessment of Policy, Plan and Program Proposals (effective on September 1, 2004) sets outs measures by which CIDA ensures compliance with the Cabinet Directive. These measures include a management system and accountability structure to ensure that all proposals are reviewed for potential environmental effects, as well as a tracking system to ensure consistent and efficient reporting, the collection of quality data, and monitoring of compliance. The Agency has also developed a guidance handbook and provided training to strengthen internal capacity in terms of strategic environmental assessment.

2.2 Enabling Results: Effective Strategies for Sustainable Development

Enabling results—the optimal choice of partners, priorities, types of programming, and methods of collaboration—are the strategies that help CIDA build an effective and results-oriented program of development cooperation. They are grounded in CIDA's 2002 policy statement, *Strengthening Aid Effectiveness*, which is based on the principles of local ownership, improved donor coordination, stronger partnerships, greater coherence between aid and non-aid policies, and taking a results-based approach. These principles increasingly underlie development cooperation internationally.

In its 2004–2005 RPP, CIDA indicated that it would focus on eight of its enabling results over the next three years, as follows:

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

The Agency also outlined its continued intention to achieve appropriate balance between directed and responsive programming.[30]

2.2.1 Appropriate Programming Orientation

New programming approaches and funding modalities applied

In its 2004–2005 RPP, CIDA indicated that, over the next three years, it would undertake the following:

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

Like other donors, in 2004–2005 CIDA continued to make progress toward the implementation of program-based approaches (PBAs). This type of approach

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[30] While the eight enabling results identified above were featured in the core text of the 2004–2005 RPP, the focus on appropriate balance between directed and responsive programming appeared in an annex.

complements CIDA's traditional investments in stand-alone projects with support provided to more comprehensive programs, developed by partner countries and supported by several donors in cooperation, in selected countries. PBAs better enable CIDA to fund programs and priorities set out by partner countries on a more comprehensive basis in their national development plans or poverty reduction strategies. The shift toward the increased use of PBAs is one of the key elements of CIDA's aid effectiveness strategy.

In 2004–2005, CIDA continued to work with counterparts in Africa, Asia, and the Americas to find the most effective mechanisms for working collaboratively through PBAs. At present, the Agency is supporting or developing more than 50 program-based investments, mainly in Africa. In March 2005, development partners, donors, and developing countries from all over the world, including CIDA, adopted the Paris Declaration on Aid Effectiveness, which includes a commitment to increase the use of PBAs.

During the year under review, CIDA developed or began to implement several new initiatives. These included contributions to the health and education sector-wide approaches (SWAps) in Mali, contributions to education in Honduras, Kenya, and Zambia, a contribution to an HIV/AIDS pooled fund in Mozambique, and contributions of budget support for poverty-reduction in Ethiopia and Mozambique. In Tanzania, the government is leading a collaborative government–donor effort to develop a Joint Assistance Strategy that will serve as a framework for all donors for coordinated, harmonized support to the National Strategy for Growth and Reduction of Poverty. CIDA intends to align its programming in Tanzania with the new strategy *(see Box 18)*.

Box 14: A Primer on New Programming Approaches

PBAs constitute a different way of engaging with CIDA's partners, compared with traditional project-based approaches. A program-based approach gives greater emphasis to the following four key elements:

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

A program-based approach is a way of engaging in development based on the principle of coordinated support[31] for a locally-owned program of development. Where conditions warrant, this approach not only promotes greater aid effectiveness directly but also contributes to building local capacity which is itself a key contributor to sustainable development. Increasingly, funding for PBAs is being provided through joint funding modalities such as pooled funding (i.e. donors contribute their funds to a common fund) and direct budget support (i.e. funds are transferred directly to a government to be spent as part of its own programming system), which require a partnered approach to management. CIDA also participates in SWAps, where support is directed to comprehensive, locally owned programs that encompass an entire sector.

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[31] As defined in *Harmonising Donor Practices for Effective Aid Delivery,* DAC Guidelines and Reference Series, Box 1.1, p.19, Copyright OECD 2003, http://www.oecd.org/dac/effectiveness.

In addition to working with partner countries and other donors, CIDA has also continued to advocate for greater use of PBAs and joint funding modalities by regional and multilateral institutions. For example, through its Pan-Africa Program, the Agency has encouraged donors wishing to support the AU to use joint funding as a mechanism and to share common principles of engagement. Nine donors have agreed with the approach. CIDA also continues to encourage financial institutions, such as the regional development banks, to participate in more multi-donor activities. With strong support from CIDA, the African Development Bank has increased direct budget support, from five percent in 1989 to 25 percent currently. In 2004, the Bank also adopted guidelines on PBAs.

Learning from experience has remained an important focus for CIDA in implementing PBAs. CIDA is one of the most active members of the international Learning Network on Program-Based Approaches. The Agency helped to organize the third annual forum of the network in June 2004 in Tokyo and continued to host the network's extranet site, devoted to international exchange of research and experience on PBAs. Internally, the Agency is also strengthening its capacity. Over the past year, an Agency working group completed a new working tool, the *Operational Guide on Direct Budget Support and Pooled Funding to Recipient Countries*. This guide responds to the new programming trends, and to Treasury Board of Canada requirements to develop tools and processes that will assist staff in planning and managing all aspects of PBAs.

The effective management of risk remains an important aspect of PBAs. Because this type of aid is usually based on partner country priorities and administrative systems, all initiatives have stringent accountability and risk management aspects built into them, and they are often accompanied by related capacity-building assistance. For example, in Nicaragua, CIDA is helping the government build its capacity to administer and account for program delivery, address concerns of corruption, and improve equity and efficiency through its Program-based Approach Facilitation Fund.

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

In its 2004–2005 RPP, CIDA indicated that, over the next three years, it would continue to participate actively in the following:

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

Development assistance is only a small part of the resources that flow to developing countries, along with investment, trade, and remittances from citizens working overseas. In support of effective development assistance, CIDA works closely with other government departments to help ensure that policies adopted by the Government of Canada work together in a coherent fashion. The Agency also works with international

institutions, donors, and developing country partners to support approaches that reinforce common objectives.

In 2004–2005, interdepartmental coordination was particularly important in CIDA's programs in countries experiencing conflict or political crisis, including Zimbabwe, Côte d'Ivoire, Colombia, Sri Lanka, Afghanistan, Sudan, and Haiti *(see Box 15)*. The year saw regular meetings of the interdepartmental committee on Sudan, and the interdepartmental strategy for the Democratic Republic of Congo was developed by CIDA, DFAIT (*Foreign Affairs*) and Canada's Special Envoy to the Great Lakes Region, with collaboration from the Privy Council Office, National Defence, the Department of Finance, DFAIT (*International Trade*), and Citizenship and Immigration Canada. Interdepartmental collaboration has also been critical on economic issues. CIDA worked closely with the Department of Finance on the Canadian Debt Initiative and on Canada's response to the United Kingdom's Commission for Africa. Through Canada Corps, CIDA is working closely with numerous government departments to ensure a comprehensive and coherent approach to supporting governance in developing countries, transition countries, and fragile states.

In order to work effectively and coherently with Canadian and other partners, CIDA also requires good coordination of its own internal processes. Within CIDA, such coordination is facilitated through a range of working groups, project teams, and committees involving participants across all branches. For example, applications for funding from Canadian partners—volunteer organizations, private sector groups, and other associations—are regularly assessed against CIDA's main program priorities. The Agency also has mechanisms in place to ensure that proposals are evaluated in terms of their compliance with crosscutting environmental sustainability and gender equality policies.

In 2004–2005, CIDA's commitment to policy-based coherence and to close collaboration with other government departments was also clearly reflected in its intensive participation in the International Policy Review. Through this process, the Agency successfully negotiated a "whole of government" approach to policy coherence in support of global poverty reduction, which is now reflected in the 2005 IPS.

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Box 15: A Special Leadership Role for Canada in Haiti

With the departure of President Aristide on February 29, 2004, the UN Security Council deployed an interim multinational force to re-establish order. Approximately 530 Canadian Forces personnel were deployed with this force in 2004. However, stability was threatened, and reconstruction efforts undermined. On June 25, 2004, the UN Mission for the Stabilization of Haiti, a force of more than 1,600 civilian police, commanded by a Canadian RCMP superintendent, and approximately 6,700 Brazilian soldiers, assumed security and reconstruction duties.

The civilian authority, in partnership with the international community, developed the Interim Cooperation Framework (ICF) to cover the 2004–2006 period. Canada committed $180 million to support the ICF, which included $26 million for the deployment of 100 police officers and $154 million to support the following:

- Governance: security, police, disarmament, justice, penitentiaries, human rights, the electoral process, and national dialogue;
- Economy: reinforcement of institutional capacity, local development;
- Economic recovery: electricity, rapid job creation, microfinance, agriculture, and protection and rehabilitation of the environment;
- Access to basic social services: water and sanitation, health and nutrition, and education.

In addition, Canada contributed to the payment of arrears at the World Bank and paid Haiti's fees to join the Caribbean Development Bank; CIDA and DFAIT (*Foreign Affairs*) are developing approaches to mobilize the efforts of Haitian-Canadians to support the ICF; and Canada, with leadership from CIDA, is assuming the lead on the pilot project in Haiti by the OECD-DAC to apply the principles of aid effectiveness in fragile states. Canada is playing a major role in the coordination of the implementation of the ICF. The Government of Canada has appointed the Honourable Denis Coderre as Special Advisor for Haiti, to lead the overall effort.

Canada's support for Haiti has rested significantly on cooperation and policy coherence between CIDA, and Canadian and other partners. Canada's approach to its assistance program in Haiti involves close coordination between the major players, CIDA, DFAIT (*Foreign Affairs*), and National Defence. Overall, some 50 departments and agencies of the Government of Canada met to coordinate their efforts.

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CIDA's focus on policy-based coherence and cooperation is not only key within Canada, but also internationally and in its relations with developing country partners. CIDA is an active participant in various international institutions, donor groups, and consultative forums. Through its participation in these forums, CIDA is helping to strengthen capacities for effective development assistance.

For example, in 2004–2005, CIDA contributed significantly to the strengthening of partner institutions in the UN development system, both through participation as Canada's shareholder on institutional governing boards, as well as through work with the institutions themselves to improve their accountability, results, priorities, and performance. This included work directly with the UN Secretariat and with the United Nations Development Group (UNDG) to strengthen UN country teams through improved coherence, coordination, and capacity.

In October 2004, as chair, Canada also hosted the second International Meeting on Good Humanitarian Donorship (GHD) in Ottawa. The meeting focused on outreach and advocacy related to the principles and good practice for humanitarian assistance

worldwide. Through Canadian political and financial support, a framework for humanitarian action has successfully been integrated into the OECD-DAC peer review process for at least the next two years. This will be a key accountability tool for measuring donor progress on the GHD principles and practices.

CIDA is committed to working closely with its developing country partners, including by increasing its availability to engage in dialogue, as well as through decentralization efforts. For example, during the period under review, discussions with donors and the Government of Ethiopia enabled CIDA to play a major role in developing common policies on debt, food security, harmonization of aid, public sector reform, and many other issues. Participation in the Bangladesh Development Forum and Consultative Group has given Canada the opportunity to encourage discussion on sensitive issues such as corruption and human rights. In Honduras, CIDA's decentralized program of sector specialists and technical staff, known as Pro-Mesas, participates in information sharing and joint programming with the Government of Honduras, other donors, and specialists. CIDA also supports its Canadian partners when policy dialogue is part of a larger project they are implementing with their developing country counterparts *(see Box 16)*.

Box 16: Canadian Nursing Association—A Policy Dialogue with Governments

The partnership program of the Canadian Nursing Association aims to strengthen nursing and nursing associations for the advancement of global health and equity. Nurses in developing countries (predominantly female and providing the majority of health services) have been largely bypassed in terms of policy development on health issues.

As a result of the Canadian Nursing Association partnership, nurses are actively influencing policies toward the improvement of their professional practice environments and health outcomes. In Ethiopia and Vietnam, where the associations have previously had no input into policy-making, representatives of the national nursing associations are now invited to participate in the national health sector planning exercises. Indonesian partners report a strong collaboration with the ministries of health and education in terms of policy development. Latin American partners are also active in the development of national health strategies.

Facilitation of local ownership and untying of aid

In its 2004–2005 RPP, CIDA indicated that, over the next three years, it would continue to undertake the following:

- support partner country Poverty Reduction Strategy Papers (PRSPs) and national development plans;
- support community-based approaches that build local capacity;
- support decentralization to encourage greater participation in governance at the grass-roots level; and
- untie Canadian aid.

Development is not sustainable if it is not based on locally defined priorities; local ownership is therefore a key element of all CIDA programs. The goal for developing countries is to define national development strategies, such as PRSPs, that are country-driven, results-based, focused on meeting the needs of the poor, partnership-oriented, and

involve broad-based popular participation. CIDA aligns its program strategies with these plans, to ensure that Canadian aid is based on the needs and priorities expressed by developing countries themselves.

CIDA often provides support for governments to develop their national development plans. For example, in 2004–2005, technical assistance from CIDA supported public consultations in Indonesia that informed and helped to articulate the country's national development plan. In other contexts, CIDA supports local ownership by building local capacity. In Egypt, Ghana, and Senegal, Canada played a major role in supporting these governments to integrate gender equality dimensions in key national legislation and policies. In Africa, CIDA's ongoing support for the process associated with the NEPAD—a made-in-Africa plan to end Africa's marginalization and put it on the road to sustainable development—ensures that Canadian assistance is grounded in African priorities, and supports African programs and institutions.

In 2004–2005, support for the decentralization programs of partner countries continued to constitute another key means for CIDA to promote local ownership. For example, in Honduras, CIDA supported the Mamuca Project, which worked with five municipalities from the centre of the Atlantida, in the north of the country. This project focused on reinforcing local management capacity; ensuring the participation of civil society in municipal business; and supporting efforts at decentralizing the management of natural resources, health, and education. Similarly, in Ghana, CIDA is providing support for implementation of the National Decentralization Action Plan, through improved implementation of District Development Plans by District Assemblies in Northern Ghana. This project is aimed at reducing poverty in the 24 northern and poorest districts of Ghana.

> **Box 17: The Multiplier Factor—Building Local Capacity at the Community level**
>
> CIDA recognizes that achieving local ownership often requires investments in community-based approaches and capacity building at the grass-roots level. In 2004–2005, CIDA supported its partners' efforts to build such capacity, both in government and in civil society organizations. The following is a cross section of examples of this support:
>
> - In **Zambia**, CIDA's cooperation programs, especially in health and education, have a high level of engagement with local government units. The overall program framework is linked to Zambia's Poverty Reduction Strategy and is concentrated in key sectors that are local priorities. It also strongly promotes prudent fiscal management and accountability.
> - In **Cambodia**, a CIDA-supported HIV/AIDS project is being implemented through partnerships between World Vision, various levels of the Ministry of Health, and AIDS organizations. The collaboration involves the participation of ministry staff, the adoption of ministry guidelines, and the successful handing over of project activities to government and other partners at the conclusion of this component of the project.
> - In **Ecuador**, the Canada-Ecuador Development Fund, which has delivered the bulk of CIDA's bilateral program for nearly 15 years, has developed such a high level of professionalism and expertise that it can deliver more programming than CIDA can fund. It is now in the process of transforming itself from a CIDA bilateral project to a legally constituted not-for-profit institution that can attract funding from a variety of donors.
> - In **the Balkans**, applicants seeking funding through a Local Development Fund associated with CIDA's Local and Cantonal Governance Coop Phase II Project in Bosnia, received training and assistance in developing their proposals. The partnerships formed in these projects enabled participants to share their newly acquired skills at the municipal level and within the local university.

Consistent with the principle of local ownership, Canada also remained committed in 2004–2005 to increased untying of Canadian aid. The requirement that aid funds be used for procurement in the donor country undermines aid effectiveness. Tied aid is often more costly than untied aid, and is not conducive to the development of local capacity.

In 2002, Canada adopted a new policy on the untying of official development assistance, which was in line with the agreement reached at the OECD-DAC on the mandatory untying of most aid to LDCs. Assistance programs for non-LDC countries now base decisions for tying or untying of aid on aid effectiveness principles and on specific strategic considerations. Canada's 2002 policy is expected to result in a greater untying of aid over time. Canada's untying ratio increased considerably between 2000 and 2004 *(see Table 6)*. It will take several more years to assess the overall effect of the 2002 policy decision. That said, it may be noted that CIDA's practices in geographic programs have changed, favouring the greater untying of aid, as a result of principles of aid effectiveness supporting PBAs. In 2004–2005, more than 64 percent of Africa Branch's disbursements, excluding figures for the CFA, were in untied program components.

Table 6: Untying Status of Canadian ODA

	2000	2001	2002[32]	2003	2004
% of untied Canadian aid	24.9%	31.7%	61.4%	52.6%	57%

Consensual and collaborative partnerships established between CIDA, other donors, recipient countries, and partners

In its 2004–2005 RPP, CIDA indicated that, over the next three years, it would undertake the following:
- implement its new *Action Plan to Promote Harmonization*, working with developing country partners, other donors and within the Agency itself;
- continue to pursue opportunities for the harmonization of procedures, issues, and mechanisms;
- continue to pursue regional cooperation activities; and
- continue to pursue new types of partnerships, including delegated cooperation.

