



Canadian International Development Agency

Performance Report

For the period ending
March 31, 1998

Canada

Improved Reporting to Parliament Pilot Document

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

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Canadian International Development Agency

1998 Performance Report

For the
Period ending
March 31, 1998

Minister for International Cooperation and
Minister responsible for La Francophonie

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Acronyms and Abbreviations

AfDB	African Development Bank
APEC	Asia-Pacific Economic Cooperation
APPR	Annual Project Progress Report
AsDB	Asian Development Bank
BHN	Basic Human Needs
CDB	Caribbean Development Bank
CDPF	Country Development Programming Framework
CECI	Centre canadien d'étude et de coopération internationale
CEE	Central and Eastern Europe
CFLI	Canada Funds for Local Initiatives
CFTC	Commonwealth Fund for Technical Cooperation
CGAP	Consultative Group to Assist the Poorest
CGIAR	Consultative Group on International Agricultural Research
CIDA	Canadian International Development Agency
CIT	Countries in Transition
CYAP	Canada's Year of Asia and the Pacific
DAC	Development Assistance Committee (of OECD)
DDF	Democratic Development Fund
DFAIT	Department of Foreign Affairs and International Trade
DIP	Development Information Program
EBRD	European Bank for Reconstruction and Development
GEF	Global Environment Facility
GNP	Gross National Product
HIPC	Highly Indebted Poor Countries
HRDC	Human Resources Development Canada
HRDGG	Human Rights, Democracy, Good Governance
IADB	Inter-American Development Bank
IAE	International Assistance Envelope
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
ICHRDD	International Centre for Human Rights and Democratic Development
IDP	Internally Displaced Person
IDRC	International Development Research Centre
IFAD	International Fund for Agricultural Development
IFI	International Financial Institution
IFRC	International Federation of the Red Cross
IHA	International Humanitarian Assistance
IMF	International Monetary Fund
INC	Industrial Cooperation Program
INGO	International Non-Governmental Organization
LLDC	Least Developed Country
MDB	Multilateral Development Bank
MDI	Multilateral Development Institution
MFMP	Multilateral Fund for the Implementation for the Montreal Protocol
MI	Micronutrient Initiative
NGO	Non-Governmental Organization
OAG	Office of the Auditor General
OAS	Organization of American States
OECD	Organization for Economic Cooperation and Development
PSD	Private-Sector Development
PWGSC	Public Works and Government Services Canada
RBM	Results-based Management
RFP	Request for Proposal
SOA	Standing Offer Agreement
UCS	Universal Classification System
UN	United Nations
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNIFEM	United Nations Development Fund for Women
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WFP	World Food Program
WHO	World Health Organization
WID&GE	Women in Development & Gender Equity
WTO	World Trade Organization

Section I - Minister's Message

Canadians care deeply about the developing world. Indeed, polling results have consistently shown that they believe Canada has a human obligation to help the poor to build a better world for themselves and their children. For 30 years, the assistance program has been the clearest international expression of Canadians' concern for the well-being of others around the world. The assistance program is Canada's strongest link with most of the world's people. As such, it not only helps the poor meet their development challenges, but also strengthens our long-term relationships with them. It works to their benefit and serves the interest of Canada's long- and short-term security and prosperity.

This 1997-98 Performance Report provides a comprehensive overview of the assistance program and presents some of the results of Canada's investments in development cooperation. It outlines how Canadian development assistance responds to a wide range of needs with flexible, innovative programming that incorporates a variety of approaches. This program draws on the skills and expertise of many development partners -- here in Canada, within the international development community and in the developing countries themselves.

Development challenges are complex and long-term. Years of working at all levels with developing countries are required to enhance these countries' economic, social and political stability. Results are not always immediate nor easy to demonstrate. But one thing is clear. Our investment is paying off. In little more than a generation, developing countries have made progress that took the industrialized world a century to achieve. The net effect of four decades of development cooperation is a world where more infants see their first birthdays, more people go to school and learn to read and write, and people live longer and healthier lives.

Most of this progress has come through the efforts of the developing countries themselves. However, Canadians can be proud that their work overseas, from immunization initiatives to efforts to ban landmines, has helped make a difference.

The cooperation program amounts to less than two cents out of every program dollar spent on federal government programs. I believe that after reading this Report, Canadians will agree with me that they are getting value for their investment.

Of course, we still have a long way to go. The Canadian International Development Agency (CIDA) is engaged in a continuing search for more effective means to plan and measure its efforts by results in order to meet the demands for accountability by Parliament and the Canadian people. This report reflects some of the improvements recently made in this regard. And it outlines efforts underway to simplify, and introduce even greater transparency into, our reporting systems. I invite you to read this report. I believe it provides Canadians with a valuable opportunity to inform themselves about international development cooperation and the role their country plays in this noble and fruitful enterprise.

Diane Marleau
Minister for International Cooperation and
Minister Responsible for la Francophonie

Executive Summary

The Canadian International Development Agency (CIDA) has primary responsibility for Canada's Official Development Assistance (ODA) program. This program aims to "support sustainable development in developing countries in order to reduce poverty and to contribute to a more secure, equitable and prosperous world." CIDA is equally responsible for the delivery of programs and projects which "support democratic development and economic liberalization in Central and Eastern Europe (CEE) by building mutually beneficial partnerships."

During 1997-98, CIDA once again faced a number of challenges and opportunities in specific countries and regions where the Agency operates and in the wider global social, political and economic environment. These challenges arise in part from globalization, a fact of contemporary life, which has shown a capacity to promote prosperity and wealth in some cases and to increase poverty and marginalization in others. Greater democratization but worsening poverty in Africa, resumed growth but continuing social and economic disparities in Latin America and an increasingly uncertain and paradoxical situation in Asia were all elements which informed the planning, implementation and monitoring of CIDA's programs and projects. In Central and Eastern Europe, the transition to a more market-oriented, democratic, just and secure future continued at an uneven pace. Meanwhile, within multilateral development institutions (MDIs), an important theatre of operation for CIDA, the first fruits of Canada's and other developed countries' advocacy of a more efficient and results-based management approach continued to emerge.

CIDA, working together with other donors and with a range of Canadian and developing-country partners, continued to respond to these challenges and opportunities. It has done so within the framework of a significantly reduced International Assistance Envelope resulting from Canada's actions to put its own financial house in order.

Against this background, development assistance continues to yield tangible benefits in terms, for example, of better health, longer life, more democratic governance and more educated children and adults in the developing world. Canada's contribution to this success is part of the larger contribution of the international donor community combined with the efforts and commitment of developing countries themselves. Moreover, the Development Assistance Committee (DAC) of the OECD has praised "Canada's leadership in a number of pressing issues on the international agenda, ranging from landmines to peacebuilding, to exploitative child labour to United Nations (UN) reform." The DAC also praised CIDA for "re-directing its bilateral programs from a traditional sector-focus to a theme-based approach with a clear concentration on results rather than inputs."

CIDA continues to invest considerable effort in developing tools and approaches to enhance its capacity to review and report on program performance and improve its program delivery.

In its ODA program, CIDA was able to report levels of achievement under all of its six programming priorities. These priorities, based on *Canada in the World*, Government's foreign-policy blueprint, are:

- w Basic Human Needs (BHN) - accounting for 38.3 percent of total ODA program disbursement;
- w Women in Development and Gender Equity (WID&GE) - 5.1 percent in direct programming;
- w Infrastructure Services - 11.5 percent;
- w Human Rights, Democracy, Good Governance (HRDGG) - 15.1 percent;
- w Private-Sector Development (PSD) - 13.8 percent; and
- w Environment - 7.9 percent in direct programming.

Both WID&GE and Environment are cross-cutting themes which are reflected in the planning of all CIDA activities.