CIDA's approach to sustainable development rests in a fundamental way on the concept of partnership. Increasingly, donors—including CIDA—are focused on strengthening the capacity of developing countries to assume greater control over their own development, and are taking on the role of partners rather than executors of development programs and projects. A key aspect of this approach is an emphasis on the harmonization of aid, which contributes to reducing inefficiencies, building partner country capacity and maximizing the impact of aid.

CIDA has taken an active role on the harmonization of aid within the donor community. In its 2002 policy *Strengthening Aid Effectiveness*, CIDA committed to pursuing greater coordination with other donors. This commitment was reiterated in the Rome Declaration on Harmonization in 2003, and was made concrete in CIDA's *Action Plan to Promote Harmonization*, approved in September 2004. In March 2005, further progress was achieved through the Paris Declaration on Aid Effectiveness, when specific commitments were made by CIDA, other donors, and developing country partners in such areas as managing for results, channelling funds through partner country budgets and systems, using program aid, undertaking joint missions, and coordinating technical assistance.

Despite the relative newness of CIDA's *Action Plan to Promote Harmonization*, the Agency has already achieved significant progress, including by designating focal points and technical support services within the Agency; obtaining TBS approvals for procedures needed to participate in pooled funding; strengthening field presence to increase opportunities for joint programming; participating in joint analyses and

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[32] The percentage of untied aid in 2002 stands out as it reflects the considerable debt forgiveness that was granted to Heavily Indebted Poor Countries that year.

evaluations; and increasingly aligning its disbursements with partner government systems once due diligence requirements have been met. While challenges and risks remain with regard to harmonization efforts, CIDA is continuing to incorporate lessons learned into its own approaches and to share these with its partners.

In addition to strengthening its own approaches, in 2004–2005, CIDA worked with a range of developing country partners to build their capacity for harmonization and alignment. For example, in Jamaica—which is a pilot country for a World Bank-sponsored harmonization program—CIDA pursued a harmonized approach to providing reconstruction assistance through the Office of National Reconstruction, and is seeking to partner with other donors in Jamaica's new programming focused on legal and judicial reform. In Ethiopia, CIDA has played an important role in helping the government to develop its harmonization action plan. CIDA also works with regional organizations, such as the Special Partnership for Africa, to support efforts related to budget and sector support, and to examine the role of global funds in mobilizing resources. CIDA has provided further support for harmonization efforts in countries as diverse as Vietnam, Kenya, Nicaragua, Haiti, Mozambique, and Tanzania, where CIDA intends to participate in the Joint Assistance Strategy currently under development.

CIDA has continued to pursue new types of partnerships and approaches to funding in support of effective aid programming. In this context, CIDA has cooperated with other donors in a variety of innovative arrangements, including "delegated cooperation," where one bilateral donor channels funding through the program of another. For example, CIDA continues to manage Swedish funds in support of the Women's Empowerment Fund in Guatemala and, in Malawi, the United Kingdom has invested in two CIDA projects in gender equality and economic literacy, effectively doubling the funding for these two projects.

CIDA's partnerships can also give rise to important catalytic opportunities, which the Agency will continue to identify and cultivate. For example, as the first bilateral partner to provide multi-year, program-level grant funding to the OSCE, CIDA was able to act as a catalyst for an additional US$3 million during 2004 for its Environment and Security Initiative. Similar catalytic opportunities may also arise between CIDA programs—for instance, where initiatives originated by Canadian NGOs can serve as pilots for much larger programs. In 2004–2005, CIDA's Africa Branch identified the University of Saskatchewan's Training for Health Renewal Project in Mozambique, a program funded by Canadian Partnership Branch, for bilateral funding. From 1998 to 2005, the Canadian Partnership Branch contributed $4.3 million to the project.

Finally, the development of collaborative partnerships with Canadian partners is clearly a key aspect of CIDA's work. In 2004–2005, the Agency continued to devote significant effort in this area including, for example, by conducting a series of outreach activities with voluntary and private sector partners on its Voluntary Sector Program Management Framework and Cost-Sharing Policy. CIDA also regularly participates in annual general meetings of Canadian partner organizations and knowledge-sharing events with organizations such as the Canadian Council for International Cooperation.

At the same time, 2004–2005 did present some challenges for CIDA and its Canadian partners. The launch of a call for proposals for the NGO Project Facility (NPF) and the Environment and Sustainable Development Program (ESDP) was deferred while these programs were being evaluated. Many of CIDA's partners interpreted this deferral as signal that CIDA no longer valued their relationship with them. The evaluation provided CIDA with valuable information regarding the contribution of small and medium-sized NGOs to achieving the Agency's overall goal of poverty reduction. This evaluation confirmed that small NGO partners in particular offer many opportunities for Canadians to get involved. The evaluators also concluded that changes must be made to both the NPF and ESDP. In light of this evaluation, and also the new directions set out in the April 2005 IPS, CIDA will review its partnership programs with a view to promoting excellence and innovation in development cooperation.

Box 18: Harmonization Case Study—Tanzania

Tanzania was one of the first countries to produce a Poverty Reduction Strategy (PRS) in 2000. The strategy has provided donors with an opportunity to collaborate on a number of fronts. These include establishing a budget support facility that provides flexible, predictable resources for priority sectors identified in the strategy, as well as funding a number of SWAps in health, education, and local government reform. Considerable progress has been made in harmonizing programming and procedures. However, problems remain in the disbursement of resources outside the government exchequer system, undermining transparency and accountability. The continued existence of numerous parallel donor systems, in areas such as procurement, reporting, monitoring, and project management, also places heavy burdens on the Government of Tanzania.

In January 2005, Tanzania issued its second PRS for the 2005–2010 period, the National Strategy for Growth and Reduction of Poverty. The government intends to take leadership in coordinating donor assistance to the strategy through a Joint Assistance Strategy (JAS). The JAS will attempt to take harmonization to another level by streamlining consultation, follow-up, and implementation mechanisms, as well as by promoting the rationalization of donor activities. CIDA fully supports the Government of Tanzania's efforts and will adjust its own program of assistance accordingly.

CIDA is a full participant in the harmonization discussions in Tanzania, particularly through the forum of the Development Partners Group. The Agency has taken the lead within the donor community on certain programs, including as chair for the donor group for the Primary Education Development Program. CIDA is preparing its own assistance program to support greater harmonization of aid in Tanzania, gradually phasing out most of its traditional project assistance, and investing more in pooled, budget-support, or government-executed mechanisms, such as the following:
- the Primary Education Development Program (SWAp);
- the Financial Sector Deepening Program (basket fund);
- the Poverty Reduction Budget Support initiative; and
- the HIV/AIDS Quick Start Program (government-executed).

These approaches aim to increase local ownership, reduce transaction costs, and increase sustainable impact. However, greater reliance on local institutions and systems, especially in fiduciary management, entails a level of risk. CIDA recently completed a full analysis of the risks inherent in budget support to Tanzania, and will be incorporating the results of that study into its strategy for program management.

2.2.2 Appropriate Sectoral and Thematic Focus

In its 2004–2005 RPP, CIDA indicated that, over the next three years, it would undertake the following:

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

Since the release of CIDA's policy on *Strengthening Aid Effectiveness*, the Agency has been working to reduce the number of sectors and themes in which it works. Most country programs have concentrated their efforts. For example, the Zambia program has reduced its program from eight priority areas to two, and the Egypt program now focuses on basic education and employment / small enterprise development. In addition, programming in some countries has been focused out of necessity. In Zimbabwe, all Canadian aid funding to the government has been suspended, but CIDA still supports civil society organizations working in HIV/AIDS, gender equality, environment, food security, human rights, democracy, and good governance. Civil unrest in Côte d'Ivoire has also led CIDA to concentrate its efforts on support to rule of law, democracy, and human rights.

In 2000, CIDA announced its intention to focus on the four SDPs of basic education, health and nutrition, HIV/AIDS, and child protection, with gender equality integrated throughout. The Agency made a commitment to double spending in this sector by 2005. Chart 5 illustrates how this commitment has been met, and that the Agency in fact surpassed its original spending target of $2.8 billion, reaching a total investment of $3.2 billion.

Chart 5: Actual Disbursements for CIDA's Social Development Priorities

Strategic Information Division, Policy Branch
Source: Agency Information System, August 2005
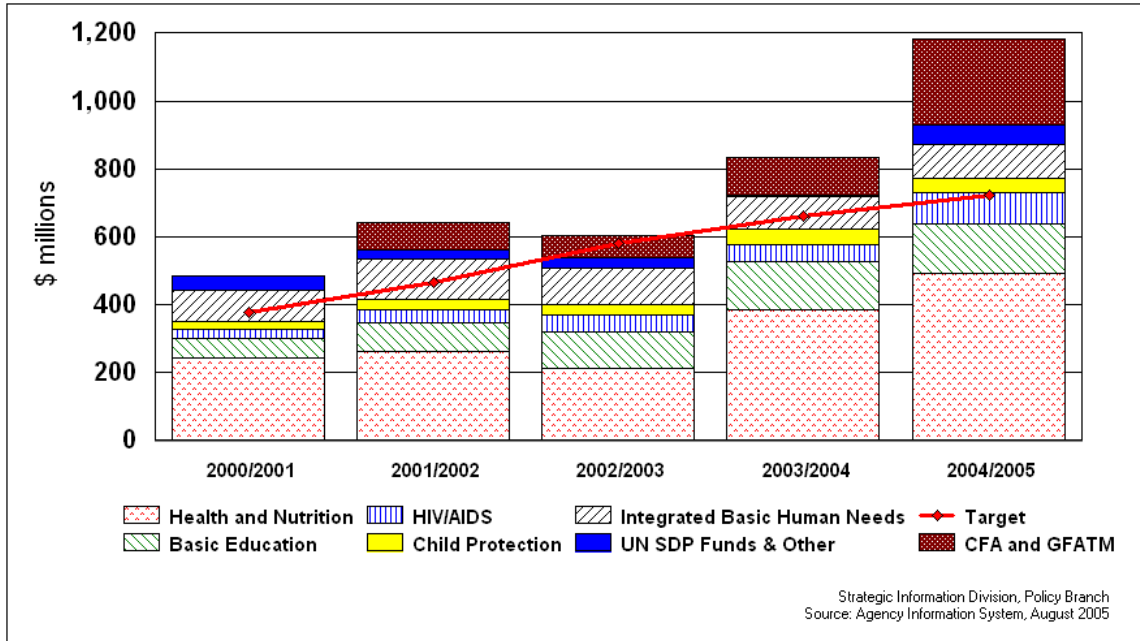
In addition to its focus on the SDPs, the Agency continued to make important progress in other sectors. The 2004–2005 fiscal year marked the first full year of implementation for CIDA's policies on agriculture and rural development, and pro-poor private sector development. With regard to agriculture, overall spending continued to increase in 2004–2005 (*see Chart 6*), reflecting the sector's importance to poverty alleviation and economic development. At the same time, as has previously been noted, a re-balancing of priorities within the Agency meant that the Agency did not meet the spending target originally set out in its 2003 policy *Promoting Sustainable Rural Development Through Agriculture*; however, the renewed directions for Canada's aid program developed through the International Policy Review process and the IPS provide a framework within which the Agency will continue to invest in both agriculture and rural development, and private sector development initiatives.

Chart 6: CIDA's Actual Disbursements in Agriculture

Strategic Information Division, Policy Branch
Source: Agency Information System, August 2005
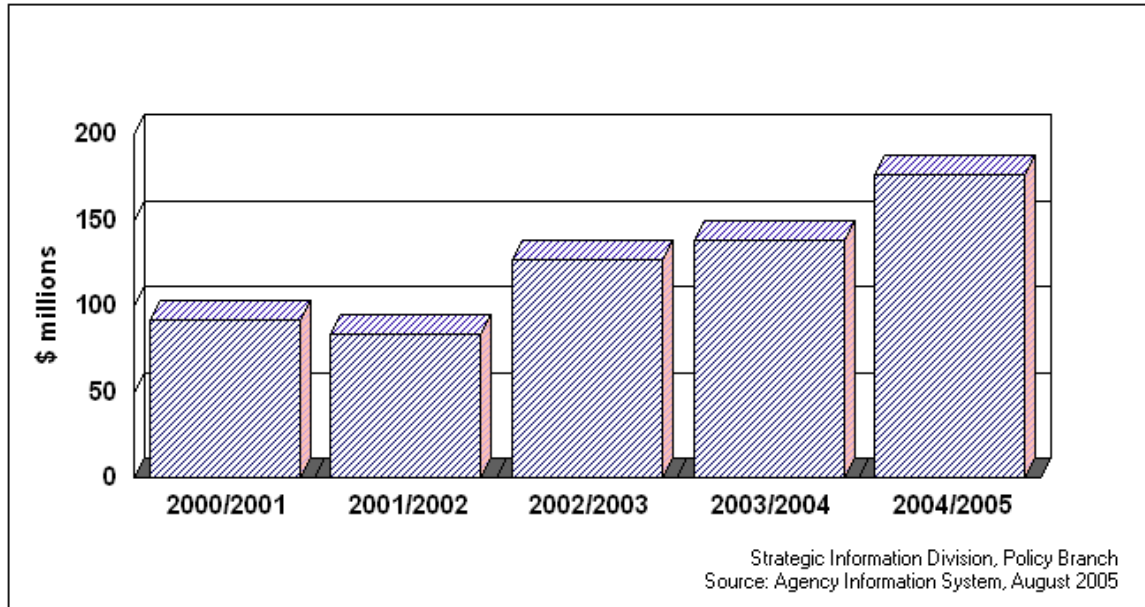
CIDA will continue to concentrate its assistance in key sectors. In 2004–2005, through participation in the International Policy Review, CIDA re-affirmed its intention to continue to focus Canada's aid program on a limited number of sectors in order to better respond to partner country priorities, and to maximize the impact of Canada's assistance. As set out in Canada's April 2005 IPS, Canada's aid program will focus on five key sectors: good governance, health (including HIV/AIDS), basic education, private sector development, and environmental sustainability. In terms of thematic focus, the Agency will continue to assign high importance to gender equality, which will be systematically and explicitly integrated across all programming. Environmental sustainability is identified as a priority sector of work, and also represents a crosscutting theme to be integrated into decision making throughout Canada's development cooperation efforts.

2.2.3 Appropriate Geographic Focus

In its 2004–2005 RPP, CIDA indicated that, over the next three years, it would undertake the following:

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

In 2004–2005, CIDA continued to concentrate its programming based on the needs and ability of partner countries to use aid effectively. In 2002, the Minister of International Cooperation identified an initial list of nine countries of focus which would receive a greater share of incremental funds provided through the International Assistance Envelope (IAE): Bangladesh, Bolivia, Ghana, Ethiopia, Honduras, Mali, Mozambique, Senegal, and Tanzania. The following year, resources began to shift toward these countries, both from the bilateral program and in project proposals from CIDA's Canadian partners. In 2004–2005, spending continued to demonstrate concentration of resources on these nine countries *(see Chart 7)*.

In 2004–2005, CIDA's Central and Eastern Europe Branch continued to narrow its geographic focus on six priority countries, directing 70 percent of its aid funds to Bosnia and Herzegovina, Georgia, Russia, Serbia and Montenegro, Ukraine and Tajikistan. CIDA also saw several countries graduate from its aid program. In May 2004, eight Central and Eastern European (CEE) countries joined the European Union (EU). CIDA had aid cooperation programs with seven of these eight countries. [33] As of April 1, 2005, CIDA aid to these countries had ended, with the exception of the flagship Official Development Assistance for Central Europe (ODACE) Program. The ODACE project has assisted these countries to establish their own national ODA units. This capacity-development project component ended in May 2005. Through trilateral cooperation under the second project component that began in 2004–2005, CIDA is contributing matching funds along with monitoring, evaluation and other assistance, to four of the eight CEE partner countries in support of their development projects in Asia, Africa and Eastern Europe. In addition to the graduation of the seven CEE countries, Canada's aid programming with Thailand and Malaysia also terminated in 2004–2005. Canada's experience with graduation strategies has provided useful lessons, which CIDA will take into account in its future efforts to concentrate Canada's aid program *(see Box 19)*.

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[33] The eight countries which acceded to the EU, were the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia. CIDA had aid programs with all of these countries, except Slovenia. CIDA provided funding through its ODACE program to all eight.

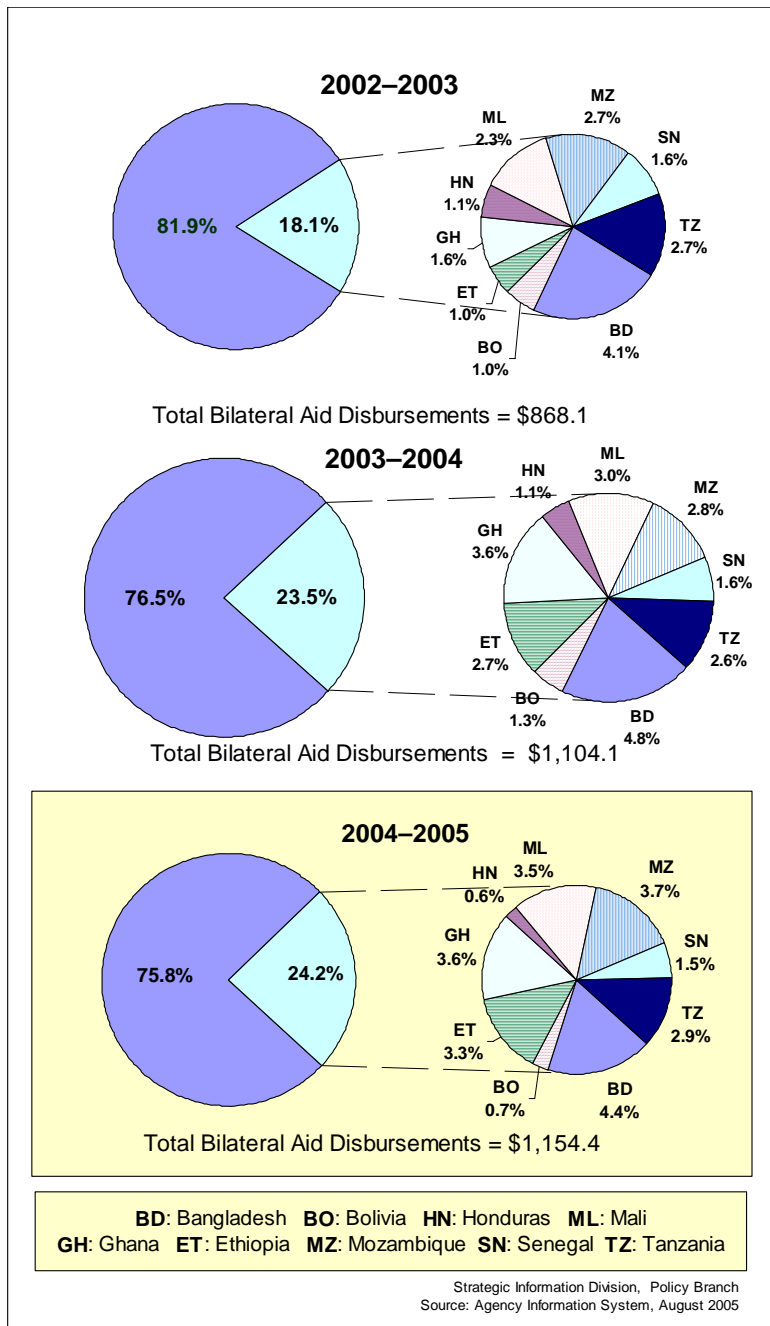**Box 19: Concentrating Canada's Aid—Applying Lessons Learned**

CIDA will continue to focus on opportunities to concentrate its programming through a review of its development relationships with some "maturing" and middle-income developing countries.

For example, CIDA is terminating its bilateral aid to India in March, 2006. In the interim, the very successful Environmental Institutional Strengthening Project is forming the basis for ongoing relations between Environment Canada and the Indian Ministry of Environment and Forests. In January 2005, a Joint Statement by the Prime Minister of Canada and the Prime Minister of India announced the formation of an ongoing Canada–India Environmental Forum.

Transition strategies are also being prepared for a number of programs in Asia, Central and Eastern Europe, Africa, and the Americas. CIDA's experience in 2004–2005 with the graduation of several countries from its aid program has highlighted lessons that will help to inform similar initiatives in the future. CIDA's experience has suggested that closing a development or technical assistance program, while ensuring the viability of the Canadian legacy, poses special challenges. Experience in CIDA's CEE program has shown that an effective graduation strategy needs to be well planned: the local government must be notified well in advance (at least two years) that all CIDA programming will be phased out. Attention to the time and resource demands associated with closing programs, and realigning staff and resources, is also important.

Canada's commitment to improving the effectiveness of Canadian aid, including through its geographic concentration, was confirmed through the 2004–2005 International Policy Review. Through that process, CIDA participated in identifying 25 Development Partner countries (i.e. the nine countries of focus, and 16 others) in which Canada's aid program will be concentrated. In 2004–2005, this group of 25 countries already accounted for approximately 41 percent of CIDA's bilateral assistance budget. Under the IPS, Canada committed to allocating two-thirds of all bilateral aid in these countries by 2010; much of this aid will be targeted to Africa. In Budget 2005 and the IPS, Canada committed to doubling aid to Africa between 2003–2004 and 2008–2009.

Chart 7: Breakdown of CIDA's Aid Disbursements by Bilateral Branches in the Countries of Focus *($ millions)*

2002–2003

ML 2.3%
MZ 2.7%
SN 1.6%
HN 1.1%
GH 1.6%
ET 1.0%
BO 1.0%
BD 4.1%
TZ 2.7%
81.9%
18.1%

Total Bilateral Aid Disbursements = $868.1

2003–2004

HN 1.1%
ML 3.0%
MZ 2.8%
GH 3.6%
SN 1.6%
ET 2.7%
TZ 2.6%
BO 1.3%
BD 4.8%
76.5%
23.5%

Total Bilateral Aid Disbursements = $1,104.1

2004–2005

HN 0.6%
ML 3.5%
MZ 3.7%
GH 3.6%
SN 1.5%
ET 3.3%
TZ 2.9%
BO 0.7%
BD 4.4%
75.8%
24.2%

Total Bilateral Aid Disbursements = $1,154.4

BD: Bangladesh **BO**: Bolivia **HN**: Honduras **ML**: Mali
GH: Ghana **ET**: Ethiopia **MZ**: Mozambique **SN**: Senegal **TZ**: Tanzania

Strategic Information Division, Policy Branch
Source: Agency Information System, August 2005

2.2.4 Engaged Canadians

In its 2004–2005 RPP, CIDA indicated that, over the next three years, it would undertake the following:

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

Public support is key for the delivery of Canada's development assistance program. CIDA's communications and engagement activities are designed to improve public perception of the value, efficiency and effectiveness of Canada's ODA and OA programs. Communications Branch, Canadian Partnership Branch, and Canada Corps are working closely together to raise public awareness and foster public participation in the aid program *(see Box 20)*.

Box 20: Mobilizing Canadians Through Canada Corps

In 2004, the Government established Canada Corps as a new vehicle to strengthen Canada's contribution to human rights, democracy and good governance internationally.

Canada Corps will develop collaborative partnerships across government, NGOs, the private sector, and with Canadian citizens to bring greater engagement, expertise, coherence and recognition to Canadian governance interventions abroad.

Canada Corps will: mobilize Canadians of all ages and backgrounds**;** transform existing programming**;** engage and communicate with Canadians**;** expand the base of knowledge; and brand a common identity for Canadian excellence in governance.

In November 2004, Canada Corps was transferred from DFAIT (*Foreign Affairs*) to CIDA. Its first project, supporting the elections in Ukraine in December 2004, was highly successful. Since then, CIDA has been developing its Canada Corps program. To date, its main projects have been the following:
- a partnership with the Association of Universities and Colleges of Canada;
- a partnership with NetCorps Coalition, in which young people will merge ICTs and e-governance in public, para-public, and civil society groups;
- a Trust Fund for Peacebuilding with the UN Volunteer Program, which is expected to place at least 20 volunteers; and
- Solidarité Haiti, which will bring together at least 250 volunteers, including Haitian-Canadians, to work with four key organizations: the Canadian Centre for International Studies and Cooperation, World University Service of Canada, the Paul Gérin-Lajoie Foundation and the Canadian Executive Service Organization (CESO).

In 2004–2005, CIDA continued to engage the media. In addition to day-to-day media relations activities, the Development Information Program's Journalism and Development Initiative made it possible for 28 journalists to gain first-hand experience in

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developing countries (the majority in Africa), resulting in significant coverage of development issues. For example, one Canadian journalist produced a series of articles published in *The Vancouver Sun* on the fight against river blindness; and another produced 16 articles on the situation in Afghanistan, which appeared in Saskatchewan's *The World Spectator*, and were also made available to 700 community newspapers with a combined readership of 11 million.

CIDA also undertook active outreach to parliamentarians, with the objective of helping to increase understanding and support of development issues in the context of events that were upcoming, such as parliamentary committee appearances, the launch of Canada Corps, and the IPS. CIDA responded to parliamentarians' enquiries, organized briefings, re-instituted a newsletter, and shared information electronically. The Agency was proactive in keeping parliamentarians informed of "hot issues" such as Canada's response to the tsunami. Parliamentarians continued to be involved in CIDA's regional announcements program, which provided opportunities to announce development projects and discuss development issues with partners and regional media. As part of its public engagement and knowledge-sharing strategies, Canada Corps is collaborating with the Parliamentary Centre to engage parliamentarians and other Canadians in a series of international governance forums.

Canadian parliamentarians took particular interest in Africa and the Middle East in 2004–2005. Representatives of CIDA appeared before the Senate Committee on Foreign Affairs in February 2005 to provide information on programming in Africa, as well as before the House of Commons Subcommittee on Human Rights and International Development, on the situation in Zimbabwe.

Building on work undertaken in 2004–2005, CIDA is finalizing a new Agency-wide Public Engagement Strategy, which will outline a number of public engagement initiatives to be implemented by CIDA and its partners to foster greater public understanding and increased support for Canada's international assistance program.

Reaching young people remained an important component of CIDA's outreach activities. For example, the Global Classroom Initiative supported 50 new initiatives and launched two new resources for Canadian teachers. The first was the Global Classroom Resources Centre, a searchable database of development resources; the second was the Teacher Zone on CIDA's website, which was designed to help Canadian educators raise students' awareness of international development and Canada's involvement in it. CIDA's International Youth Internship Program also continued to give young Canadian post-secondary graduates the opportunity to gain international work experience. In 2004–2005, 397 internships were approved. Since its inception in 1997, the program has sent more than 3,000 youth interns to various countries in the world, including Bangladesh, Kazakhstan, Tajikistan, Peru, Brazil, Nicaragua, Malawi, South Africa, Kenya, and Swaziland.

In addition to youth, engagement of First Nations communities is a new priority with the re-launch of the Indigenous Peoples' Partnership Program in March 2005. This program

aims to link Canadian organizations with others in the Americas region in international development projects. Canadians are also fully engaged through the Partnerships for Tomorrow Program, CESO, the Turn Around Management Program and the Canadian Technical Cooperation Fund with the European Bank for Reconstruction and Development. Through these programs, approximately 300 Canadians travelled to Central and Eastern European countries and participated in various learning and/or capacity-building exchanges.

Box 21: The New Developing World Map

With the exception of the CIDA website, CIDA's most popular, and most utilized, communications and public education tool is its Developing World Map, produced by CIDA in collaboration with Canadian Geographic Enterprises. The map, which returned in 2004 after a 10-year hiatus, is widely distributed in educational, health, media, and other public institutions in Canada and around the world, as well as to Embassies and High Commissions and numerous development partners.

The map focuses on the unequal distribution of wealth and resources in the world and highlights Canada's role in addressing these inequities through Canada's aid program. The map was distributed through *Canadian Geographic* and *L'Actualité* to more than 476,000 subscribers and to some 15,000 schools. CIDA continues its proactive distribution campaign across the country. An on-line version of the map allows users to easily access and compare social, economic, and demographic data on all countries, based primarily on the United Nations Human Development Index.

CIDA's website attracts more than two million visitors per year, ranging from students, educators, and development experts to journalists, elected officials, members of the general public, and the private sector. Efforts were made to facilitate navigation on the site and to provide current and relevant information to a diverse range of audiences.

Support for public consultations also remained an important focus in 2004–2005. In November 2004, the Minister of International Cooperation hosted CIDA's third annual International Cooperation Days event, which was attended by 1,400 participants. The CFA and Carleton University's School of Journalism and Communication co-hosted a major conference on youth and HIV/AIDS, environment, and war-affected youth in Africa, as well as the role of media in reporting on key development issues. The event attracted some 500 participants and was broadcast on community cable. Representatives of CIDA's Ukraine program have attended multiple consultation activities in the past year with the Ukrainian-Canadian community. CIDA also held public consultations on accountability in humanitarian assistance, best practices in governance programming in China, and ways and means for Haitian-Canadians to help in Haiti's reconstruction.

CIDA continued to invest in efforts aimed at positioning international development as a core part of Canadian values. Through its Development Information Program, particularly the Mass Media Initiative, CIDA reaches millions of Canadians through television and radio productions, print, and new media initiatives. In 2004–2005, CIDA supported close to 70 mass media initiatives on a wide variety of priority development themes. These included two documentaries, aired on MuchMusic (450,000 youth viewers), which raised awareness of sweatshop labour in Mexico and Bangladesh, and of the involvement of Canadian artists in fund-raising for the victims of the tsunami.

A review of CIDA's Volunteer Cooperation Program, which was completed in March 2005, highlighted that, through their public engagement work, volunteer cooperation agencies helped Canadians develop a greater understanding of and openness to different cultures; increased their knowledge and sensitivity to development; motivated them to get more involved in community work and/or international development; and increased their financial and voluntary support to these agencies.

2.2.5 Institutional Strengthening of CIDA's Partners

In 2004–2005 RPP, CIDA indicated that, over the next three years, it would undertake the following:

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

Capacity building for partner governments and organizations is a key element of CIDA's development assistance program. In 2004–2005, CIDA promoted the use of partner country financial, planning, and service delivery systems—both governmental and non-governmental—to implement projects. The Agency also provided training, coaching, and mentoring services, especially in financial management and procurement, public engagement, and results-based management, in order to strengthen program aid.

Some organizations are not ready to assume this level of responsibility, while others are at the stage where they can undertake the training and institution-building necessary. For example, greater reliance on local organizations instead of Canadian executing agencies in the Caribbean initially resulted in reporting problems and delays. CIDA has contracted a consultant to coach these organizations in results-based management and other reporting issues to remove the roadblocks. In the Africa Branch, CIDA staff capacity was strengthened through a multi-function "SWAT" team, which included policy, finance, contracts, performance, knowledge, and legal experts. This team prepared diagnostic assessments of countries, and supported program design and policy dialogue, especially with respect to public finances and procurement issues, in order to ensure that funds were well spent.

Institutional strengthening is the focus of several CIDA programs, including its Francophonie and Pan-Africa Programs. For example, a CIDA-supported human resources review of the Institut Supérieur Panafricain d'Économie Coopérative led to a series of recommendations that are now being implemented. The management of the organization's secretariat has been strengthened and the entire organization is more effective, results-oriented, and dynamic. CIDA's Canadian Partnership Program always includes capacity building in its cooperation activities with developing country partners.

World University Service of Canada has formed a consortium with the Canadian Centre for International Studies and Cooperation with the specific aim of strengthening the capacity of their developing country partners working toward poverty reduction.

CIDA also strengthened its regional partners in 2004–2005, providing training in results-based management to staff in the OSCE, and to participants in the trade capacity-building programs funded by the CFA, such as the International Trade Centre. A session on CIDA's methods of audit and evaluation led to their adoption by the Agence intergouvernementale de la Francophonie.

In 2004–2005, CIDA's work with multilateral organizations continued to be critically important to its work. CIDA delivers more than 40 percent of its development assistance through multilateral organizations such as UN agencies, regional development banks, and humanitarian assistance organizations. CIDA not only provides financial assistance to these organizations; it also helps them to increase their aid effectiveness by advocating for appropriate policies and providing technical assistance *(see Box 22)*.

Through its support for multilateral initiatives and organizations, CIDA has continued to make important contributions to addressing such globally important development issues as HIV/AIDS. As has been noted, CIDA has made significant contributions to the GFATM, and to the WHO's "3 by 5" initiative. An additional example is CIDA's support for the Caribbean Epidemiology Centre HIV/AIDS Project II (CAREC), a regional, multi-stakeholder, multi-donor (SWAp-like) initiative. The majority of CAREC member countries have taken steps to strengthen their national responses to the HIV/AIDS epidemic. (Further information about CIDA's performance related to HIV/AIDS is found in Section 2.1 of this report.)

Box 22: Strengthening Aid Effectiveness in the Multilateral System

Multilateralism is a cornerstone of Canada's international policy. Canada is a member of the board of directors of most major multilateral institutions. Through its participation in these bodies, Canada advocates for increased attention to Canadian policy priorities and, through its support to special technical assistance funds, Canada works with the institutions themselves to improve their accountability, results, priorities, and performance.

Developing new tools: Canada played a key role in the development of an advanced early-warning system for assessing nutritional status in emergency situations. CIDA is now funding the piloting of associated software with UNICEF.

Managing for results: At the Asian Development Bank, Canada played a key role in supporting the Bank's adoption of a results measurement framework, and established a multi-donor fund to build country capacity in that area. Canada also pressed the Bank to better align its private sector operations with its poverty reduction strategy and with country priorities.

Maintaining the focus on Africa: The World Bank, with Canada's strong support, continued to give high priority to Africa, aiming to direct 50 percent of its grant assistance to that continent.