Achievements under these six priorities varied from a successful international micronutrient program, in which CIDA played a meaningful part and which saved several millions of children from blindness and other illnesses and many thousands of people from death to CIDA support for a small Ombudsman office which has helped 360 wrongfully held prisoners obtain pardons in Peru. Other CIDA programs and projects helped raise Asian and Latin American women's awareness of their rights; led to more efficient, less wasteful power and energy generation in Africa and Asia; helped generate investment capital and the transfer of technological, managerial, entrepreneurial and technical skills to various countries; and strengthened Ministries responsible for the environment, , for example in countries in Northern, Western and Southern Africa.

About 80 percent of the budget for the CEE region is spent in non-ODA countries. This program invests in efforts to assist CEE countries in their transition to market economies; to encourage good governance, democracy, political pluralism, the rule of law and adherence to international norms and standards; to facilitate Canadian trade and investment links with the region; to enhance nuclear safety through strengthened nuclear regulatory regimes in the region; and to assist international programs to reduce threats to international and Canadian security.

At CIDA, which is increasingly recognized as a learning organization, performance reviews constitute special learning opportunities. These reviews provide independent and objective advice to management on the success, the cost effectiveness and, within the policy framework of the institution, the continued relevance of key policies, programs and projects. During 1997-98, the Agency completed several initiatives related to review and performance measurement. Several others were initiated and were, at the end of the year, at varying stages of completion. The Agency has already taken steps to implement recommendations emerging from some of the reviews. CIDA has also been able to learn valuable lessons from its successful programs and projects, a sample of which is described in this report. Equally, lessons have been learned from those projects which have encountered difficulties. This report includes examples of such projects and of the measures taken by CIDA and its partners to correct the problems once they were identified.

The ODA program is implemented mainly through three program business lines: Geographic (comprising the Africa, Asia and Americas Branches); Multilateral Programs; and Canadian Partnership. A fourth program business line, Countries in Transition (CIT), is responsible for the CEE program. Three non-program business lines -- Communications, Policy and Corporate Services -- contribute to the overall effectiveness of the Agency and of Canada's international assistance activities.

Participating in international development provides Canadians with opportunities to make the world a safer and better place for present and future generations. It also provides Canada with an opportunity to influence international actions in areas of interest to Canadians, such as the environment and human rights. Plus, it brings short-term economic gains while contributing to Canada's long-term prosperity and employment opportunities. It is a vital instrument for achieving the three key objectives of Canada's foreign policy: Global Security, Prosperity and Employment and Canadian Values. Moreover, development assistance is itself an international expression of the Canadian character. About 80 percent of all Canadians support development assistance as a way of contributing to the fashioning of a better world.

Chart of Key Results Commitments

To provide Canadians with:	To be demonstrated by:	Achievement reported on:
<p><i>an opportunity to look outwards by supporting sustainable development in developing countries, which also contributes to other government priorities such as a better health to Canadians through disease control and environmental protection, increased opportunities for young Canadians and a better world for all children</i></p>		
Basic Human Needs	w Improved access to health, education, shelter, food and nutrition, sanitation, and pure-water-supply services;	^ Pages 35 & 47
	w timely, effective and appropriate emergency assistance;	^ Page 47
	w improved in-country capacities to mitigate disaster impacts; and	^ Page 48
	w improved ability of vulnerable groups to increase their productive activities to meet their basic needs.	^ Pages 34 & 53
Women in Development and Gender Equity	w Increased participation by women in development and decision-making;	^ Page 36
	w increased opportunities for women to earn income and to influence decisions;	^ Page 36
	w more gender-equitable development policies and programs; and	^ Pages 35 & 53
	w better access to education for girls.	^ Page 49
Infrastructure Services	w Increased participation of communities and the private sector in the financing, provision and delivery of infrastructure services;	^ Page 53
	w improved institutional capacity to manage reform and ensure the efficient and equitable provision of services;	^ Pages 36 & 37
	w increased access to infrastructure services to the poor, especially poor women, to ensure these services reduce poverty; and	^ Page 36
	w enhanced physical capacity where there are no reasonable and demonstrable means to provide vitally needed services.	^ Page 36

To provide Canadians with:	To be demonstrated by:	Achievement reported on:
Human Rights, Democracy, Good Governance	<ul style="list-style-type: none"> w Increased popular participation in decision-making; w strengthened democratic institutions; w more effective, accountable and honest exercise of power; w increased capacity of organizations that protect and promote human rights; w greater ability in society to address rights concerns and strengthen the security of the individual; and w strengthened will of leaders to respect rights, rule democratically and govern effectively. 	<ul style="list-style-type: none"> ^ Page 37 ^ Page 54 ^ Page 38 ^ Page 37 ^ Page 49 ^ Page 49
Private-Sector Development	<ul style="list-style-type: none"> w Policies which make it easier for the private sector to develop; w increased access to micro-credit for the poor; w increased employment and range of employment opportunities; w improved capacity of the local private sector to engage in sustainable and equitable development; w improved management and operation of credit facilities; w strengthened linkages with Canadian businesses; and w legislative and regulatory framework to attract investments. 	<ul style="list-style-type: none"> ^ Page 38 ^ Page 57 ^ Page 53 ^ Pages 38 & 54 ^ Page 54 ^ Page 54 ^ Page 50
Environment	<ul style="list-style-type: none"> w sound management of environmental and natural resources; w regional networks of policy researchers and improved coordination among policy and regulatory bodies; and w enhanced regulatory capacity to curb the growth in the use of substances contributing to global warming. 	<ul style="list-style-type: none"> ^ Pages 39, 50, & 54 ^ Page 40 ^ Page 39

To provide Canadians with:	To be demonstrated by:	Achievement reported on:
<i>an opportunity to look outwards by supporting democratic development and economic liberalization in Countries in Transition, which also contributes to other government priorities such as increased opportunities for young Canadians and a safer world for all Canadians</i>		
Countries in Transition <i>(Central and Eastern Europe)</i>	<ul style="list-style-type: none"> w Progress towards the transition to market-based economies; w progress towards good governance, democracy, political pluralism, the rule of law and adherence to international norms and standards; w increased Canadian trade and investment links with the region; w progress towards nuclear safety; w evidence of reduced threats to international and Canadian security. 	<ul style="list-style-type: none"> ^ Page 42 ^ Page 43 ^ Page 43 ^ Page 44 ^ Page 43

Section II - Departmental Overview

Mission, Objective and Strategic Priorities

Mission

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

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

In support of this mission, the Agency has developed a poverty reduction policy and a sustainable development framework. The policy commits CIDA to making poverty reduction a key element in each of its six ODA program priorities listed below. The policy is being implemented across all of CIDA's ODA programming channels and includes initiatives that address poverty through both direct and indirect means.

CIDA is also responsible for the delivery of programs to countries in Central and Eastern Europe. These programs reflect the following mission:

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

Objective

The objective of CIDA's programs is:

To facilitate the efforts of the peoples of developing countries and countries in transition to achieve **self-sustainable economic and social development** in accordance with their needs and environment, by cooperating with them in development activities; and to provide **humanitarian assistance** thereby contributing to

Canada's political and economic interest abroad in promoting **social justice, international stability and long-term economic relationships**, for the benefit of the global community.

Strategic Priorities

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

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

Twenty percent of the assistance efforts in countries in transition are currently eligible as ODA. CIDA's program for countries in transition

has the following objectives: **assisting in the transition to market economies; encouraging good governance, democracy, political pluralism, the rule of law and adherence to international norms and standards; facilitating closer trade and investment links with the region; enhancing nuclear safety through strengthened nuclear regulatory regimes in the region; and assisting international programs to reduce threats to international and Canadian security.**

Operating Environment

The International Context

Canada approaches the 21st century greatly aware that the pace of globalization has caused major social, economic and technological changes in nearly every part of the world. Globalization may be the key force shaping the immediate future. Its main elements - trade, investment, technology and information - are eroding national boundaries and connecting communities and economies thousands of miles apart.