Strengthening field operations: Canada supported improved coherence, coordination, and capacity in UN country teams, and negotiated the mainstreaming of gender issues into the Resident Coordinator System. Canada also supported the UN strategy on harmonization, and the alignment and strengthening of communications with NGOs.

In 2004–2005, CIDA continued to contribute to the international momentum to address landmines. CIDA participated at the Nairobi Summit on a Mine-Free World (November 29 to December 3, 2004) and in the articulation of the Nairobi Plan of Action 2005–2009. CIDA's Mine Action Strategy for 2005–2009, currently under development, will encourage the idea of mainstreaming mine action, not only into bilateral and humanitarian programs, but also at the international level to ensure that levels of financing for the removal of landmines and assistance to landmine survivors are maintained until the threat is removed and the last victim has been re-integrated into society.

Building on its efforts to date, CIDA will continue to assign priority importance to working through and strengthening the effectiveness of key multilateral institutions. Reflecting this commitment, CIDA works through initiatives like the Multilateral Organizations Performance Assessment Network, to assess the country-level impact of multilateral programming. Throughout 2004–2005, CIDA also devoted significant effort to preparing for the UN World Summit in September 2005, including preparation of Canadian positions regarding a number of important reports on the MDGs and on UN reform.

The 2005 IPS reiterates Canada's commitment to the multilateral system. Consistent with directions set out in the IPS, CIDA will seek to achieve the right balance within and among aid delivery channels—bilateral, partnership, and multilateral—and in that context, will aim to focus support on those multilateral institutions that are the most effective.

2.2.6 Appropriate Balance Between Directed and Responsive Programming

As indicated in CIDA's 2004–2005 RPP, achieving appropriate balance between directed and responsive programming involves adapting the way CIDA works with its partners. As increased responsibility and accountability for development results are assumed by development partners, CIDA's role in the design and management of initiatives becomes smaller. Concurrently, however, CIDA's intention to achieve greater impact through more focused programming often results in a greater role for the Agency in managing aid programs. The challenge is to find the right balance between the two approaches.

In 2004–2005, Canadian Partnership Branch reviewed all new program-funding agreements to ensure that they were aligned with CIDA's priorities and directives, which include increasing levels of responsive programming. The Agency strengthened responsive programming by drafting the Voluntary Sector Program Framework and the Private Sector Implementation Plan. CIDA also adopted a whole-of-Agency approach in ensuring that partnership programming was reflected in the development of Country Development Programming Frameworks, tsunami relief and reconstruction efforts, and in CIDA's development strategy for Haiti.

Maintaining the optimal balance between responsive and directive programming is not without challenges, however. On an ongoing basis, and particularly as CIDA moves forward with implementation of priorities and directions set out in the IPS, a continuing effort will be required to ensure that equilibrium is achieved between responding to Canadian partner ideas, innovations, and investments in international development, while at the same time meeting Agency and Government of Canada priorities.

2.3 Management Results: Strategic Approaches and Support Activities

The foundation that supports CIDA's enabling results and the achievement of its development results or "strategic outcomes" is the management of its people, processes, and information. As CIDA implements its aid effectiveness policy, new skills and knowledge have been required from staff; more rigorous planning and resource allocation have called for new systems and structures; and the increases in the aid budget have increased workloads throughout the Agency, and especially within the Africa program.

In its 2004–2005 RPP, CIDA identified the following management results[34] on which it would focus over the next three years:

- strategic planning and resource allocation;
- people management;
- knowledge and information management; and
- management processes, approaches, and support activities.

In 2004–2005, a number of CIDA's management practices were respectively assessed by the Agency and by TBS, using indicators set forth in the TBS Management Accountability Framework. These assessments demonstrated that the Agency made progress in various management areas. Of note were CIDA's planning for new programming approaches and re-allocation exercises, and its progress in human resource management.

2.3.1 Strategic Planning and Resource Allocation

In the fall of 2003, CIDA introduced costed workplanning that allowed it to attribute costs to all activities undertaken as part of projects, programs, operations and maintenance, and then sum up the total cost of achieving program results according to the Key Agency Results (KARs). This exercise serves as an input for reporting through the RPP, as well as an internal management tool. This combined planning framework better aligns CIDA's strategic planning with its resourcing and budget allocation, thereby strengthening the Agency's accountability.

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[34] The initial three results listed were featured in the main body of the text, while information on management processes, approaches, and support activities was addressed in an annex.

The Corporate Planning and Analysis Group (CPAG) was established in 2004 to support the Agency's corporate planning process and to conduct reviews and analyses for resource allocation purposes. The decision to establish CPAG evolved out of a management commitment to better align the operating budget to aid resources; improve information for (and communication of) resource allocation/re-allocation decision-making; and ensure the effective financial resourcing of CIDA's priorities, plans, and strategies. CPAG provided advice to CIDA senior management on proposals to the Expenditure Review Committee and assisted in exercises to redirect resources internally to priorities such as tsunami relief and reconstruction. CPAG also serves as the secretariat to the Agency's Corporate Resource Committee. It is now working closely with CIDA branches on resource strategies for implementing the IPS.

In order to replace the now outdated Planning, Reporting and Accountability Structure (PRAS) policy framework, TBS has introduced the Management, Resources and Results Structure (MRRS) policy, which took effect on April 1, 2005. This policy supports the development of a government-wide approach to managing the relationship between resource expenditures and results. It is also intended to be a framework for collecting, managing, and reporting information (both financial and non-financial) to Parliament.

The Program Activity Architecture (PAA) was the initial document prepared by CIDA in relation to the development of an MRRS—a much more comprehensive framework which encompasses an organization's activities, resources, results, performance, and governance information. CIDA's PAA was created to reflect how the Agency is structured and how accountabilities are managed; it also defines how specific program activities contribute to a department's goals or strategic outcomes. The development of CIDA's first PAA is ongoing but, once it is complete, it will assist CIDA not only in resource allocation and performance measurement, but also as a strategic planning tool.

2.3.2 People Management

In June 2004, CIDA embarked on a process of updating its human resources management strategy with the launch of the Human Resources Management (HRM) Project. The outcome of the present phase of this initiative will be an evergreen, long-term 2005–2008 HRM strategy.

In 2004–2005, the Agency began a multi-year project plan to systematically modernize its HRM practices and systems. Phase I achievements included the design of a high-level Agency roadmap for securing the current capabilities of the Agency's HRM function as quickly as possible; strengthening HRM systemic integrity and business effectiveness in the near term; and, in the long term, aligning HRM with CIDA's future business direction and evolving public service environment. Reforms included the development of a new HRM Governance Model that respects public service corporate HRM governance requirements (including the roles and responsibilities of senior executives, managers, and human resource personnel); the articulation of the broader HRM governance framework within which CIDA should operate, including the HRM elements for CIDA committee mandates; the adoption of a new Leadership Code of Behaviour at the Executive Committee level; the creation of CPAG to support the Agency in its business planning capabilities; measures to strengthen the management of the Organizational Design and Classification function; and a study on the rationalization of HRM resource allocation across the Agency.

In January 2005, Phase II was launched, and focused on prioritizing outstanding issues as they pertain to the *Public Service Modernization Act* and recommendations from internal reviews of the HRM function. These issues form the core of CIDA's corporate human resource business activities for the 2005–2006 fiscal year.

In 2004–2005, CIDA continued to reflect public service-wide objectives of a renewed, sustained, representative, and qualified work force. At the Agency level, efforts to ensure data integrity have been made. CIDA is currently updating the business practices and data integrity of its SAP-HR system so that managers have quality data to support human resource planning at the branch level. The SAP-HR Improvement Project (SHIP) is the approved action plan in response to the Data Integrity Audit. Managers also had a variety of other corporate tools to link their branch plans to Agency commitments.

CIDA annually produces a demographic profile of workforce data that includes raw data on workforce size; workforce composition in terms of groups and levels, female and male; areas of growth and decline; and departure data, such as the numbers eligible for retirement in the coming years and the rate of departure other than retirements. Similarly, Employment Equity Representation Gap Statistics, the 2002–2005 Employment Equity Action Plan, and the Employment Equity Accountability Framework and Guidelines are tools to help managers meet their obligations in support of the Agency's commitment to employment equity. As of March 2005, CIDA has achieved and maintained overall representation in all four employment equity designated groups.

CIDA' s retention strategy continued to focus on creating a favourable workplace to retain its employees. The Agency's commitment to implement the *Public Service Code of Values and Ethics* is supported through such action as the appointment of the Senior Vice-President as the Agency's Values and Ethics Champion, and the provision of values and ethics training to all executives. In February 2005, a working group including representatives from management, unions, and employee groups was established to develop a conceptual model for an Informal Conflict Management System (ICMS), in

order for the Agency to comply with the *Public Service Labour Relations Act*, which came into force in April 2005.

Retaining a qualified and representative workforce means ensuring that employees are equipped with the knowledge, skills, and abilities to deliver CIDA's international development assistance mandate. To this end, the Agency developed a Personal Learning Plan tool for employees, and offered a variety of formal and informal learning activities. These included training in the areas of sustainable development, project management, information systems, and contracting, as well as in such areas as career management, mentoring, counselling, and personal development. Furthermore, the Agency continues to use technology to offer its employees easy access to on-line training. That the Agency received third prize in the "Modern Management Best Practices Category" at the 2004 National Managers' and Human Resources Communities Professional Development Forum is evidence of this.

CIDA ensured that all its executives met the required language profile (CBC) to comply with the new Official Languages Policy for Executives. In addition to strengthening its leadership potential, the Agency took steps to renew its executive cadre with a series of new initiatives, and continues to draw on a number of public service programs like the Management Trainee, Career Assignment and Accelerated Executive Development Programs.

Efforts to improve the working conditions in Canada and abroad include enhanced security provisions in the field; special awareness sessions on HIV/AIDS for staff posted in Africa; and special efforts to meet the needs of persons living with disabilities, including the provision of appropriate computer devices and software. CIDA also entered into a new agreement with DFAIT (*Foreign Affairs*) to clarify roles and responsibilities, establish benchmarks for service delivery, and standardize costs in the field. In response to the aid focus on Africa, CIDA undertook a restructuring process in February 2005, to ensure better organizational alignment to fit business needs.

2.3.3 Knowledge Management

CIDA has taken significant steps to strengthen knowledge management, including by adding this function to the branch devoted to performance review in early 2004. Agency-wide, CIDA has enhanced its analytical function by engaging experts in the field and at headquarters in a range of areas, from gender equality to water management, health, food security, environment, and governance.

CIDA's Knowledge Management Initiative was established to ensure that CIDA staff has better access to the expertise and knowledge required to continuously improve Agency programs, policies, and management practices. It facilitates CIDA's transition to an organization where individuals, teams, and branches systematically share their knowledge within the Agency and also make it easily accessible outside the organization; work in teams and collaborate on a regular basis to find creative ideas and solutions; and

continuously ask questions and learn. The initiative continues to promote the development of a corporate culture that attaches value to organizational learning.

The Knowledge Management Secretariat's role in this process is to support the Agency as it evolves, and to provide advice and services to work units, divisions, and branches as they address knowledge management issues. Despite a major reduction of its human resources during 2004–2005, the Secretariat has continued to perform this function. This support has entailed sharing concrete techniques and advice for improving knowledge-sharing, including offering a workshop on peer-assist and after-action review; providing information to networks and branches on how to prepare knowledge events; supporting the integration of knowledge-sharing tools in the Africa Branch; supporting the use of collaboration tools between headquarters and field staff; advising on corporate issues; and undertaking action research on new project support activities.

Individual branches also took a number of initiatives to systematize the generation, dissemination, and exchange of knowledge. For example, extranets were developed for a number of programs, including one on governance best practices in the China program and one on regional disaster management and environmental protection for the Caribbean program. Asia Branch established several mechanisms for workplanning on-line, including quality-at-entry[35] systems and discussion groups. The Asia and Americas branches continued to host knowledge fairs on a wide variety of topics, from graduation strategies to peacebuilding issues. Canada Corps developed a knowledge-sharing strategy to support linkages among key players in governance, including civil society organizations, universities, policy-makers, and field practitioners. Policy Branch also continued to enhance networking within the Agency for knowledge sharing and joint learning. For example, governance and gender equality Core Groups, thematic networks, and human rights and child protection advisors contributed to broadening internal knowledge of Agency good practices and leading-edge thinking on these issues.

Box 24: Performance Management—A New Focus for Knowledge Management

The original goal of the Knowledge Management Initiative (KMI) was to support the Agency's renewal process. The aim of this approach was to reduce stovepipes and to improve network processes and knowledge-sharing at CIDA. However, in 2003, senior management reviewed this goal and decided to focus knowledge management more on supporting performance management. This decision was in line with the direction of knowledge management initiatives in other organizations as well.

The Performance and Knowledge Management Branch will work toward assisting branches to build a strong synergy between knowledge management and performance management work. The KMI will also provide more robust and innovative assistance to branches to support the achievement of the Agency's results-oriented strategic objectives.

The next steps in this re-focusing initiative include aligning knowledge management activities with needs related to results-based management and risk management; clarifying the role of the KMI; promoting existing knowledge management tools adapted to meet performance management needs; and addressing knowledge management issues related to collaboration between headquarters and field staff on program management challenges.

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[35] Special teams of technical, contracting and other experts help develop and verify program proposals with the planning officer before the proposals go forward for formal approval.

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Lessons learned from 12 years of programming in the graduating countries of Central and Eastern Europe were distributed widely in Canada and abroad. The University of Toronto's Centre for Russian and East European Studies has incorporated the findings of some of these reviews into an academic course, which will be used by both Canadian and European universities. Canadian Partnership Branch created an Analysis and Knowledge Sharing Working Group to serve as a sounding board for ideas on policy and programming. Agency-wide knowledge networks on numerous topics continued to function, and a new on-line magazine shares information on new programming approaches, improved business procedures, and other pertinent program information.

A key means for CIDA to ensure that it benefits from the expertise and knowledge necessary for the continuous improvement of Agency programs is through its work on results-based management, as well as through access to evaluations and independent audits of its work. To support Agency learning, CIDA's Performance and Knowledge Management Branch undertakes evaluations and independent internal audits of CIDA programs and projects *(see Annex VI for a report on evaluations and audits pertinent to the Agency's work in 2004–2005)*.

Notwithstanding important accomplishments, CIDA recognizes that more needs to be done to strengthen and provide greater direction and coherence to the knowledge management function within the Agency. A review in 2004 highlighted the large number of activities directly related to knowledge management across the organization. The review acknowledged that the Knowledge Management Initiative has helped to improve and modernize supervisors' approaches to management, has benefited individual staff, and has contributed to an Agency-wide approach to knowledge management. At the same time, the review concluded that although the initiative has laid the foundations for future success, it should be revisited and refined in order to achieve greater focus. Because there is a recognition that many parts of the Agency are involved in knowledge management and that greater clarity about roles, responsibilities, and accountabilities is required, the Agency assessed that its performance in this area in 2004–2005 was not yet meeting expectations.

2.3.4 Information Management / Information Technology

During 2004–2005, the Agency continued to strengthen its commitment to information management. A draft Information Management Action Plan, based on the previous year's information management Capacity Check, was developed. The Branch Information Offices (BIO) initiative will see the implementation of a consistent organizational structure for the information management functions in all Agency branches; this year, the structure and functions of the BIO were finalized. Enhancements to the Enterprise Document and Records Management System were developed and will be piloted in 2005–2006.

CIDA's e-business service, a web-based program-delivery model with such features as project management, as well as information and knowledge sharing at both the project and program levels, was successfully completed in 2004–2005. During the first year of its use, 500 individuals registered and used this e-business service. The 200 project proposals that were submitted facilitated interaction between CIDA and its external partners.

In 2004–2005, new tools to facilitate field–headquarters communications were deployed, including a pilot in Serbia and Montenegro. This pilot featured virtual conference rooms for sharing documents and calendars, as well as for conducting meetings and other information sharing events.

With respect to hardware, CIDA continued to upgrade and improve equipment as part of its normal operations. The Agency acquired new switching equipment and servers, and upgraded its e-mail system. Environmentally sustainable practices were integrated into CIDA's information technology practices. These included the use of double-sided printing and low-power-usage printers, as well as the recycling of ink cartridges and re-use of computers through the Computers for Schools Program.

2.3.5 Management Processes, Approaches and Support Activities

CIDA introduced a number of reforms as part of its process of continuous improvement in 2004–2005. In striving for coherent, consistent, and cost-effective business processes and operations, CIDA has undertaken work simplification, such as updating, standardizing, and refining guidelines, and reinforcing financial, contracting, and administrative procedures.

For example, standard templates for contribution agreements and grant arrangements were developed and published, along with revised guides for managers. Relevant business processes were integrated into the Agency's Business Roadmap, and a new Technical Assistance Handbook was published in February 2005. The Agency also produced guides for preparing Treasury Board submissions, and Results and Risk Management and Accountability frameworks. Briefing processes were standardized and simplified, and the Agency's corporate committee system was strengthened by revising structures, mandates, memberships, and putting agendas and minutes on-line.

A major upgrade was made to the Agency's financial system in order to align its system with those of other SAP departments. New financial policies and procedures were promulgated in a number of areas, including with respect to the provision of direct budgetary support to developing countries, the modernization of travel services, and the financial management of the Agency's Program Support Units overseas. The contracting selection process was reviewed, and contract data quality was actively monitored.

Finally, the Agency's rate for solid waste recycling in 2004–2005 was 85 percent compared with the target of 60 percent, as established by Public Works and Government

Services Canada. Many awareness activities were also organized for the One-Tonne Challenge and the Canadian Environment Week. The Agency will continue to explore options to deliver training on best practices in greening at CIDA.

2.4   Learning From Experience: Challenges, Risks, and Future Directions

The preceding review of CIDA's performance in 2004–2005 indicates that, overall, the Agency succeeded in meeting the commitments set out in its 2004–2005 RPP. At the same time, while the Agency enjoyed considerable achievements, it also experienced challenges and continued to benefit from lessons learned—many of which have been highlighted throughout this DPR. Reviewing the year's activities in a balanced manner, and reflecting on how risks can be managed and lessons incorporated into day-to-day operations, is essential to improving the future performance of Canada's aid program.

The following section, although not exhaustive, highlights a few key areas that were relevant to CIDA's performance and experience in 2004–2005, and that will inform future directions for the Agency.

 Implementing program-based approaches and shared funding modalities

In 2004–2005, CIDA continued to learn from its experience with implementing PBAs. Although CIDA has made tremendous progress with PBAs, particularly in Africa, it has also recognized that participating in large, multi-donor programs requires time for intensive negotiations between partners, revisions to the administrative and accountability systems of all players, new skills and expertise, enhanced field capacity, and due diligence to ensure that risks are managed at acceptable levels.

During the period under review CIDA's administrative, accountability, and approval requirements—not yet fully adapted to PBAs—in some cases contributed to delays in the implementation of some projects, giving rise to concerns about the potential impact on CIDA's credibility in the field. Lessons from CIDA's experience with PBAs include the recognition that predictability of resources, and timeliness and flexibility of approaches, are increasingly important conditions for aid effectiveness. A 2004 donor survey indicated that CIDA needs to improve aligning disbursements to correspond with partner countries' planning cycles, and disbursing on time.

CIDA's first progress report on harmonization identified a number of additional challenges for coming years, which included the complexity of promoting alignment; the need to develop harmonization and alignment mechanisms in crisis countries; the need to continue enhancing field presence, decision-making, and financial authority; and the need to develop benchmarks to assess when a country's capacity for increased financial authority (i.e. shift toward PBAs and budget support) is sufficient to allow for alignment of aid programming with its systems. Other challenges will include attention to addressing crosscutting issues such as gender and environmental sustainability,

particularly where programs are large and donors play a more limited role in managing aid. Monitoring also remains an important challenge, particularly when larger programs are established.

Implementation of PBAs and joint funding modalities will continue to require due diligence. CIDA continues to strengthen its risk management framework generally, and recognizes that risk analysis and management play an important role in respect of PBAs. CIDA is already implementing numerous measures, including the development of risk mitigation strategies (e.g. risk-based audit frameworks, results-based management and accountability frameworks, and other practical tools), to ensure the proper use of aid funds. CIDA will continue to work closely with other donors and partner countries to exchange lessons learned and to strengthen local capacities and accountability systems, where required. The Agency will also continue to work with TBS on approaches which support both effective aid programming in the new context, and also provide assurances that public funds are being well spent.

Responding to humanitarian emergencies and other crises

In 2004–2005, CIDA continued to work in dangerous and unstable environments, including areas of conflict, poor governance, extreme poverty, and social marginalization. The Agency has a well-developed risk assessment framework that addresses these factors. However, unforeseen political, security, economic, or natural events can add to overall levels of risk.

During the year under review, drought in East and Southern Africa, the collapse of the Haitian government, hurricanes in the Caribbean, and the Indian Ocean tsunami all took a terrible human toll and put development gains at risk. Although CIDA responded effectively, these events nonetheless had an impact on CIDA's programming context. The need to undertake rapid and large-scale responses to some crises required the re-allocation of human and financial resources away from other areas, resulting in some instances in the delay or cancellation of activities. For example, to address the priority of the government's commitment to Haiti, Americas Branch re-allocated $8 million (6 percent) of its own resources. While this strategy was appropriate, it also meant that projected aid increases for Honduras and Bolivia, two of CIDA's countries of focus, did not take place.

Box 25: Reconstruction in Iraq: Achieving Results while Managing Risk

CIDA frequently works in unstable and dangerous environments, requiring the Agency to deliver development assistance with explicit attention to risk management strategies. Canada's interventions in Iraq provide a good example of such efforts.

In 2004–2005, Canada's strategy for support to stabilization and reconstruction of Iraq remained based on helping the Iraqi people through humanitarian assistance and reconstruction of the social and economic base; development of effective governance and security structures; and promotion of democratic development. Following the initial humanitarian phase in 2003, CIDA's programming expanded to include:

- CIDA provided $40 million to UNICEF and $5 million to the CARE/Global Development Group to rebuild basic education, water, health and child protection services;
- With CIDA's support, UNICEF made a major contribution to revitalizing the Targeted Nutrition Program, which distributed 3,500 metric tonnes of high protein biscuits, and established 4 drop-in centres benefiting an estimated 2,500 children;
- CIDA contributed $10 million to the Jordan International Police Training Centre (JIPTC) for 20 RCMP officers to train Iraqi police recruits. Over 13,000 recruits were trained in 2004–2005;
- Canada contributed $100 million to the International Reconstruction Fund Facility for Iraq (IRFFI), and as Chair of its donor committee in 2005 is working to advance donor coordination and implement a stocktaking exercise to assess results to date.

Provision of assistance to Iraq involves significant political and security risks. CIDA's mitigation measures involve risk-sharing and dialogue with other donors; program flexibility allowing for re-allocation and re-profiling of expenditures to respond to the evolving context; delivery of the largest program elements through grants to UN agencies and the World Bank, and; delivery of bilateral assistance through carefully planned initiatives aimed at minimizing risks to Canadians and Iraqis.

Despite these challenges, CIDA continued to learn from its experience in working in these contexts, and to develop effective risk management strategies. For example, in Haiti, collaboration within the donor community and the flexible use of programming mechanisms were key to implementing reconstruction efforts. In Nepal, the absence of elected officials has meant that CIDA has delivered aid through multilateral institutions or NGOs, rather than through local government channels. CIDA's work in countries such as Sudan, and Iraq *(see Box 25, above)* further underlined the need for conflict analysis, strong risk management, and close donor collaboration in fragile or conflict-affected countries. The Agency will continue to bring these lessons to future programming. In addition, during the year under review, the tsunami, the hurricanes in the Caribbean, a food crisis in Niger and the ongoing conflict in Darfur revealed weaknesses in the international humanitarian response system. CIDA will be pursuing efforts to strengthen this system as part of Canada's UN reform agenda.

Reforming approaches to planning, measuring and reporting on performance

The 2004–2005 fiscal year saw the Agency focus systematically on the review of its frameworks for planning, performance measurement, and reporting to Parliament and Canadians. In relation to the introduction by the TBS in April 2005 of the new MRRS, the Agency undertook an intensive effort to develop an initial PAA. This undertaking was a complex and time consuming process, which will ultimately require a full realignment

of the Agency's financial systems and performance measurement strategies, tools, and indicators.

While it is expected that the development of CIDA's PAA will benefit the Agency, by supplying *inter alia* a more rigorous methodological framework for planning and monitoring performance, a period of transition will be required before it is finalized and fully integrated by the Agency. Moving forward, the Agency will need to consider the implications not only of its KARs (presently at the heart of the Agency's accountability framework), but also of the new directions set out in the IPS, for the design of its PAA.

Implementing outcomes from government-wide initiatives

During 2004–2005, CIDA participated in two significant government-wide initiatives—the International Policy Review and the Expenditure Review exercise—both of which will result in benefits for Canada's aid program, but which also had implications for the Agency during the year and for its future directions.

In respect of the Expenditure Review initiative, the Agency undertook a systematic evaluation of its programs to identify resources, which were supporting priorities that were less effective at achieving Canada's development goals. CIDA identified reductions amounting to over $458 million over five years ($40.9 million in 2005–2006; $74.0 million in 2006–2007; and $114.4 million in 2007–2008 and ongoing). Because these reductions will only begin to take effect in 2005–2006, the full impact of the Expenditure Review on the Agency's operations is not yet entirely clear. That said, savings generated through the process were achieved in relation to the anticipated elimination of some country programs (through graduation strategies), some operational savings, and anticipated reduction of funding to selected smaller regional programs and funding initiatives assessed to have more limited impact.

Box 26: Resource Re-allocation: Ensuring a Responsive and Effective Aid Program

Through the Expenditure Review exercise, CIDA identified savings as part of government-wide effort to maximize the efficient use of resources. Another means by which the Agency ensures such efficiencies is through the periodic re-allocation of resources in order to address changing priorities or to respond to evolving circumstances.

In 2004–2005, CIDA undertook a significant internal re-allocation exercise to mobilize resources to address two emerging priorities: a response to the crisis in Haiti, and a government-wide decision to increase support to the fight against HIV/AIDS. This exercise led to reductions in a number of programs that were deemed to be less effective or of lower priority, and allowed for the re-allocation of approximately $95 million.

In addition, in 2004–2005 a small number of programs disbursed more slowly than anticipated. The most important of these included: tsunami relief and reconstruction; the Micronutrient Initiative; support for Iraq; and the CFA. The resources freed up from these programs (approximately $176 million) were used for high priority, early payments to multilateral institutions such as the UNDP, the WFP, the CGIAR, and UNICEF.

In 2005–2006 and in future years (as appropriate), CIDA plans to return the resources to the original programs. Delays in disbursements are a normal part of CIDA's responsible use of resources in situations of uncertainty or unpredictability. The reallocations undertaken in 2004–2005 were carried out in manner that minimized negative impacts and ensured that CIDA will be able to maintain its commitments.

The International Policy Review also had significant implications for CIDA operations in 2004–2005. As might be expected with any significant change management initiative, development of the IPS led to some delays in program delivery, and also increases in workload as the Agency reconsidered aid priorities and its overall direction. The negotiation of the IPS also led to uncertainties amongst CIDA's partners, both at home and abroad. Many concerns were resolved with the release of the IPS, or will be addressed shortly as the process of IPS implementation unfolds.

Future Directions: Implementing the IPS

In coming years, implementation of the IPS will be the major focus of CIDA's work. The IPS builds on the past several years' reforms, confirms CIDA's overall sustainable development strategy and provides a 21st century context within which the aid program will operate.

At the same time, challenges associated with implementation of the IPS, and CIDA's role as manager of the "development pool" of the IAE will be numerous. The implications for resource re-allocation, organizational structure, staffing and training, and administrative systems will need to be addressed. Ensuring a balance between the alignment of CIDA's geographic and sectoral priorities with the IPS on the one hand, and a continued responsiveness to developing country needs and Canadian ideas, innovations, and investments in international development on the other, will also be a challenge. Moving

forward, CIDA will also need to focus on deepening and strengthening its interdepartmental relationships to support a whole-of-government approach to IPS implementation and IAE management, as well as a coherent Canadian approach to poverty reduction and achievement of the MDGs.

Section III: Supplementary Information[36]

Annex I: Financial Summary Tables

The summary financial information provided in the following tables is intended to show:

- Spending authorized through Main Estimates;
- Planned spending at the beginning of the fiscal year. This takes into account Main Estimates plus forecast Supplementary Estimates;
- Total authorities, which take into account Main Estimates, Supplementary Estimates and any increase in statutory authorities; and
- Actual expenditures, as presented in the Public Accounts.

Table 7: Comparison of Planned Spending to Actual Spending (including Full Time Equivalents)

($ millions)	2002–2003 Actual	2003–2004 Actual	2004–2005 (2)			
			Main Estimates	Planned Spending	Total Authorities	Actual
Budgetary						
Geographic Programs	824.0	1,066.8	1,402.2	1,401.1	1,135.5	1,131.4
Multilateral Programs	909.3	957.8	728.4	817.4	1,648.8	1,618.8
Canadian Partnership	319.5	297.5	279.2	291.9	280.0	278.9
Countries in Transition	126.0	113.1	111.8	100.7	100.0	99.7
Communications	14.3	13.4	12.6	12.2	14.4	14.4
Policy	19.0	26.5	28.5	39.6	27.9	26.3
Corporate Services	97.9	88.5	92.1	92.1	98.3	82.7
Total Budgetary	2,310.0	2,563.6	2,654.8	2,755.0	3,304.9	3,252.2
Non-budgetary						
Multilateral Programs (1)	10.9	9.5	6.9	6.9	6.9	3.0
Total Agency	2,320.9	2,573.1	2,661.7	2,761.9	3,311.8	3,255.2
Less: Non-respendable revenue	21.3	140.5	0.0	0.0	0.0	92.6
Plus: Cost of services received without charge	20.7	21.1	0.0	22.4	0.0	18.7
Net Cost of Agency	2,320.3	2,453.7	2,661.7	2,784.3	3,311.8	3,181.3
Full Time Equivalents	1,564	1,517	1,499	1,499	1,499	1,527

1. Excludes $232.1 million in issuance of notes issued to the International Financial Institution Fund Accounts.

2. Variance: CIDA's 2004–2005 Total Authorities and Actual Spending were increased compared with Planned Spending in the Supplementary Estimates B as the Agency received $223 million for the Response to the Asian Tsunami and $342 million following Budget 2005 initiative to combat the global health issue with grants to the Global Fund to Fight Aids, Tuberculosis and Malaria ($140 million); the Global Alliance for Vaccines and Immunization ($160 million); and $42 million for the Global Polio Eradication Initiative.

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[36] CIDA follows Treasury Board (TB) travel policies. For this reason, consistent with TBS guidance provided for preparation of the 2004–2005 DPR, CIDA is not required to provide supplementary information about its travel policies in this report.

Table 8: Use of Resources by Business Lines

($ millions)	Budgetary				Plus: Non-Budgetary	
	Operating	Transfer Payments	Total: Gross Budgetary Expenditures	Total: Net Budgetary Expenditures	Loans, Investments and Advances [3]	Total
Geographic Programs						
Main Estimates	68.7	1,333.5	1,402.2	1,402.2		1,402.2
Planned Spending	*68.7*	*1,332.4*	*1,401.1*	*1,401.1*		*1,401.1*
Total Authorities	71.0	1,064.6	1,135.6	1,135.6		1,135.6
Actual Spending	*67.9*	*1,063.5*	*1,131.4*	*1,131.4*		*1,131.4*
Multilateral Programs						
Main Estimates	8.9	719.5	728.4	728.4	6.9	735.3
Planned Spending	*8.9*	*808.5*	*817.4*	*817.4*	*6.9*	*824.3*
Total Authorities	81.5 [1]	1,567.3	1,648.8	1,648.8	6.9	1,655.7
Actual Spending	*81.5*	*1,537.3*	*1,618.8*	*1,618.8*	*3.0*	*1,621.8*
Canadian Partnership						
Main Estimates	17.9	261.3	279.2	279.2		279.2
Planned Spending	*17.9*	*274.0*	*291.9*	*291.9*		*291.9*
Total Authorities	16.5	263.5	280.0	280.0		280.0
Actual Spending	*15.4*	*263.5*	*278.9*	*278.9*		*278.9*
Countries in Transition						
Main Estimates	10.1	101.7	111.8	111.8		111.8
Planned Spending	*10.1*	*90.6*	*100.7*	*100.7*		*100.7*
Total Authorities	9.0	91.0	100.0	100.0		100.0
Actual Spending	*8.8*	*90.9*	*99.7*	*99.7*		*99.7*
Communications						
Main Estimates	8.0	4.6	12.6	12.6		12.6
Planned Spending	*8.0*	*4.2*	*12.2*	*12.2*		*12.2*
Total Authorities	10.1	4.3	14.4	14.4		14.4
Actual Spending	*10.1*	*4.3*	*14.4*	*14.4*		*14.4*
Policy						
Main Estimates	17.0	11.5	28.5	28.5		28.5
Planned Spending	*17.0*	*22.6*	*39.6*	*39.6*		*39.6*
Total Authorities	16.9	10.9	27.8	27.8		27.8
Actual Spending	*15.7*	*10.6*	*26.3*	*26.3*		*26.3*
Corporate Services [4]						
Main Estimates	92.1		92.1	92.1		92.1
Planned Spending	*92.1*		*92.1*	*92.1*		*92.1*
Total Authorities	96.5	1.8	98.3	98.3		98.3
Actual Spending	*81.4*	*1.3*	*82.7*	*82.7*		*82.7*
Total Main Estimates	222.7	2,432.1	2,654.8	2,654.8	6.9	2,661.7
Total Planned Spending	*222.7*	*2,532.3*	*2,755.0*	*2,755.0*	*6.9*	*2,761.9*
Total Authorities	301.5 [1]	3,003.4	3,304.9	3,304.9	6.9	3,311.8
Total Actual Spending	*280.8 [2]*	*2,971.4*	*3,252.2*	*3,252.2*	*3.0*	*3,255.2*

1. Includes $71.7 million due to loss for revaluation of assets at year end.

2. Excludes $92.6 million in Non-respendable revenue credits and Cost of services received without charge ($18.7 million).