The effects of globalization are profound and touch every area of human life - the economy, transportation and communication, government, the media, culture and daily life. While the impact of globalization is felt everywhere, its effects can differ considerably within and among countries.

For some developing countries, active participation in globalization has meant increased prosperity and wealth, derived in part from growing access to world markets and private capital. In these countries, economic growth has helped to underpin substantial improvements in overall living standards - for example, in health and education. Yet even in these cases, some people have been further marginalized.

For many countries, the inability to participate in globalization brings with it further marginalization from the mainstream of the international community. This situation has worsened the social and economic circumstances of large numbers of people.

The global gap between rich and poor is widening. Huge pockets of poverty remain around the world, even alongside substantial and increasing wealth. For example, Sub-Saharan Africa experienced

declining living standards during the 1980s and only resumed growth since 1994. That sub-region, according to the UNDP's Human Development Report (1997), still has "the highest proportion of people in -- and the fastest growth in -- human poverty." And it faces the constant threat to peace and stability.

Growth has also resumed in Latin America after the stagnation of the 1980s. However, it has not been growth with equity. Enormous disparities in wealth exist - larger than on any other continent. Unless addressed, they may also lead to social unrest and undermine the prospects for sustainable development in that region.

Even in Asia, which has been home to the world's fastest growing economies, the record is mixed. Asia continues to house more than half of the world's poor, and the current financial and economic problems have shown that the so called "Asian miracle" is not without its own difficulties.

The countries of Central and Eastern Europe have also been profoundly affected by globalization. Market economies and democratization have taken root and, despite uneven progress towards reform, change seems inevitable. However, here, too, adjustment to new political and economic realities has had social costs; the benefits of reform have been unevenly shared.

As a new century approaches, it is not yet clear how globalization will shape the international community. It may be a unifying force that brings nations together, benefits many, and fosters the shared values and interests needed for constructive cooperation. Conversely, it may be a divisive and destabilizing force that favours the rich and powerful and marginalizes growing numbers from the mainstream of social and economic life.

There is new, stronger international leadership. The policy environment has improved. These factors bring hope that developing countries will be able to share in the opportunities and prosperity which globalization can bring. Concerted international action and greater funding support are required to mitigate globalization's harsher effects. They are needed, too, to ensure that all peoples and countries have the ability to participate fully in a fast-changing world economy.

Aid is a Powerful Force

As the new millennium nears, there is solid evidence that international assistance has been an important factor in the social and economic transformation of a growing number of countries. For example, in four key indicators since 1970:

- w ***Infant mortality rates have fallen from 104 per 1,000 live births to 59.***
- w ***Average life expectancy has risen by 9 years.***
- w ***Food production has increased 20 per cent faster than population growth.***
- w ***Adult literacy has risen from 46 to 70 per cent .***

Amongst donor countries, international organizations and countries in the developing world, there is a growing consensus on development needs and approaches. There is an increasing consensus also on global targets. This consensus was derived from and given voice at a series of international conferences which have dealt with issues such as education, children, the environment, human rights, population, social development, women, human settlements, food security, health and ocean resources. Canada has been an active and influential participant in all of these conferences and is committed to the consultative process and the resulting recommendations. This has allowed Canada to exert enhanced leverage at both the macro and project levels.

At the macro level, Canada influences the international and regional development banks (through CIDA's Multilateral Program), other donors, major developing countries and international conferences, through policy dialogue. It does so through well thought out positions and approaches, such as the mainstreaming of gender equity. At the project level, CIDA is able to promote project ideas and gain other donor commitments which allow CIDA's limited resources to go further. For example, in the CIDA-initiated Proshika Kendra program in Bangladesh, CIDA's contribution to the current phase is just 12 per cent

of the Cdn \$108 million being provided by a total of seven donor agencies.

Canada's International Assistance Program

Canada has maintained an international assistance program for nearly half a century. Through this program, Canadians have contributed to a very wide range of initiatives that have helped to raise living standards for people around the world. In 1995, in its Foreign Policy Statement, *Canada in the World*, the Government outlined the principles of its international assistance program.

Also, the last Speech from the Throne identified certain government priorities as *Looking outward, Creating Opportunities for Young Canadians and Investing in Quality Care and Good Health. International assistance contributes to the fulfilment of these priorities.*

International Assistance is also a vital instrument for achieving Canada's three foreign policy objectives:

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

The need for international cooperation remains as vital as ever. It is one means by which nations can cooperate to prevent the marginalization and further impoverishment of countries and people around the world. It can also help those countries that are entering the mainstream of the global economy to consolidate their gains and ensure that the benefits of growth are shared more equitably

within their own societies. And international assistance will remain a critical instrument for addressing a very wide range of issues - poverty, environmental degradation, disease and conflict - that transcend national borders and cause needless suffering for millions.

Meeting these diverse challenges requires that assistance programs be innovative and flexible. For Canada, that means being able to draw on a wide range of expertise and partners to implement programs that meet the varying needs of recipient countries. In some cases, very specialized support may be needed for policy reforms in the area of trade and investment, so that more advanced developing economies can take advantage of the opportunities offered by globalization and attract increased private investment to meet development needs. In other cases, where countries are marginalized from the mainstream of global life, Canada's assistance may focus on poverty reduction, education, health and broader reform of governance in order to build the human and institutional capital needed as a foundation for future prosperity.

The scope of Canada's program involves it in a wide range of issues: from the traditional areas of health, education and agriculture to newer areas such as peacebuilding, governance, human rights, landmines and information technology.

Given the range of initiatives, CIDA works with a variety of partners, here in Canada and overseas. These partners include non-governmental organizations, the private sector, academic institutions, unions and associations - in Canada and in recipient countries - as well as a number of international organizations and institutions. Through these partnerships, CIDA is able to provide support that is effective while being responsive to the diverse and fast-changing needs and capacities of countries in the developing world and in Central and Eastern Europe (CEE).

Official Development Assistance and the International Assistance Envelope

The International Assistance Envelope (IAE) was introduced in the February 1991 budget. It funds

Canada's ODA¹ and other official assistance initiatives. ODA accounts for 95% of the Envelope. The remaining 5% goes to the CEE Program. CIDA is directly responsible for managing about 78% of the IAE. The balance is administered by the following departments:

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

Program Review Impact

In total, from 1993-94 to 1997-98, the IAE was reduced by \$616.6 million or 23 percent. While Program Review reductions touched almost every part of the Envelope, not all parts were affected equally. It was decided to honour long-term international commitments and to protect programs and activities especially valued by Canadians. CIDA's reduction of 23.7 percent was slightly higher than that of the rest of the Envelope.