3. Excludes $232.1 million in issuance of notes issued to the International Financial Institution Fund Accounts.

4. Includes expenses for Canada Corps.

Table 9: Voted and Statutory Items

Voted or Statutory Item	Truncated Vote or Statutory Wording ($ thousands)	2004–2005			
		Main Estimates	Planned Spending	Total Authorities	Actual
	Budgetary				
15b	Operating expenditures	200,289.0	207,341.0	209,888.3	189,062.3
20b	Grants and contributions	2,210,878.0	2,303,947.1	2,737,782.0	2,705,737.0
(S)	Minister for International Cooperation - Salary and motor car allowances	70.0	70.0	69.7	69.7
(S)	Payments to the International Financial Institution Fund Accounts	221,285.0	221,285.0	265,692.4	265,692.4
(S)	Contributions to employee benefit plans	22,459.0	22,338.0	19,807.8	19,807.8
(S)	Spending of proceeds from the disposal of surplus Crown assets	0.0	0.0	1.8	0.0
(S)	Loss for revaluation year end	0.0	0.0	71,716.6	71,716.6
(S)	Collection agency fees	0.0	0.0	36.4	36.4
	Total Budgetary	2,654,981.0	2,754,981.1	3,304,995.0	3,252,122.2
	Non-budgetary				
L25b	Issuance of notes to the International Financial Institution Fund Accounts	0.0	0.0	232,110.1	232,109.7
L30	Payment and issuance of notes to International Financial Institutions - Capital Subscriptions	3,865.0	3,865.0	3,865.0	3,461.3
(S)	Payments to International Financial Institutions - Capital Subscriptions	3,065.9	3,065.9	3,065.9	(491.7)
	Total Non-budgetary	6,930.9	6,930.9	239,041.0	235,079.3
	Total Agency	2,661,911.9	2,761,912.0	3,544,036.0	3,487,201.5

The variance between the total Authorities and the Actual Spending is $56.8 million: from the Grants and Contributions Budget, $30 million were lapsed following Treasury Board Decision and a further $2 million was not spent; $20.8 million were lapsed from the Operational Budget; $4.0 million in non-budgetary expenses did not materialize.

Table 10: Net Cost of Department

($ thousands)	2004–2005
Total Actual Budgetary Spending	3,252,122.2
Total Actual Non Budgetary Spending	2,969.6
Plus: Services Received without Charge	
Accommodation provided by Public Works and Government Services Canada (PWGSC)	8,212.7
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS (excluding revolving funds)	9,239.6
Worker's compensation coverage provided by Social Development Canada	111.5
Salary and associated expenditures of legal services provided by Justice Canada	1,098.7
Less: Non-respendable Revenue	92,594.8
Net Cost of Department	3,181,159.5

Table 11: Contingent Liabilities

($ thousands)	March 31, 2004	March 31, 2005
Claims, Pending and Threatened Litigation	3,113.6	5,963.6
Guarantees	0.0	0.0
Total Contingent Liabilities	3,113.6	5,963.6

Table 12: Loans, Investments and Advances (Non-Budgetary)

($ millions)	Actual 2002–2003	Actual 2003–2004	Main Estimates	2004–2005 Planned Spending	Total Authorities	Actual
Multilateral Programs:						
Payments to International Financial Institutions - Capital Subscriptions (L30)	4.5	3.8	3.9	3.9	3.9	3.5
Payments to International Financial Institutions - Capital Subscriptions (S)	6.4	5.7	3.0	3.0	3.0	(0.5)
Total Loans, Investments and Advances	10.9	9.5	6.9	6.9	6.9	3.0

Table 13: Non-Respendable Revenue

($ millions)	Actual 2002–03	Actual 2003–04	Main Estimates	2004–2005 Planned Revenue	Total Authorities	Actual
Gain for revaluation at year end of IFI liabilities	5.9	106.2	0.0	0.0	0.0	76.8
Refund of previous year expenditures	13.4	31.5	0.0	0.0	0.0	12.7
Return on investments	1.6	2.6	0.0	0.0	0.0	2.7
Miscellaneous	0.4	0.2	0.0	0.0	0.0	0.4
Total Non-respendable Revenue	21.3	140.5	0.0	0.0	0.0	92.6

Canadian International Development Agency

Table 14: Budgetary Resource Requirements by Organization and Business Line

Organizations	2004–2005							
	Business Lines ($ millions)							
	Geographic Programs	Multilateral Programs (1)	Canadian Partnership	Countries in Transition	Commu- nications	Policy	Corporate Services	Total
Africa and Middle East Branch								
Main Estimates	672.4							672.4
Planned Spending	671.9							671.9
Total Authorities	*590.5*							590.5
Actual Spending	589.3							589.3
Asia Branch								
Main Estimates	448.9							448.9
Planned Spending	448.6							448.6
Total Authorities	*325.8*							325.8
Actual Spending	323.7							323.7
Americas Branch								
Main Estimates	280.9							280.9
Planned Spending	280.6							280.6
Total Authorities	*219.2*							219.2
Actual Spending	218.4							218.4
Multilateral Programs Branch								
Main Estimates		728.4						728.4
Planned Spending		817.4						817.4
Total Authorities		*1,648.8*						1,648.8
Actual Spending		1,618.8						1,618.8
Canadian Partnership Branch								
Main Estimates			279.2					279.2
Planned Spending			291.9					291.9
Total Authorities			*280.0*					280.0
Actual Spending			278.9					278.9
Central and Eastern Europe Branch								
Main Estimates				111.8				111.8
Planned Spending				100.7				100.7
Total Authorities				*100.0*				100.0
Actual Spending				99.7				99.7
Communications Branch								
Main Estimates					12.6			12.6
Planned Spending					12.2			12.2
Total Authorities					*14.4*			14.4
Actual Spending					14.4			14.4
Policy Branch								
Main Estimates						28.5		28.5
Planned Spending						39.6		39.6
Total Authorities						*27.9*		27.9
Actual Spending						26.3		26.3
Agency Executive (1)								
Main Estimates							6.0	6.0
Planned Spending							6.0	6.0
Total Authorities							*9.8*	9.8
Actual Spending							8.7	8.7
Human Resources and Corporate Services Branch								
Main Estimates							52.8	52.8
Planned Spending							52.8	52.8
Total Authorities							*49.0*	49.0
Actual Spending							37.7	37.7

	2004–2005							
	Business Lines ($ millions)							
Organizations	Geographic Programs	Multilateral Programs (1)	Canadian Partnership	Countries in Transition	Commu- nications	Policy	Corporate Services	Total
Information Management and Technology Branch								
Main Estimates							26.1	26.1
Planned Spending							26.1	26.1
Total Authorities							*32.0*	32.0
Actual Spending							30.2	30.2
Performance and Knowledge Management Branch								
Main Estimates							7.2	7.2
Planned Spending							7.2	7.2
Total Authorities							*7.5*	7.5
Actual Spending							6.1	6.1
Total Main Estimates	1,402.2	728.4	279.2	111.8	12.6	28.5	92.1	2,654.8
Total Planned Spending	1,401.1	817.4	291.9	100.7	12.2	39.6	92.1	2,755.0
Total Authorities	*1,135.5*	*1,648.8*	*280.0*	*100.0*	*14.4*	*27.9*	*98.3*	*3,304.9*
Total Actual Spending	1,131.4	1,618.8	278.9	99.7	14.4	26.3	82.7	3,252.2

1. Includes expenses for Canada Corps.

Table 15: Details of Transfer Payments by Business Line

| ($ thousands)	Actual 2002–03 1	Actual 2003–04 2	Planned Spending 3	2004–2005 Total Authorities 4	Actual 5	Variance (5 – 3)
Grants						
Countries in Transition						
Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions.	2,700	11,495	4,000	13,060	13,060	9,060
Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international NGOs for operations, programs, projects, activities and appeals.	7,645	6,518	2,000	4,475	4,475	2,475
Geographic Programs						
Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions.	135,866	272,506	345,600	285,897	285,793	(59,807)
Programming against hunger, malnutrition and disease through international development, research and nutrition institutions; Canadian, international and local NGOs; the IDRC; developing countries, their institutions, their organizations and their agencies in such countries for the benefit of recipients in developing countries.	0	2,700	2,000	1,839	1,700	(300)
Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international NGOs for operations, programs projects, activities and appeals.	6,000	15,450	13,500	5,500	4,750	(8,750)

Canadian International Development Agency

($ thousands)	Actual 2002–03 1	Actual 2003–04 2	Planned Spending 3	2004–2005 Total Authorities 4	Actual 5	Variance (5 – 3)
Grants to Canadian, international, regional and developing country institutions, organizations and agencies, developing country governments, their institutions, organizations and agencies; provincial and municipal governments, their institutions, organizations and agencies in support of development cooperation and development education programs and to international NGOs in support of development assistance programs, projects and activities.	500	0	0	0	0	0
Multilateral Programs						
Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions.	194,388	136,949	155,065	551,595	551,594	396,529
Programming against hunger, malnutrition and disease through international development, research and nutrition institutions; Canadian, international and local NGOs; the IDRC; developing countries, their institutions, their organizations and their agencies in such countries for the benefit of recipients in developing countries.	128,245	189,251	158,127	391,675	367,366	209,239
Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international NGOs for operations, programs, projects, activities and appeals.	138,433	155,156	91,060	226,005	220,376	129,316
Canadian Partnership						
Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions.	400	875	600	800	800	200
Grants to Canadian, international, regional and developing country institutions, organizations and agencies, developing-country governments, their institutions, organizations and agencies, to provincial and municipal governments, their institutions, organizations and agencies in support of development cooperation and development education programs and to international NGOs in support of development assistance programs, projects and activities.	38,126	29,183	99,772	28,330	28,310	(71,462)
Development assistance as education and training for individuals.	7,991	8,242	8,005	8,046	8,046	41
Policy						
Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions.	0	2,231	11,488	2,863	2,512	(8,976)
Grants to Canadian, international, regional and developing country institutions, organizations and agencies, developing country governments, their institutions, organizations and agencies, to provincial and municipal governments, their institutions, organizations and agencies in support of development cooperation and development education programs and to international NGOs in support of development assistance programs, projects and activities.	0	3,009	0	1,611	1,611	1,611
Total Grants	660,294	833,565	891,217	1,521,696	1,490,393	599,176

($ thousands)	Actual 2002–03 1	Actual 2003–04 2	Planned Spending 3	2004–2005 Total Authorities 4	Actual 5	Variance (5 – 3)

Contributions

Geographic Programs						
Development assistance, including payments for loan agreements issued under the authority of previous Appropriation Acts, to all levels of developing country and territories governments, including their institutions, organizations and agencies, and contributions to Canadian, other donor country, international and regional institutions, organizations and agencies, to all levels of other donor country government and provincial governments, their institutions, organizations and agencies, and to private sector firms in support of regional and country-specific development assistance projects, programs and activities, and to persons capable of delivering aid activities or actively engaged in development issues.	617,158	709,968	971,299	770,715	770,643	(200,656)
Contributions to Canadian, international, regional and developing country institutions, organizations and agencies, developing country governments, their institutions, organizations and agencies, to provincial and municipal governments, their institutions, organizations and agencies in support of development cooperation and development education programs and to international NGOs in support of development assistance programs, projects and activities.	0	0	0	611	610	610
Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions and Canadian and international NGOs for operations, programs, projects, activities, and appeals.	2,021	161	0	0	0	0
Programming against hunger, malnutrition and disease through international development, research and nutrition institutions; Canadian, international and local NGOs; the IDRC; developing countries, their institutions, their organizations and their agencies in such countries for the benefit of recipients in developing countries.	1,000	0	0	0	0	0
Countries in Transition						
Contributions for cooperation with countries in transition in Central and Eastern Europe and the former Soviet Union.	103,479	85,086	84,582	73,455	73,370	(11,212)
Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies, and persons in such countries, and to international institutions and Canadian and international NGOs for operations, programs, projects, activities, and appeals.	1,074	0	0	0	0	0
Multilateral Programs						
Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions.	463	1,451	11,580	1,616	1,616	(9,964)
Programming against hunger, malnutrition and disease through international development, research and nutrition institutions; Canadian, international and local NGOs; the IDRC; developing countries, their institutions, their organizations and their agencies in such countries for the benefit of recipients in developing countries.	105,249	122,120	153,372	115,719	115,717	(37,655)
Contribution to the Inter-American Development Bank.	1,144	1,162	17,900	1,200	1,139	(16,761)
Humanitarian assistance or disaster preparedness to countries, their institutions, organizations and agencies and persons in such countries, and to international institutions, and Canadian	2,667	4,724	100	13,095	13,094	12,994

($ thousands)	Actual 2002–03 1	Actual 2003–04 2	Planned Spending 3	2004–2005 Total Authorities 4	Actual 5	Variance (5 – 3)
and international NGOs for operations, programs, projects, activities, and appeals.						
Incentives to Canadian, international and developing country private sector firms, investors, institutions, organizations, and governments in support of industrial cooperation programs, projects and activities.	750	750	0	750	750	750
Canadian Partnership						
Contributions to Canadian, international, regional and developing country institutions, organizations and agencies, developing country governments, their institutions, organizations and agencies, to provincial and municipal governments, their institutions, organizations and agencies in support of development cooperation and development education programs and to international NGOs in support of development assistance programs, projects and activities.	193,436	189,032	107,593	189,956	189,956	82,363
Incentives to Canadian, international and developing country private sector firms, investors, institutions, organizations, and governments in support of industrial cooperation programs, projects and activities.	62,683	54,565	58,035	36,410	36,379	(21,656)
Communications						
Contributions to Canadian or international communications organizations, other federal, provincial or municipal governments, broadcasters and producers, other donor country governments and institutions, organizations and agencies, and persons in support of the development information program involving the production and dissemination of development information, educational materials and related activities.	4,436	3,870	4,165	4,326	4,323	158
Policy						
Development assistance to international development institutions and organizations for operations, programs and projects, and to international financial institutions.	0	1,475	11,035	1,495	1,495	(9,540)
Contributions to Canadian, international, regional and developing country institutions, organizations and agencies, developing country governments, their institutions, organizations and agencies, to provincial and municipal governments, their institutions, organizations and agencies in support of development cooperation and development education programs and to international NGOs in support of development assistance programs, projects and activities.	0	0	0	4,938	4,938	4,938
Contributions to Canadian or international communications organizations, other federal, provincial or municipal governments, broadcasters and producers, other donor country governments and institutions, organizations and agencies, and persons in support of the development information program involving the production and dissemination of development information, educational materials and related activities.	0	3,502	0	0	0	0
Corporate Services (Canada Corps)						
Contributions to Canadian, international, regional and developing country institutions, organizations and agencies, developing country governments, their institutions, organizations and agencies, to provincial and municipal governments, their institutions, organizations and agencies in support of development cooperation and development education programs and to international NGOs in support of development assistance programs, projects and activities.	0	0	0	1,311	1,311	1,311
Contributions for cooperation with countries in transition in Central and Eastern Europe and the former Soviet Union.	0	0	0	490	3	3
Total Contributions	1,095,560	1,177,866	1,419,661	1,216,087	1,215,344	(204,317)

($ thousands)	Actual 2002–03 1	Actual 2003–04 2	Planned Spending 3	2004–2005 Total Authorities 4	Actual 5	Variance (5 – 3)
Other Transfer Payments						
Multilateral Programs						
(S) Encashment of notes issued to the development assistance funds of the IFIs in accordance with the International Development (Financial Institutions) Assistance Act.	242,747	232,598	221,285	265,692	265,692	44,407
Total Other Transfer Payments	242,747	232,598	221,285	265,692	265,692	44,407
Total	1,998,601	2,244,029	2,532,163	3,003,475	2,971,429	439,266

Canadian International Development Agency

Annex II: CIDA Organization Chart and Business Lines[37]
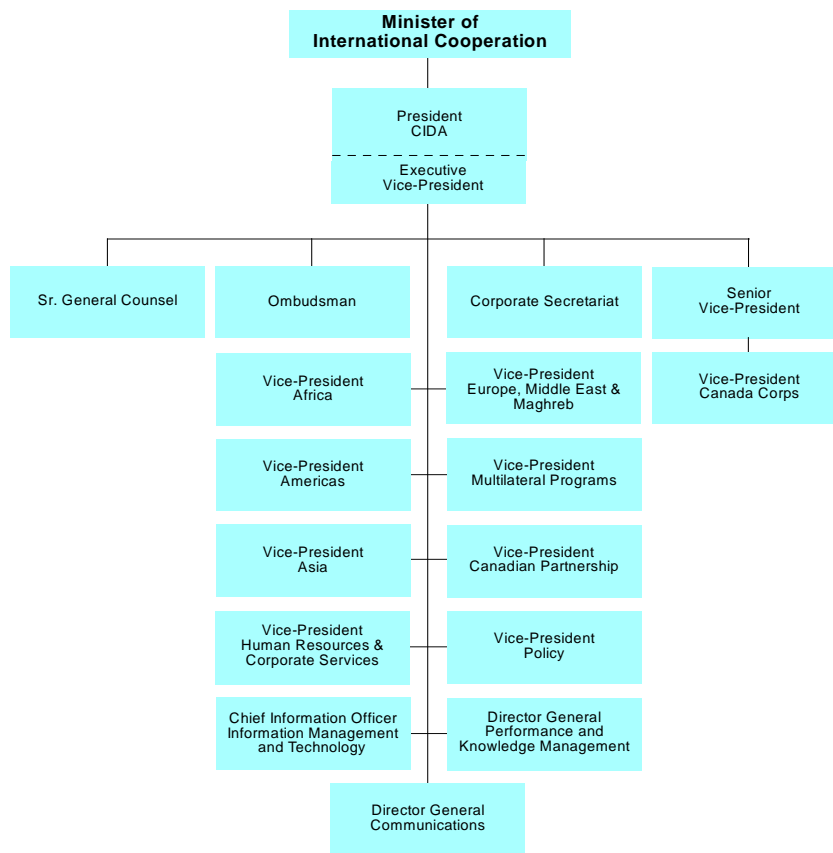
This organization chart reflects CIDA's current structure. It incorporates the effects of the reorganization that took place in February 2005 and resulted in responsibility for the Middle East and Maghreb being reassigned from the Vice-President Africa to the Vice-President Europe. The organization chart also includes the new positions of Vice-President Canada Corps, created in November 2004 and Executive Vice-President, created in May 2005.