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

Departmental Organization

Business Line and Organization Structure

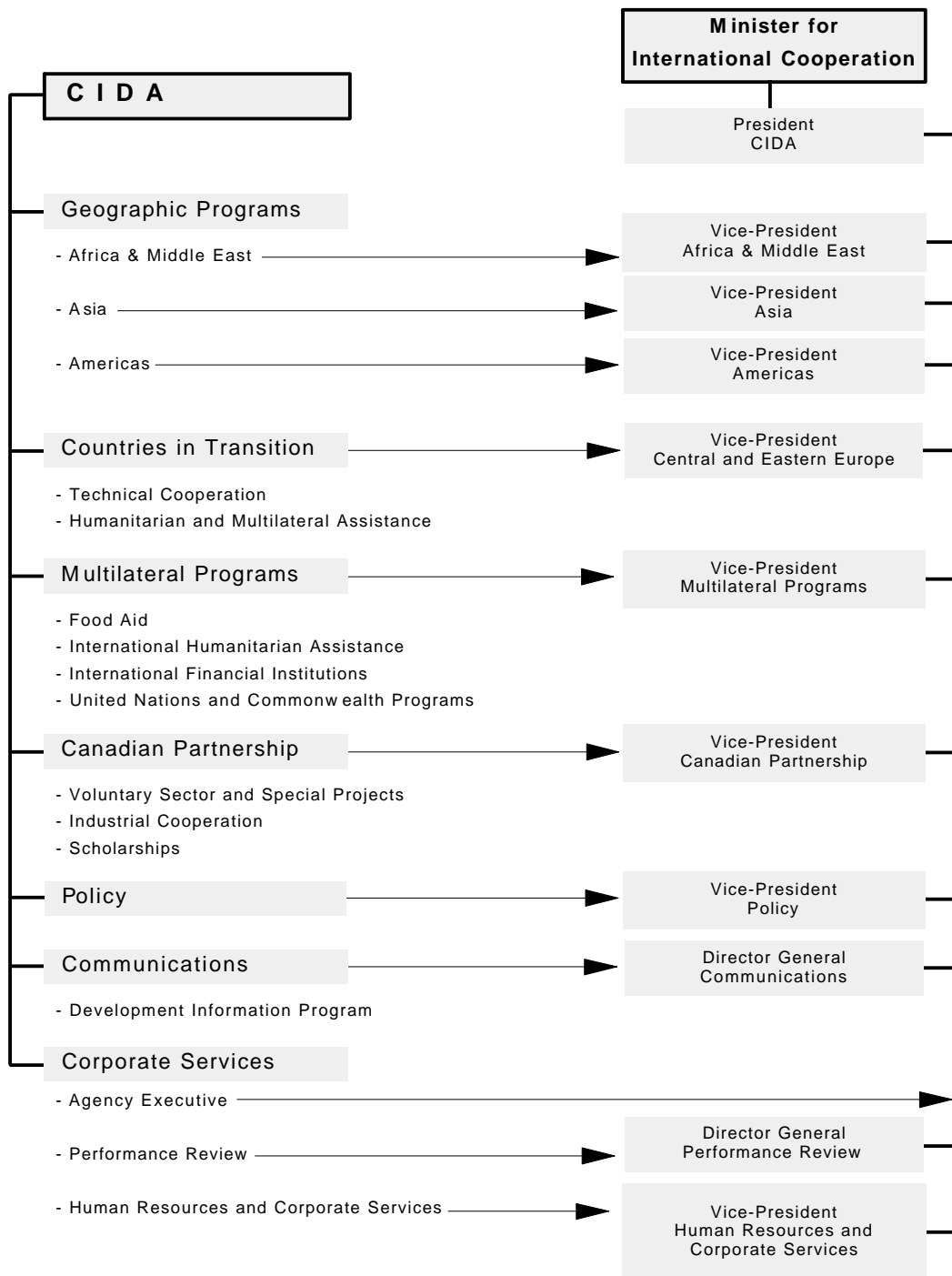
CIDA's business is global in scope and encompasses a very wide range of sectors. This involves the Agency in international, regional and country-level initiatives undertaken with a number of partners: recipient-country governments, all levels of government in Canada, non-governmental organizations (NGOs),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

Agency business lines reflect both the geographic focus of CIDA programming and the range of partners with which the Agency works.

Business Line Descriptions

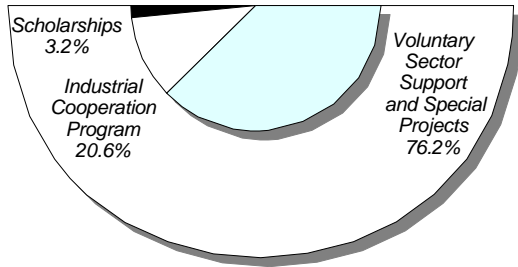
	Objectives
Geographic Programs	To support sustainable development and poverty reduction by undertaking development programs in specific countries and regions, in keeping with the needs of developing countries, the purpose and priorities of the ODA program and Canada's foreign policy interests.
Countries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

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

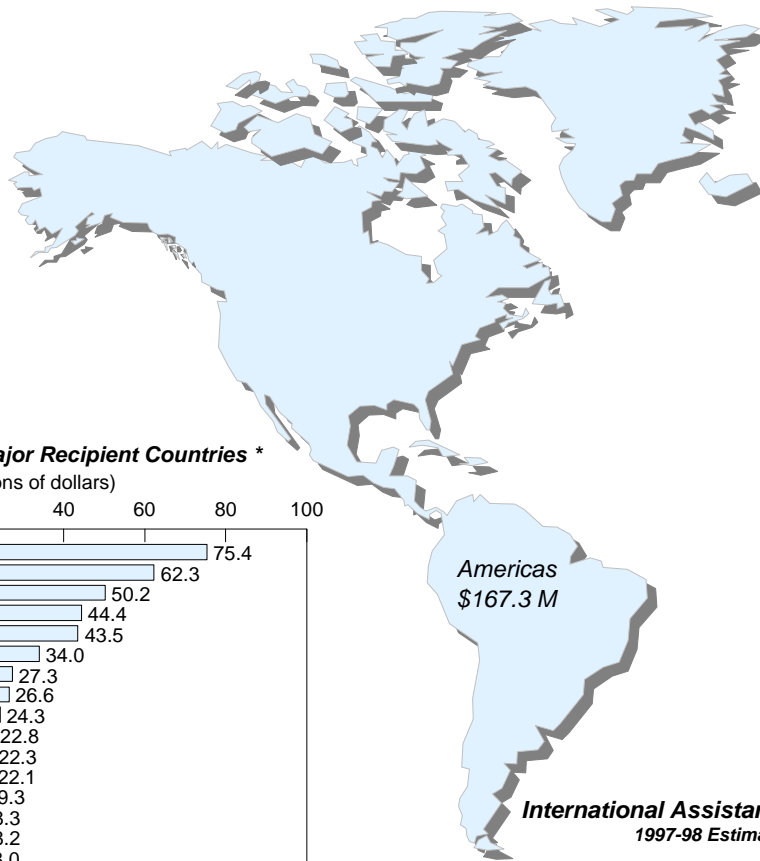
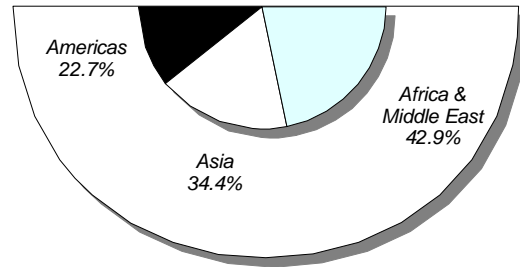