See Section 1.5.2 for details on the reorganization.

Geographic Programs:
- Africa and Middle East
- Asia
- Americas

Countries in Transition
- CEE

Multilateral Programs
- Program Against Hunger Malnutrition and Disease
- International Humanitarian Assistance
- IFIs
- UN and Commonwealth Programs

Policy

Canadian Partnership
- Voluntary Sector and Special Projects
- Industrial Cooperation
- Scholarships

Communications
- Development Information Program

Corporate Services
- Agency Executive
- Human Resources and Corporate Services
- Information Management and Technology
- Performance and Knowledge Management
- Canada Corps

Ombudsman

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[37] This Business Lines Structure reflects the nomenclature used in the financial tables in Annex I.

The seven business lines used throughout 2004–2005 are as follows:

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

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

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

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

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

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

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

Canada Corps facilitates Canadians working together to promote good governance and institution-building in developing countries and fragile states. Structurally aligned with the President's Office, Canada Corps mobilizes Canadians to go abroad and engages the public, other government departments and NGOs, by coordinating all governance-related activities for Canada.

Annex III: CIDA Sustainable Development Strategy 2004–2006

CIDA defines sustainable development as development that is equitable and environmentally sustainable, and that strengthens the economic, social, environmental, and governance capacity of women and men, boys and girls. CIDA's *Sustainable Development Strategy 2004–2006: Enabling Change* (SDS3) serves as the Agency's business plan, looking beyond sustainable development as an environmentally based concept and approaching it in a more holistic manner integrating environmental, economic, social and governance related aspects of development. SDS3 is updated annually through CIDA's Report on Plans and Priorities (RPP) and reported on through its Departmental Performance Report (DPR). The text of the 2004–2005 DPR constitutes a detailed progress report on SDS3, presenting highlights from the fiscal year.

Canadian International Development Agency	
1. What are the key goals, objectives, and/or long-term targets of the SDS?	CIDA's goal for sustainable development is its mandate: To support sustainable development in developing countries in order to reduce poverty and to contribute to a more secure, equitable and prosperous world. To support democratic development and economic liberalization in countries in transition in Eastern Europe and the former Soviet Union.
2. How do the key goals, objectives and/or long-term targets help achieve the agency's strategic outcomes?	CIDA's Key Agency Results (development results, enabling results, and management results) are the core of CIDA's Results-Based Management and Accountability Framework (RMAF). The three KAR areas are integrated and mutually supportive: efficient management approaches support effective enabling strategies that, in turn, contribute to long-term development results. Together, the KARs provide the conceptual basis for CIDA to plan, resource, implement, monitor, and report.
3. What were the targets for the reporting period?	Development Results (strategic outcomes) are the long-term impacts CIDA aims to achieve in partner countries in four interconnected areas: economic well-being, social development, environmental sustainability, and governance. Gender equality and environment issues are addressed across all areas. Consistent with SDS3, and in relation to its KARs, CIDA's 2004–2005 RPP outlines the Agency's priorities and commitments for the reporting period.

4. What is the progress (this includes outcomes achieved in relation to objectives and progress on targets) to date?	CIDA's 2004–2005 Report Card provides a high level overview of CIDA's performance against its 2004–05 RPP priorities. In 2004–2005, CIDA considered that it had successfully met expectations in most areas. [38] (The Report Card appears in Section 1. A detailed performance discussion appears in Section 2.)
5. What adjustments have been made, if any?	Since its tabling in 2004, CIDA has not made adjustments to its SDS3. However, SDS3 is updated annually through the Agency's RPP, and reported on through its DPR. Consistent with the broad framework of SDS3, the Agency regularly assess and occasionally adjusts its priorities, and identifies opportunities to integrate lessons learned from programming experience, audits and evaluations (e.g. see discussions of lessons learned throughout the current DPR, and in Annex VI).

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[38] An SDS typically includes some commitments made by departments to "green" their operations. Such commitments were made by CIDA in SDS3, and some examples of CIDA's actions in this area can be found in Section 2.3.5 of this DPR. In 2004–2005 the Agency also continued to make significant progress toward compliance with the *Canadian Environmental Assessment Act* (CEAA). Additional information can be found in Section 2.1.4.

Annex IV: Procurement and Contracting

Department/Agency:	Canadian International Development Agency
Points to address:	**Organization's input:**
1. Role played by procurement and contracting in delivering programs.	Procurement and contracting play an important role in helping to fulfill CIDA's mandate as the lead federal government agency responsible for delivering Canada's Official Development Assistance and Official Assistance. CIDA operates with two Parliamentary Code Votes: Vote 15 for Operating Expenditure and Vote 20 for Grants and Contributions. Most of CIDA's investments are disbursed through grants and contribution agreements with a wide variety of partners, all of whom have their own particular requirements for contractual arrangements with CIDA. For grants and contributions, the Treasury Board (TB) Transfer Payment Policy applies. In addition, CIDA has specific Terms and Conditions approved by TB. The role of the contracting function in each of the Branches is to ensure compliance with these programming and contracting authorities. A portion of the aid budget is also programmed through contracting activities, largely for services. In these cases the Government Contracting Regulations apply; and procurement staff in each branch work under these rules and authorities to contract these services.
2. Overview of how the Agency manages its contracting function.	In 2004–2005, CIDA signed 1,083 grant and contribution agreements worth just over $2 billion. The Agency also signed 3,089 contract documents worth $281 million. The contract function is decentralised at CIDA with procurement personnel operating in each Program Branch. These contract officers are part of program/project teams. The functional lead for the Department is Contracting Management Division (CMD) of the Human Resources and Corporate Services Branch. It is the Policy Section in the Division that develops common contracting tools and templates; publishes guides; etc. For competitive contracting under the Government Contracting Regulations, CMD also has a centrally-run Bid Receiving Unit to Post and Receive tender documents. The Director General of CMD also chairs the Evaluation Review Board (ERB), who along with the Director General, Finance and a representative from Legal Services, reviews all competitive tender decisions above $500,000.
3. Progress and new initiatives enabling effective and efficient procurement practices.	Here are some examples: • Integration of the comprehensive contracting learning program with the finance and program management learning programs; • Continued participation in the Government-on-Line project "Electronic Supply Chain" which seeks to provide an electronic goods and services procurement mechanism; • Drafted generic work descriptions for employees working in operations and policy positions; • Participated with eight other donor agency representatives in the development of the harmonized Joint Procurement Policy for use by programs in program-based investments; • Prepared the Agency policy and guideline regarding when to use and how to proceed with solicited contributions, and; • Current review of CIDA's Request for Proposals (RFP) process and documents as well as CIDA's General Conditions for RFPs and Contracts.

Annex V: Service Improvement Initiative

CIDA has had service standards in place for several years. Over the past year, CIDA has concentrated on improving services to the Canadian public in the following priority areas:

- CIDA's website;
- Public Inquiries Service (via e-mail and phone), and;
- CIDA's regional presence.

CIDA's website / Government On-Line

CIDA has undertaken several activities to improve service to the public on the Agency's website. The website has seen a significant growth in traffic since it was launched in 1997. In 1997, CIDA's website received 12,000 visitors per month; by January 2005, that number had increased to 225,000 visitors per month.

An improved website is one of the Agency's top priorities during 2005. CIDA has undertaken a complete redesign to make it more navigable and accessible. This initiative will ensure that content is timely, concise, and aligned with the new priorities outlined in the International Policy Statement (IPS) released earlier this year.

As part of the redesign, CIDA is undertaking a survey to identify high-priority areas for visitors to the site and to provide a baseline for measuring future initiatives.

In addition to the above, the Agency is currently implementing the *CIDA Projects Online* (CPO) project. The goal of this project is to make accessible information about all CIDA projects on the Agency's website. The project is in line with the Government On-Line (GOL) initiative to put all key services and information on the Web.

Public Inquiries Service (via e-mail and phone line)

Service standards

Most requests received by CIDA's Public Inquiries Service are made by telephone and by e-mail, which is the most popular vehicle. Inquiries are also received by regular mail, fax, and in person, but their numbers remain comparatively low. The number of e-mails received over the last five years has more than doubled, up from approximately 6,000 to more than 13,000 per year.

The service standard for responding to information requests by CIDA's Public Inquiries Service is 24–48 hours. While this target is usually met, the method used to verify it statistically is not always reliable.

More complex inquiries entail research and can take more than 48 hours to complete. In such cases, the client is informed and a timeframe is established for a response.

Although a majority of public inquiries are answered by the Service's information officers, a number of requests are referred to CIDA program or policy staff. In such cases, it is not always possible to follow up due to finite resources.

Quality of service

CIDA records all complaints. Out of the 423,738 requests received over the last five years, only 20 complaints were made. There is no formal measurement tool to gauge public satisfaction with the Public Inquiries Service. However, based on the low number of complaints, the public appears to be satisfied with the level of service.

Common Measurement Tool

As part of CIDA's effort to implement a Common Measurement Tool (CMT) for selected clients, CIDA has hired the services of a consultant to study the service provided to the public and to recommend survey questions. The survey will be undertaken in fall 2005.

Disaster response

CIDA's Public Inquiries Service is structured to enable the Agency to respond to crises. The Service's schedule is flexible and can be adapted to longer hours of operation. The level of service provided during the December 2004 tsunami disaster-response period was unprecedented in the history of CIDA's Public Inquiries Service. In the three weeks following the tsunami, 1,700 inquiries were answered. This was achieved by extending the Service's hours of operations during evenings and on weekends.

Responses to inquiries about Canada's response to the disaster were furnished immediately in most cases. The Service's information officers were provided with up-to-date contact names and crucial program details.

Comprehensive statistics were maintained on the types of inquiries and the categories of clients.

CIDA's regional offices

CIDA's regional offices continued to play an important role in providing services to Canadians across the country. In 2004, CIDA renewed its presence in Atlantic Canada by deploying a Regional Director to the region. In addition to providing information and services directly to Canadians, the regional offices encourage and organize visits to their regions by CIDA headquarters staff and play a key role in supporting consultations.

Annex VI: Information on Audits and Evaluations[39]

A)   Auditor General Reports

Response to the Auditor General
1.   Commissioner of the Environment and Sustainable Development (CESD) 2004 Report (Chapter 2): CIDA—Development Assistance and the Environment   This audit report recommended that CIDA review its water-related commitments in relation to its broader environmental and sustainable development commitments. CIDA is reviewing the nature and scope of its water-related commitments in the context of the renewal of its environmental policy framework; developing appropriate tools and guidance; and monitoring and reporting on progress towards their implementation. CIDA has started developing indicators of environmental sustainability and incorporating them into country programming and project design.   http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20041002ce.html
2.   CESD 2004 Report (Chapter 4): Assessing the Environmental Impact of Policies, Plans, and Programs   This audit report did not address any recommendations directly to CIDA. However, the report contained specific observations pertaining to the Agency, which was one of the 12 departments and agencies assessed during the audit. The report indicated that CIDA did not have most of the basic management systems in place to apply the 1999 Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals. As a result, CIDA received a "limited or no progress" rating on the three issues evaluated (accountabilities, tracking system, and training and guidance). The audit also observed that there was limited evidence that CIDA's senior management had committed to fulfilling its obligations under the Cabinet directive, and that the Agency provided limited guidance and training to support its strategic environmental assessment efforts. As of September 1, 2004, CIDA has put into place a formal and comprehensive management system that includes clear Agency-wide accountabilities, training, a detailed guidance handbook, and a tracking system. This Strategic Environmental Assessment system is consistent with the Commissioner's recommendations and complies fully with the requirements of the 1999 Cabinet Directive.   http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20041004ce.html
3.   CESD 2004 Report (Chapter 6): Environmental Petitions   This audit report mentioned that CIDA was late in answering to two of three petitions during the period of June 2003 to July 2004. Although the report did not direct any recommendations to CIDA in this regard, the Agency will continue working to improve its performance on meeting required deadlines for responses to environmental petitions received. The audit report also mentioned that Greenpeace had received assurance from CIDA that Canadian food aid (or other humanitarian aid, including medical assistance) is not contingent upon a country's acceptance of genetically engineered commodities. The Agency also stated that it is providing funds for promoting organic and agro-ecological farming practices and for protecting and preserving biodiversity.   http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20041006ce.html

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[39] In 2004–2005, there were no Parliamentary Committee Reports that required any response from CIDA.

4. **Office of the Auditor General (OAG) 2004 Report (Chapter 1): Internal Audit in Departments and Agencies**

This audit concluded that CIDA did not meet many of the *International Standards for the Professional Practice of Internal Auditing*. The Agency's internal audit group reports to a person who is responsible for other management activities, with the result that the audit group does not have sufficient independence. The audit also observed that CIDA's internal audit group had not established quality assurance processes that cover all aspects of internal audit activity, as required by professional standards. In two of three files examined, the documentation was not maintained in a way that clearly demonstrated that the work conducted and the evidence collected supported the internal audit report at the time the report was issued. While the OAG audit report did not direct any recommendations to CIDA, the Agency has recently made changes to strengthen its internal audit function. For example, the audit committee, now chaired by the President, is demanding a shorter audit cycle and quicker management responses to concerns raised by internal audit. The Agency issued an action plan to address OAG concerns, including measures such as a review of the paper files of recent audits, implementation of a formal quality assurance and improvement program comprising of internal and external assessment, development and implementation of a human resources strategy, and development and application of tools and indicators to monitor the level of productivity and the value-added of the function.

http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20041101ce.html

5. **OAG 2005 Status Report (Chapter 5): CIDA—Financial Compliance Audits and Managing Contracts and Contributions**

This audit recommended that CIDA clarify those circumstances under which the Agency considers it acceptable to award a contribution or grant. CIDA has undertaken this clarification in its managerial guides and training courses. CIDA also included in its guide on contribution agreements a definition of acceptable, in-kind contributions and how to verify them. Regarding sole-source contracting, the OAG recommended that CIDA ensure compliance with Treasury Board policy and regulations in all cases. CIDA will institute a compliance and performance monitoring function in that regard. The audit recommended that CIDA ensure that the release of adjustments identified by financial compliance audits be properly authorized and documented, which the Agency now does by requiring a formal sign-off in each case. Finally, the Agency has approved its counterpart fund policy including the clarifications required by the OAG.

http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20050205ce.html

B) Internal Audits

The following is a list of internal audits that pertain to CIDA's work for the 2004–2005 fiscal year:

- Honduras Country Program[40]

- Contributions and Grant Agreements Managed by CIDA's Voluntary Sector Program[41]

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[40] http://www.acdi-cida.gc.ca/HondurasProgramAuditReport
[41] http://www.acdi-cida.gc.ca/VoluntarySector

- Administrative Agreement Between CIDA and Consulting and Audit Canada (CAC)[42]

For additional information on these audits, see Annex IX.

Other internal audits for 2004 that appear on the CIDA audit and evaluation website have been previously reported in CIDA's 2003–2004 DPR. For details on these audits, see http://www.acdi-cida.gc.ca/internalaudit.

C)   Evaluations

The following is a list of evaluations that pertain to CIDA's work during the 2004–2005 fiscal year.

- Canada Climate Change Development Fund (CCCDF)—Mid-term Evaluation[43]
- Philippines Country Program Evaluation[44]
- Corporate Evaluation of the Caribbean Regional Program[45]
- Joint Review of the CIDA-South Africa Program[46]
- Evaluation of the Network Support Pilot Project[47]

Joint Evaluations: The following evaluations were undertaken in conjunction with, and led by, other donors. As such, they will not be posted on CIDA's website.

- Joint Evaluation of Effectiveness and Impact of the Enabling Development Policy of the World Food Program (WFP)

- Independent External Evaluation of IFAD (International Fund for Agriculture Development)

For additional information on some of these evaluations, see Annex IX.

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[42] http://www.acdi-cida.gc.ca/AuditCIDAandCAC
[43] http://www.acdi-cida.gc.ca/CanadaClimateChangeFund
[44] http://www.acdi-cida.gc.ca/PhilippinesProgramEvaluation
[45] http://www.acdi-cida.gc.ca/evaluationCaribbeanRegionalProgram
[46] http://www.acdi-cida.gc.ca/JointReviewSouthAfricaProgram
[47] http://www.acdi-cida.gc.ca/EvaluationNetworkSupport

Section IV: Other Items of Interest

Annex VII: The Millennium Development Goals

In September 2001, the countries of the world met in special session at the UN General Assembly and endorsed the Millennium Development Goals. Canada is a strong supporter of these goals. The eight goals are as follows:

Eradicate extreme poverty and hunger: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

Achieve universal primary education: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

Promote gender equality and empower women: Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels of education by 2015.

Reduce child mortality: Reduce by two thirds, between 1990 and 2015, the mortality rate among children under five.

Improve maternal health: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.

Combat HIV/AIDS, malaria and other diseases: Halt, by 2015, and begin to reverse the spread of HIV/AIDS. Halt, by 2015, and begin to reverse the incidence of malaria and other major diseases.

Ensure environmental sustainability: Integrate the principles of sustainable development into country policies and programs, and reverse the loss of environmental resources. Halve, by 2015, the proportion of people without sustainable access to safe drinking water. Achieve a significant improvement in the lives of at least 100 million slum dwellers by 2020.

Develop a global partnership for development: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Address the special needs of the least-developed countries. Address the special needs of landlocked countries and small island developing states. Deal comprehensively with the debt problems of developing countries through national and international measure in order to make debt sustainable in the long term. In cooperation with developing countries, design and implement strategies to create decent and productive work for youth. In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications technologies.

Annex VIII: Outcomes of the International Policy Review

CANADA's IPS / DEVELOPMENT: AT A GLANCE
*Summary only: full text available at **www.acdi-cida.gc.ca/ips***

Objectives **Canada's development cooperation will:**	**Strategies - Canada will:**
• Advance Canadian values and global citizenship • Deliver visible, durable impact on the world's key development challenges as identified in the MDGs • Focus on reducing poverty, in coordination with other donors • Recognize and promote sustainable solutions to address the linkages between environmental degradation, poverty and social inequity • Mobilize Canadians in dialogue and participation to build our ability to contribute to global poverty reduction.	• Fully integrate development cooperation into Canada's international policy framework • Ensure coherence across aid and non-aid policies and establish the right balance both within and among aid delivery channels—bilateral, multilateral and partnerships • Programming across all channels will be targeted and concentrated on five sectors and one cross-cutting theme • Focus bilateral programming in fewer countries • Focus greater support on those multilateral institutions that are most effective • Intensify engagement of Canadians, civil society as partners in development via Canada Corps, other programs • Deliver effective, sustainable development cooperation through a leading-edge development cooperation agency • Foster excellence and innovation in partnership programming.

Development Partners: Full-scale poverty reduction programs to be allocated at least 2/3 of **bilateral** resources by 2010:

Africa (14)		Asia (6)	Americas (4)	Europe, Maghreb and Middle East (1)
Benin	Mali	Bangladesh	Bolivia	Ukraine
Burkina Faso	Mozambique	Cambodia	Guyana	
Cameroon	Niger	Indonesia	Honduras	
Ethiopia	Rwanda	Pakistan	Nicaragua	
Ghana	Senegal	Sri Lanka		
Kenya	Tanzania	Vietnam		
Malawi	Zambia			

Sectors of Focus*:

Promoting Good Governance	- Through Canada Corps and other channels: - Democratization - Human rights - Rule of law - Public sector institution and capacity building - Conflict prevention, peacebuilding and security sector reform
Improving Health Outcomes	- Prevention and control of high-burden, communicable, poverty-linked diseases - Strengthening the capacity of health systems - Improving infant and child health - Strengthening sexual and reproductive health and reducing maternal mortality - Improving food security
Strengthening Basic Education	- Improving the quality, safety and relevance of basic education including life-skills training - Removing gender gap in education - Providing education for prevention of HIV/AIDS - Education for girls and boys in conflict and post-conflict and/or emergency situations.
Supporting Private Sector Development	- Creating an enabling environment - Promoting entrepreneurship - Supporting connections to markets
Advancing Environmental Sustainability	- Reducing the impact of climate change - Addressing land degradation - Assisting freshwater supply and sanitation - Addressing environmental impacts of urbanization - Promoting global environmental agreements

* Gender Equality will be systematically & explicitly integrated into all programming

The remaining 1/3 of bilateral resources by 2010:

- **Other ongoing bilateral relationships**—Some continuing, targeted bilateral programming
- **Failed and fragile states**—Some bilateral programming and multilateral assistance, based on strategic interests *(e.g. Haiti, Afghanistan, Iraq, Sudan, West Bank/Gaza)*
- **Graduating middle-income countries**—Bilateral programming to wind down over a transitional period
- **Other ODA-eligible countries**—Bilateral programs to wind down, future assistance via other *(e.g multilateral)* channels

Annex IX: Improving Performance and Accountability to Canadians

For CIDA, improving the performance of Canada's aid program and ensuring effective accountability to Canadians depends on a strong capacity for organizational learning. CIDA's approach to performance review (which includes a focus on results-based management, evaluations and audits) helps to ensure that the Agency functions as a knowledge-based organization. Assessments are carried out to inform CIDA management and staff, its partners in development cooperation, and Canadians in general about how investments are performing, what results are being achieved, what improvements should be considered, and what is being learned.

These activities are rooted in the principles of the Agency's Results-based Management and Accountability Framework (RMAF) and three-year rolling workplan that guides the implementation and achievement of these principles. CIDA's new Evaluation Policy also provides strategic direction to this work.

Results-Based Management (RBM)

For the past ten years in CIDA, RBM has played a leading role in supporting the Agency's performance management efforts. RBM tools, guides, advice and training are provided to managers both in support of their efforts to ensure design and delivery of effective aid programming, and also to help them comply with the accountability requirements set out by the Treasury Board Secretariat.

For the Agency, the annual investment reporting exercise—the process through which CIDA monitors, assesses and reports on the performance of project and program level investments—is a key area of focus. In 2004–2005, new reporting tools and processes were pilot-tested in this area. These tools bring coherence to CIDA's reporting cycle by linking specific investments to program and corporate results, by better reflecting various types of investments (e.g. bilateral, multilateral, and partnership), and by capturing more robust reporting and monitoring information related to, for example, risk management.

CIDA's Country Development Programming Frameworks (CDPF) provide an additional critical tool for ensuring effective integration of RBM at the country programming level. A CDPF is a working document between CIDA and partner countries which outlines agreed upon development priorities in relation to country partner development plans and international development targets. The CDPF forms the basis of CIDA programming in partner countries. With a view to further strengthening performance planning and measurement, in October 2004 the Agency updated its guidelines for the preparation of CDPFs to require the inclusion of Performance Management Frameworks (PMFs). The PMF is an important planning and self-assessment tool meant to outline a strategic approach that will bring CIDA, other donors and developing country officials together to assess, manage and achieve better development results.

In 2004–2005, CIDA was also actively involved in the OECD-DAC Joint Venture Management for Development Results, contributing to a sourcebook on emerging good practices that provides guidance to both donors and partner countries alike on performance management issues.

Evaluation

The driving force behind evaluations at CIDA is learning. Evaluation as a learning tool contributes to the improvement of programming, accountability and reporting, as well as to the decision-making process. Evaluations help CIDA to assess the results and benefits that are being achieved by programs, how these results and benefits are contributing to the Agency's overall goals and objectives, and why programs or investments have been successful or not. CIDA's Evaluation Division, within the Performance and Knowledge Management Branch (PKMB), has broadened its focus to include assessments at the country program level and of major institutional partners. This shift has enabled the generation of more strategic knowledge, for learning and decision-making. Furthermore, with the increased significance of multi-donor programming initiatives, there is also increasing need for CIDA to undertake joint evaluations with its partners. During the fiscal year under review, evaluations were carried out on all CIDA programming channels, allowing the Agency to see their complementary nature and evaluate its overall work.

The Agency is committed to learning from the results of its evaluations. Here are some examples that highlight the work undertaken to assess but also to improve programming at CIDA:

Philippines Country Program Evaluation 1989/90 – 2001/02:

The Philippines Country Program Evaluation was designed to help inform the development of a new CIDA country programming strategy for the Philippines, through the identification of results achieved and lessons learned from the period 1989–1990 to 2001–2002.

Evaluation: Despite formidable challenges such as the Asian financial crisis of 1997 and the transition to democratic governance, findings of this evaluation show that Canada helped the Philippines to achieve stronger democratic processes and government competencies, and a more empowered civil society. In terms of private sector development, the capacity of business providers to deliver training and financial services was increased, and access to credit was improved in certain areas.

In terms of areas for improvement, the evaluation noted that the Philippines Country Program functioned in a primarily project-based paradigm, which led to missed opportunities for greater cohesion and synergies with other CIDA program branches. Better coordination between branches would have minimized duplication and improved knowledge sharing.

The evaluation recommended that a long-term, whole-of-Canada vision for Canada-Philippines relations be included in the new country framework. It also underlined the importance of increased program focus through the strategic use of resources, as well as stronger thematic level monitoring and evaluation efforts. The Asia Branch strived to implement the recommendations in the new iteration of the Philippines CDPF.

Joint Review of the CIDA-South Africa Program 1994 to 2002:

The CIDA-South Africa Country Program Review was designed to assess the key results and lessons from the programming period of 1994 to 2002, and identify the key considerations for longer-term partnership between Canada and South Africa. The emphasis of the review was on the responsiveness of CIDA programming to South Africa's post-Apartheid needs, as well as the potential for an evolved relationship with South Africa through the iteration of a new CIDA-South Africa CDPF.

Evaluation: From 1994 to 2002, the total contribution budget for South Africa was approximately $132 million, allocated to the areas of governance (39%), human resource development (23%), economic development (20%) and civil society development (18%).

CIDA achieved its most notable results in the areas of governance and human resource management, where it helped South Africa significantly strengthen electoral, legal/constitutional, judicial, and institutional capacities, especially in the years immediately after the end of Apartheid. This support has been strongly recognized, acknowledged, and appreciated by South Africa. Achievements were also noted in the areas of improving school environment and teacher training, as well as skills development to disadvantaged groups.

In terms of civil society support, individual organizations and networks were strengthened, but many investments were dispersed due to a lack of a coherent strategy or framework for programming in this area. Canada has also planted the seeds for enhancing competitiveness in the economic sector through capacity development initiatives, although it is still too early to assess the results of these.

The review recommended that CIDA programming continue to align with South African priorities, build on strengths, and be very responsive and demand driven. The review also noted the importance of actively engaging South African organizations and ensuring that partnerships are strengthened. An increased focus on HIV/AIDS programming was recommended to stem the tide of the epidemic in the region as well.

The current CIDA-South Africa CDPF (2003 to 2008) incorporated all the recommendations from this evaluation and is currently the key strategic document for CIDA's development cooperation program in South Africa.

Independent External Evaluation of the IFAD:

In 2003, an independent external evaluation of International Fund for Agricultural Development (IFAD) was launched. Canada played a key role in the evaluation as a member of the Steering Committee, including as Chair.

Evaluation: IFAD is a specialized agency of the UN that was established as an international financial institution in 1977. IFAD is dedicated to eradicating rural poverty in developing countries. The evaluation encompassed all aspects of IFAD as an institution. The two key evaluation questions were if IFAD was properly focused on its rural development mission and if the skills and resources of IFAD wereused in the best possible way.

In order to address these questions, the evaluation examined IFAD's project portfolio, its performance and impact, its corporate processes, its business model, and the leadership and governance of the organization. The evaluation included ten country case studies and separate reports were produced for reporting at the field level.

The main conclusion of the evaluation was that IFAD has a relevant, clear and distinctive role to play in reducing rural poverty, and is achieving a measure of poverty reduction. At the same time, the evaluation found that the impact has been modest for half of the projects and IFAD will have to become a more systematic promoter of innovations that could be up-scaled and replicated by others; many of the past change initiatives undertaken by IFAD's management were neither explicitly aimed at improving effectiveness nor did they yield the expected results; and IFAD's Board should play a greater role in overseeing the development effectiveness of the Fund's actions.

Internal Audit

Internal auditing assures the soundness of CIDA's risk management, management practices and controls. This includes financial and non-financial information. Providing assurance information helps the Agency to continually improve the management of its programs, and ensures the successful delivery of services.

During 2004–2005, CIDA focussed its activities in two main areas: (1) country program audits and (2) compliance audits.

Again, some examples are provided below, highlighting the main recommendations of the audit as well as the concrete measures taken by CIDA's management to address concerns:

Country Program Audits

Audits in this area provide assurance information for decision-making and reporting to Parliament. The audit of the Honduras Country Program assessed the management of partnership and donor coordination, and the mechanisms in place to manage policy coherence as well as resources (financial and human) and risks.

Honduras is CIDA's largest bilateral program in Central America with an operational budget of $58.8 million for 2002 to 2007. The Honduras Program, which is partially decentralized, is part of a CIDA-wide innovation initiative called "Track 3 B" which encouraged CIDA staff to find innovative ways to execute program design and project delivery. The scope of the audit encompassed key management systems, procedures and process at the Agency, program, and project/initiative level.

Audit: The Honduras program had in place many of the key components of a management accountability framework. However, the audit found that improvements are needed with regard to defining strategic objectives and results, policy and programming direction, as well as tactical directions and control for specific interventions.

The program was found compliant with the *Canadian Environmental Assessment Act* and the *Official Languages Act*. Exceptions were noted with respect to the exercise of delegated authorities reflected in CIDA's Terms and Conditions for International Development Assistance and the *Financial Administration Act*.

At corporate level, the audit concluded that CIDA's innovation initiatives need to be better supported and managed in a more structured and business-like manner. The Agency also needs to approve a formal policy framework to support accountability for policy monitoring and operational interpretation. CIDA needs to better monitor the application of the financial authorities under which it operates. CIDA is putting in place the structures, processes and accountabilities to provide an integrated risk management regime, including innovation management. CIDA will ensure that Agency policy and strategy are clearly stated and communicated and that these include implementation plans with specific monitoring and evaluation frameworks. Procedures will be issued or updated to ensure that delegated financial authorities are controlled and applied appropriately.

At the program level, the audit concluded that the Program needs to improve its PMF, including appropriate and effective monitoring and control systems. The program is planning or is currently undertaking measures such as the development of a CDPF, a management accountability framework and a risk mitigation strategy. These will be followed with appropriate communication and training mechanisms. The Program also took immediate measures to work within appropriate delegated financial authorities and has undertaken audits of projects containing incomplete financial information.

Compliance Audits

Compliance audits provide senior management with information regarding the strengths and weaknesses of CIDA's application of government legislation, Treasury Board, and CIDA policies, and the effectiveness of internal controls.

Audit: Administrative Agreement between CIDA and Consulting and Audit Canada (CAC)

This audit recommended that CIDA ensure that CAC's selection procedures comply with its umbrella agreement to ensure competitive resourcing and that roles, responsibilities and services standards be defined, communicated and applied with regard to the management and administration of the agreement and its expected results. CAC's selection process is now fully compliant with the agreement. An operational guide was prepared which defined roles and responsibilities of the various branches. Service levels are defined in the agreement and are currently being met. As recommended, CIDA and CAC jointly reviewed the pricing model used by CAC to determine its recovery fee/percentage.

It was recommended that the Agency ensure adherence to Treasury Board fair opportunity practices for all qualified consultants to obtain a share of the available work. Measures were put in place to address this issue, including operational guidelines, communication of requirements and reporting on usage of consultants. All of CAC's procurement on behalf of CIDA now proceeds via competitive processes.

Audit: Contributions and Grant Agreements Managed by CIDA's Voluntary Sector Program

To fully comply with Treasury Board and CIDA policies, this audit recommended improvements in the internal systems and procedures used by the program in managing grants and contributions. These included development of assessment criteria for sub-programs that do not already have published criteria; articulation of due diligence procedures for the examination of proposals; establishment of account verification procedures and a risk-based approach for the selection of recipients for financial audit. The Program has been developing or updating program frameworks and assessment criteria for its various funding mechanisms, and instituted a Program Review Committee to monitor their application. The Canadian Partnership Branch is establishing requirements and documentation procedures for due diligence, including risk assessment and mitigation, and provide training on that matter. A RMAF/RBAF as well as appropriate account verification procedures and a multi-year plan for financial audits will also be developed. Several other measures were planned or taken to ensure compliance with the Transfer Payment Policy and to improve agreement management, including a review of cost-sharing and other funding mechanisms, improvement of the new standard contribution agreement template and written procedures and guidelines for records management.

Annex X - Contact Information

Web Sites and Contacts for Further Information

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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Legislation Administered

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