CIDA's Spending in 1997-98

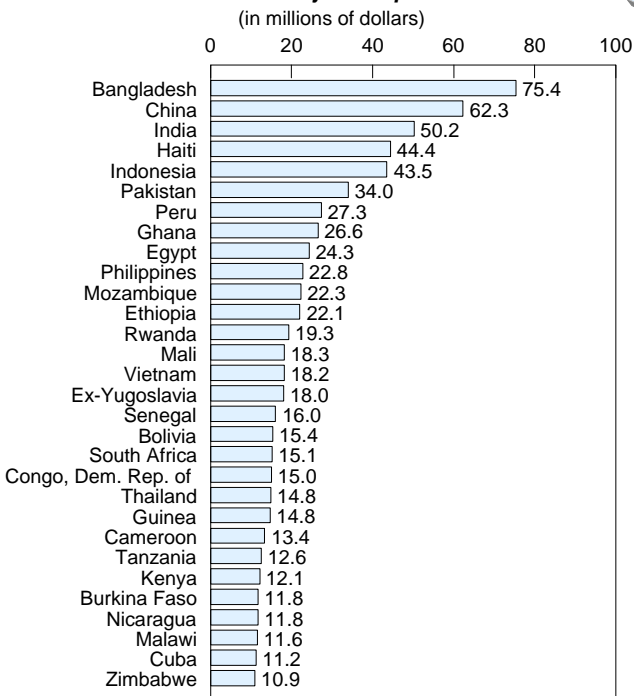
Canadian Partnership



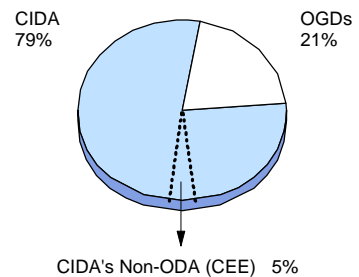
Geographic Programs



Disbursements in Major Recipient Countries *



**International Assistance Envelope
1997-98 Estimates**

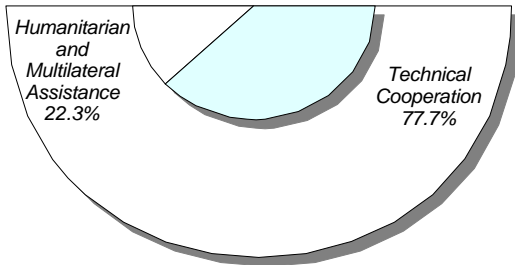


Total Envelope \$2,061 million

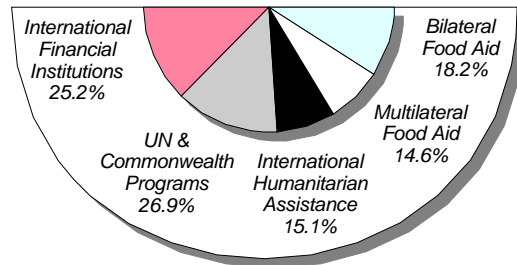
* This excludes expenditures for IFIs and the United Nations and Commonwealth Programs

CIDA's Spending in 1997-98

Countries in Transition

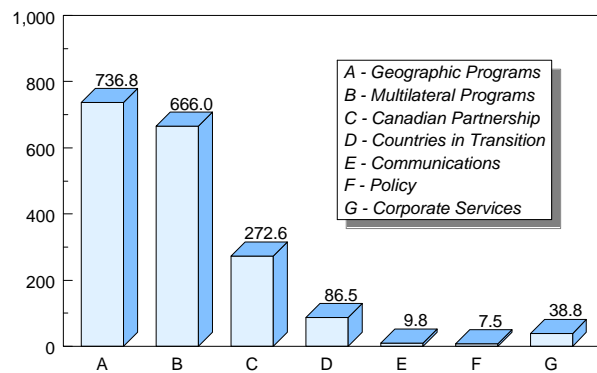


Multilateral Programs



Disbursements by Business Line

(in millions of dollars)



Section III - Departmental Performance

Corporate-Level Performance Accomplishments

OECD Review of Canadian Development Cooperation Efforts

Each OECD member country has its ODA program critically reviewed every three years by the OECD's Development Assistance Committee (DAC). The aim of these reviews, in the words of the Committee, is to "improve the individual and collective development cooperation efforts of DAC members." During 1997-98, Canada's international assistance program underwent such a review.

While pointing to areas of the Canadian assistance program that needed to be attended to, the reviewers generally gave Canadians high marks for their work in international development. They noted that "few donors have questioned, re-oriented and revitalized their development cooperation program as often as Canada." And they referred to *Canada in the World*, the Government's official foreign policy blueprint, as "a new vision" and "a comprehensive agenda for Canada's foreign policy and development efforts."

The DAC report described Canada's six ODA program priorities as representing a "formidable agenda for any agency to take on." However, it also noted the major progress made by CIDA in "re-directing its bilateral programs from a traditional sector-focus to a theme-based approach with a clear concentration on results rather than inputs."

Reference was made to CIDA's "major strides in building the human rights and governance dimension into its programming priorities and design in all aspects of its operations." On the other hand, the reviewers found that CIDA staff were not always clear about how to relate the basic human needs theme to the Agency's overall poverty reduction thrust. The review team was pleased, however, that the Agency's country development program framework for Tanzania showed how this could be done.

DAC's main concern was an apparent mismatch between Canada's commitment, at the level of both people and government, to international development cooperation and the significant reduction in Canadian ODA expenditures in recent years.

The team also noted that recent high-profile trade missions to developing countries had created the impression that Canada's foreign policy agenda was largely driven by trade objectives. "This impression, however, is counterbalanced," the report declared, "by Canada's leadership in a number of pressing issues on the international agenda, ranging from landmines to peacebuilding, to exploitative child labour, to United Nations (UN) reform."

The reviewers commented on CIDA's steps to change itself into a learning organization and to adopt a results-based management culture. They said: "In sum, CIDA's efforts to become a 'learning organization' have taken a leap forward. More broadly, the reform process has made CIDA a much more integrated and policy and performance driven organization than it was at the time of the last DAC Review of Canada in June 1994."

Performance Assessment

Over the last few years, CIDA has invested a significant amount of effort in developing tools and approaches which would enhance its capacity to review and report on program performance, and improve program delivery. Some of these tools have been based on the experiences and efforts of other agencies, particularly agencies in the field of international development. Others grew out of CIDA's own efforts and experiences.

A standard part of CIDA's performance assessment is internal audits, evaluations, and thematic performance reviews of the Agency's programming priorities. These provide independent and objective advice to management.

At the heart of the system are the *Framework of Results and Key Success Factors*, used for assessing the results of bilateral projects, and adapted versions of the Frameworks for assessing the results from the Agency's support to Multilateral and Canadian Partnership organizations and institutions.

The Agency also has in place an extensive system to assess results and progress of project activities and the lessons learned from these activities. This includes on-going project-level monitoring by project managers, and independent audits and evaluations by the Performance Review Branch.

In 1996-97, the Agency used a harmonized format to analyze results information for its Geographic Programs and Countries in Transition (CIT) business lines for the first time. This more recent tool provides for a system of reporting during and at the end of each project as a complement to the other mechanisms mentioned above.

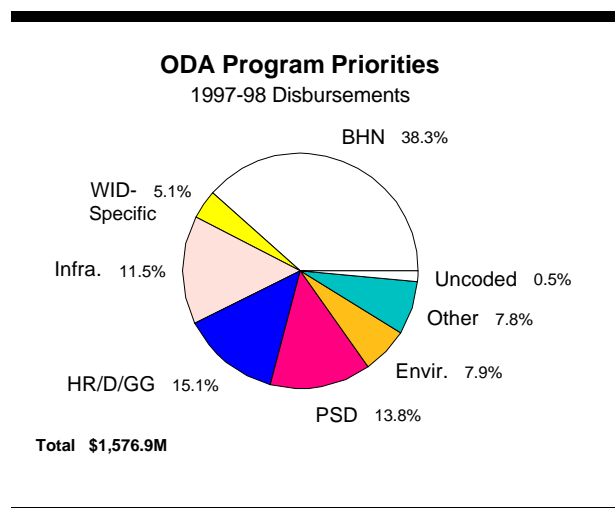
This new system -- the Annual Project Progress Report (APPR) -- helps to capture actual results of projects and compare those results with the objectives or results expected, stated at the planning stage for those projects. The APPR is designed to allow CIDA to review its progress and performance with a greater degree of clarity.

Developmental Results

Official Development Assistance

This section reports on Agency performance achieved within each of the six ODA program priorities, relative to expenditures. The chart below shows a breakdown of disbursements by program priority.

Disbursements by ODA Priority



Basic Human Needs (BHN)

In 1997-98, the Agency spent approximately \$604 million, or 38.3 percent of its ODA program disbursements, on BHN initiatives. This level exceeds the 25 percent ODA target set out in *Canada in the World*¹. Roughly \$400.9 million or 66.4 percent of this was disbursed by the Multilateral Programs business line compared to roughly \$139.6 million or 23.1 percent by the Geographic Programs business line and \$62.7M or 10.5 percent by the Canadian Partnership business line.

In the multilateral development system, Canada continued its efforts to influence the policies of our multilateral partners. Canadian efforts, in conjunction with those of other donors, have resulted in a greater focus on helping governments provide for the basic needs of their poor and, in this context, a better balance between economic growth and social investments at the international financial institutions (IFIs). For example:

- w the share of funds committed to social-sector lending has increased at the Asian Development Bank (AsDB), the African Development Bank (AfDB), and Inter-American Development Bank (IDB);
- w and in Bhutan under-five mortality, an important indicator of poverty, decreased from 189 per 1000 live births in 1995 to 133 in 1997. During the same period, infant mortality, also an important indicator, fell from 122 to 93 per 1000 live births. This is partly a result of sustained and focused efforts by UNICEF and help from CIDA.

Three noteworthy initiatives in which Canada played a leadership role were the Micronutrient Initiative (MI); the Consultative Group to Assist the Poorest (CGAP); and the establishment of a Canadian Landmines Fund to support the implementation of the Ottawa Convention on banning landmines:

- w In the area of micronutrients, an area of health and food security where small investments can lead to significant improvements in well-being for the poor, CIDA's initiatives are leveraging interest and funding from other donors. These efforts are also having a positive impact on reducing micronutrient malnutrition. The Micronutrient Initiative provided 261 million vitamin A capsules. These were distributed in over 50 countries. The distribution of these capsules was part of a larger international effort

¹ The ODA target is based upon total ODA which includes the cost of administration as well as disbursements made by other Government departments funded by the International Assistance Envelope.

that helped protect several millions of children from blindness and other illnesses, and saved many thousands of lives.

- w Through CGAP's micro-finance retailing partners, it is expected that up to 600,000 very poor people (75 percent of them women) will have access to credit. As a proven poverty reduction strategy, these loans will have a significant multiplier impact on the affected communities. Canada has made a small but meaningful contribution to this program.

International Humanitarian Assistance (IHA) was directed towards emergencies associated with human conflicts, and, to a lesser degree, with natural disasters. Refugees -- principally women and children, in the Middle East, the Great Lakes region of Africa, the Sudan, Afghanistan and Cambodia -- were the principal beneficiaries. In the process, and as a result of contributions from CIDA and other donors, millions of victims were reached with relief assistance. They were provided with shelter, medical supplies and the basic necessities of life. Support by CIDA and other agencies to multi-donor programs and projects implemented by the Red Cross and UN organizations, such as UNHCR, made possible the repatriation of 500,000 Liberian refugees, 300,000 Togolese refugees, and 250,000 Rwandan refugees. This support also facilitated the return of 183,000 refugees to the former Yugoslavia. In addition, CIDA worked in partnership with Canadian NGOs to deliver humanitarian assistance directly to over 500,000 people. One in three IHA projects singles out women and children for special attention.

In 1997-98, the Agency spent roughly \$217.1 million on development and emergency food aid. Of this, \$45.2 million, or 21 percent, was directed towards victims of emergencies in over 20 countries through NGOs and UN agencies. Core funding support to the WFP allowed CIDA to reach out to 29 million victims of human conflicts or natural disasters.

A further \$170.4 million of food aid disbursements, spent on development initiatives and projects in 1997-98, directly benefited an estimated 3.3 million people.

Canadian NGOs continue to work extensively with developing-country partners in meeting BHN. The contribution of these NGOs is reflected, for example, in their efforts to help increase the capacity of their Southern partners. The partners are thus better able to implement micro-enterprise and community health projects and to provide

training in land management and production techniques.

Food Aid Review²: In 1997-98, the Agency conducted a performance review to assess the effectiveness of food aid both as a development instrument and as emergency assistance, within the broader context of promoting food security and nutrition in developing countries. The review covered investments totaling \$675.0 million.

The findings from this review indicate that CIDA food aid projects and programs have produced many and varied results, in both emergencies and development, with significant benefits to recipients:

- w Emergency responses included efforts to feed refugees and drought victims, to support recovery, and to establish food security reserves. For example, in Guinea 65,000 refugees from Liberia and Sierra Leone were fed monthly for several months. Humanitarian relief in Malawi averted famine and the massive displacement of Mozambican refugees and drought victims. Food distributed to Afghan refugees (mostly women and children) in Pakistan provided a safety net.
- w Development food aid initiatives successfully responded to a variety of needs. For example, food aid to Peru has been the major contributor to the Peru-Canada Fund which has provided benefits for 230,000 families, or approximately 12 percent of Peru's poor. CIDA's food aid has helped to broaden market access for poor oilseeds and cereals farmers in India and Mali respectively. In Bangladesh, food aid reached target groups of destitute women and others most vulnerable in distressed rural areas to develop a variety of skills, obtain access to credit and develop micro-enterprises among other things.
- w CIDA's policy dialogue efforts have influenced the World Food Program and recipient-country food security policies.

The review confirms that there is continuing justification for providing emergency and development food aid. It notes that this provision needs to be within the broader context of addressing food-security issues in a region or country. It also highlights the difficulty in achieving sustainability.

² A full copy of the report can be obtained from CIDA's Public Inquiries Service.

The recommendations from the review were accepted by the Agency. The findings and best practices from the review are already being used to improve food-aid programming at the Agency. Future programming will incorporate many of the valuable insights contained in the report, including the following:

- w Targeting of food aid has improved, and managers should continue to enhance targeting to women;
- w Cost effectiveness could be enhanced by diversifying procurement within and beyond Canadian sources; and
- w Food aid programming will be more effective if it is integrated with other programming in the Agency and if it improves the capacities of local women and men to manage on their own.

BHN Review: A review of BHN investments other than food aid was also nearing completion at the end of the 1997-98 fiscal year. The results of this review will be reported more fully in the next Performance Report. Results from the completed case studies indicate that these BHN initiatives are making a difference in the lives of the people targeted. The following examples of initiatives through the geographic programs are illustrative:

- w An impact evaluation of the Agency's investment of \$134 million (through 15 projects) in Ghana's water sector over the last 25 years found that the benefits to the 3 million inhabitants of three poor northern regions were not only significant but sustainable. Eradication of Guinea worm was clearly correlated to the CIDA program. The program increased access to improved water supply for 75-80 percent of the people in two of the three regions and 36 percent of those in the third. It also improved the knowledge, attitude and practices related to water and health. It established appropriate structures and processes for stakeholders to manage the systems. And it improved the capacities of the people to manage on their own.
- w CIDA's efforts to fight the HIV/AIDS epidemic in Kenya and Southern and Western Africa are succeeding in reaching those infected with the AIDS virus, sensitizing the population, involving

governments, reducing the rate of HIV infection and preventing the further spread of AIDS.

Women in Development and Gender Equity (WID&GE)

For CIDA, WID&GE is a cross-cutting theme. WID&GE must be integrated into the design and implementation of all of CIDA's programs and projects in order to ensure that they are aimed at women's needs, interests and participation as much as men's. The Agency also supports initiatives with the specific purpose of promoting gender equity.

In 1997-98, the Agency spent approximately \$80 million, or 5.1 percent of its ODA program disbursements, on directly targeted WID&GE initiatives. The majority of the expenditures was through the Geographic Programs and Canadian Partnership business lines (\$44.5 million and \$18.3 million respectively). This allocation does not capture all efforts made by CIDA to support gender equity. Resources to integrate gender equity considerations are also allocated for projects and programs coded under "Other Programming Priorities."

In several countries in Africa (notably Benin, Cameroon, Egypt, Jordan and Zimbabwe), there has been an increase in the numbers of jobs and small businesses involving women as a result of CIDA's efforts to improve their access to credit, establish savings cooperatives and provide training in business management techniques. The efforts of some of CIDA's partners in Guatemala have resulted in the raising of about \$232,000 in additional funds for the benefit of indigenous women. This additional money was raised through the establishment of a revolving micro-credit fund. CIDA's Guatemalan partners were also instrumental in the creation of a productive dialogue through official channels.

In Asia, Gender Equity initiatives in countries such as India, Sri Lanka, Indonesia, and the Philippines have helped to raise awareness of the rights of women, increase women's participation in the political process and influence the governments in addressing gender-equity concerns in their development plans.

The results of a major review focused on the WID&GE priority³ were reported in last year's performance report.

The WID&GE review confirmed that CIDA's approach to the implementation of its WID&GE Policy has been in the right direction; that CIDA has developed a strong reputation in WID&GE programming in the donor community, and that the Agency has exerted a significant influence on the gender policies and practices of many partner organizations.

Over the last year, the Agency has carried out a number of actions to improve its performance in relation to WID&GE:

- w The Geographic Roadmap, the Agency's electronic manual for bilateral operations, has been revised to ensure the incorporation of WID&GE into the design and implementation of bilateral projects.
- w Gender equity considerations have been incorporated into the programming frameworks of Multilateral partners (e.g. the 1997 UNFPA Framework).
- w There have been several initiatives to help our partners with WID&GE: development of a computer-based (CD-ROM) training course; a one-day gender training workshop for AfDB staff; analyzing gender strategies from voluntary-sector partners; and using these in policy dialogue with partner organizations.
- w The Handbook and Guide developed to assist project staff in the selection of gender-sensitive indicators has been reprinted. It continues to be distributed widely within the Agency and to partners.
- w A WID&GE network and a newsletter continue to foster discussion and the exchange of best practices.
- w There have been training activities, formal and informal, for WID&GE in the program branches.
- w An update of the WID&GE Policy is currently in progress.

- w In support of the development of the Infrastructure Policy, which underlined the importance of integrating gender equity considerations, a paper entitled "Building Bridges: A review of infrastructure services projects addressing gender integration" was prepared.
- w The BHN review integrated WID&GE. Preliminary reports indicate that "the gender dimension is central to the success of BHN programming and all such interventions must be guided by comprehensive gender strategies."

Infrastructure Services

Disbursements related to infrastructure services were approximately \$182 million, or 11.5 percent of CIDA's ODA program, during the reporting period. Roughly \$110.3 million went through the Geographic Programs, \$36.4 million through the Canadian Partnership Program and \$35.0 million through Multilateral Programs.

In 1997-98, the focus was on the provision of energy and transportation services, the upgrading of infrastructure and capital stock and the creation of an enabling environment with an emphasis on building institutional and human capacity in infrastructure services management and development. The Agency's activities under this theme also contribute to fostering poverty-reducing economic growth.

Illustrative of the Agency's success in this area, projects in Asia and Africa contributed to the rehabilitation and maintenance of roads, more efficient power and energy generation, the enhancement of telecommunication services, the facilitation of water supply for irrigation and drinking, the protection of agricultural land and the promotion of greater utilization of arable land. The Hebei Drylands project in China, for example, developed and introduced a prototype irrigation system which will use up to 30 percent less irrigation water than the existing conventional irrigation schemes.

In Africa, CIDA's support to the Ministry of Energy in Guinea has helped to improve the management of major projects and the rehabilitation and extension of the electricity network in Conakry, thus helping to reduce power outages and losses.

³ A full copy of the report can be obtained from CIDA's Public Inquiries Service.

The Canadian Partnership initiatives on this priority were primarily through the Industrial Cooperation Program (INC) which provided, among other things, financial support for feasibility studies of infrastructure projects.

Human Rights, Democracy and Good Governance (HRDGG)

Of the Agency's 1997-98 ODA program disbursements, 15.1 percent or \$238 million, was spent on HRDGG initiatives. Of this amount, \$122.6 million or 51.6 percent was disbursed by the Geographic Programs.

In Africa and the Middle East, efforts to promote human rights have focused mostly on improving judicial systems in countries such as Rwanda, Ethiopia, Zimbabwe and South Africa. In Rwanda, for example, key laws have been revised and the legal status of detainees has been recognized. In countries such as the Democratic Republic of the Congo, Nigeria and Sierra Leone -- where there are difficulties with human rights, peace and security -- support to civil society has been provided through active local NGOs.

Efforts to strengthen public-sector institutions and capacities have resulted in the increased collection of customs duties in Mali.

In the Americas, for example, CIDA contributed to the successful realization of more transparent and fair election processes in two countries and the establishment of a national Ombudsman's office in another. (See details on pages 37 and 38.) Through the establishment of the Democratic Development Fund in Guatemala, CIDA enabled local organizations and community groups to play a more active role in governance by bringing cases of human rights violations before the courts; helping to improve media coverage of human rights issues; and contributing to the resolution of local conflicts.

Roughly \$63.7 million was disbursed through Multilateral Programs. The United Nations Development Program (UNDP), with CIDA's support, has worked with the Rwandan Ministry of Justice to improve the technical capacity of personnel and the conditions of prisoners. (See details on page 49.) UNICEF's campaign to re-unite children with their families in Burundi and Rwanda has helped more than 30,000 separated children find their way back home.

An additional \$51.3 million or 21.6 percent flowed through the Canadian Partnership business line which supported the activities of partner organizations in the Canadian NGO community to strengthen democratic institutions and practices, improve organizations and processes that protect human rights, build the capacities of people and groups to increase public participation and influence public policy decisions

Such support illustrates CIDA's commitment to HRDGG programming with its Canadian and developing-country partners to strengthen the fabric of civil society, protect human rights, support responsible government and help the poor and vulnerable to protect their rights and interests.

Private-Sector Development (PSD)

In 1997-98, the Agency spent approximately \$218 million, or 13.8 percent of its ODA program disbursements, on PSD initiatives. Geographic Programs, with projects concentrated mainly in Africa and Asia, accounted for \$118.2 million, while \$50.7 million went through the Multilateral Programs, and a further \$48.7 million represented Canadian Partnership programming.

In Africa and the Middle East, the focus was on contributing to poverty reduction by creating small business employment and income opportunities. Initiatives to support the development of small-scale businesses, savings and credit cooperatives, and cooperatives for the production and sale of agricultural products resulted in an increase in the number of producers, commercial activity, and net revenues in countries such as Benin, Burkina Faso, Cameroon, Egypt, Ivory Coast, Niger, Senegal and Tanzania.

In Asia, projects were implemented in countries such as China, India, Pakistan, Philippines and Thailand. These projects have focused on assisting small and medium enterprises, many of which have increased their production, sales, profits and investment and employment generation capacity.

Canadian Partnership's partners working on this priority include representatives from Canadian firms, institutions and non-governmental organizations. The private-sector partners are funded by the INC Program. Private-sector ventures generated investment capital as well as the transfer of technology and managerial, entrepreneurial and

technical skills to strengthen the Southern firms. They also generated profits, taxes and jobs in Canada and abroad.

INC remains very active in poorer countries with its investments in these countries remaining at over 40 percent of INC's total disbursements during 1997-98. Delivering on a commitment made in *Canada in the World*, INC has sharpened the developmental focus of its programming. It has done so by placing greater emphasis on the WID&GE and Environment dimensions and by ensuring that development benefits are demonstrated before INC funding is approved.

Environment

CIDA's disbursements related to the environment were approximately \$125 million or 7.9 percent of ODA program disbursements during the reporting period. Roughly \$66.5 million of this amount was invested through the Geographic Programs, while \$47.0 million flowed through Multilateral Programs and \$12.0 million through the Canadian Partnership Program.

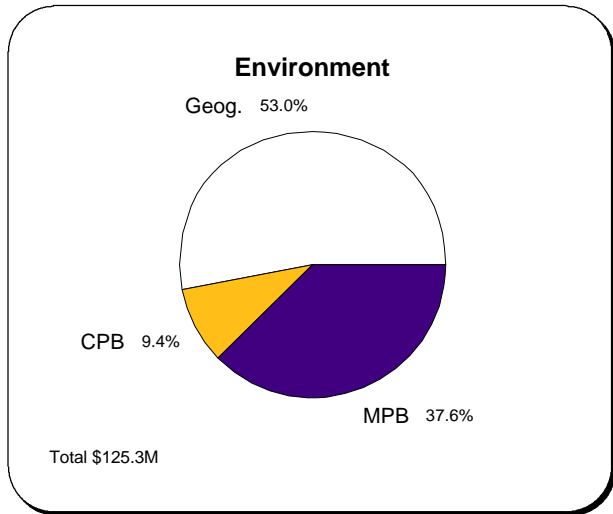
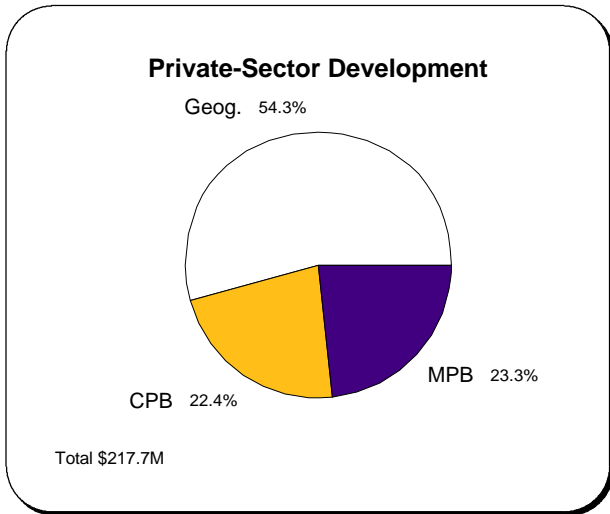
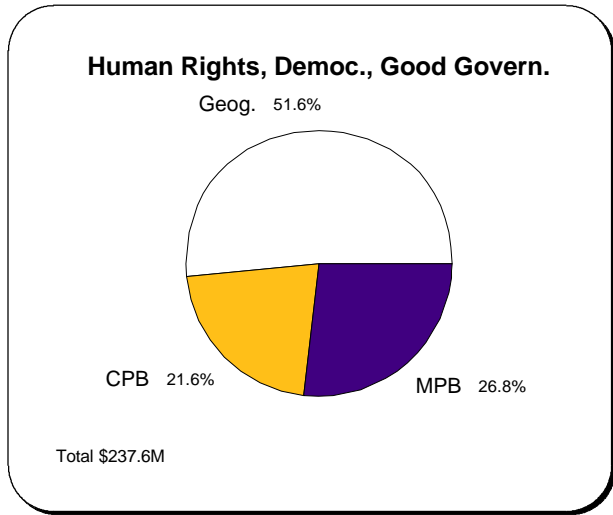
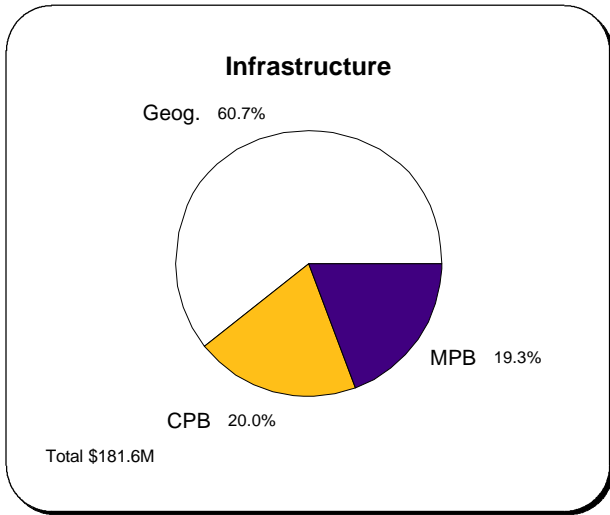
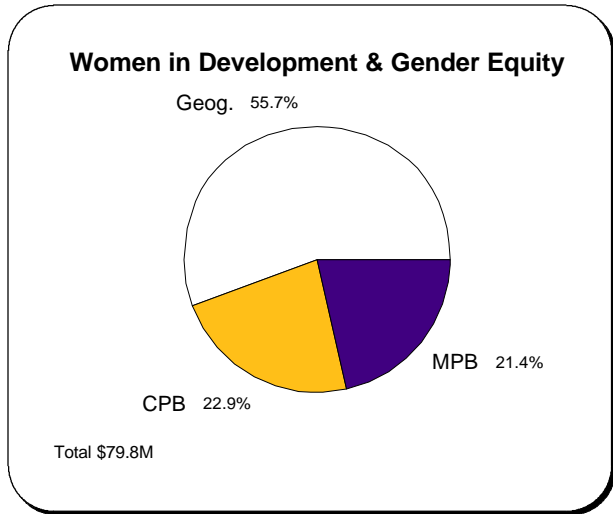
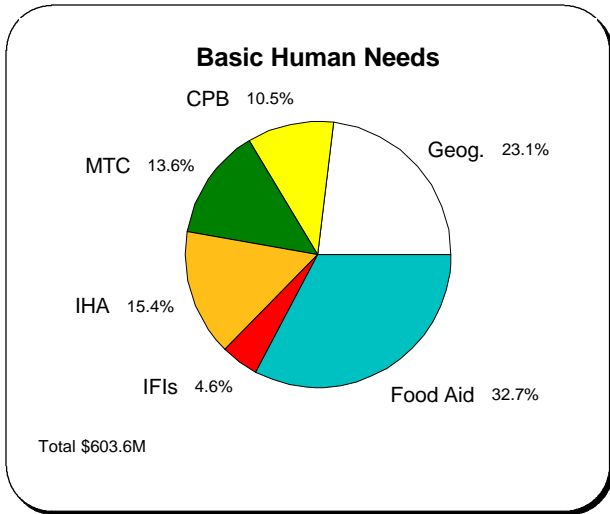
CIDA has adopted a two-pronged approach in dealing with the Environment theme as it has done in the case of the WID&GE theme. Integrated efforts ensure that environmental issues are considered and acted upon in all programming activities. At the same time, there are projects, particularly in the Geographic Programs, which target environmental issues specifically. Environmental programming in Africa has largely focused on the management of natural resources in Cameroon, Egypt, the Sahel and South Africa, and the prevention of desertification in the Sahel. The capacity of Ministries responsible for environmental policies has been strengthened in Cameroon, Zambia, Zimbabwe and Egypt, and research capabilities have been enhanced in Malawi, Guinea and Egypt.

In Asia, initiatives have supported government departments and environmental agencies in such high population countries as China, India, and Indonesia to address and manage environmental problems. In Indonesia, for example, CIDA's support to the environmental sector has enabled the Environment Ministry to assume a leadership role in coastal zone management, and achieve significant reduction of pollution levels in priority rivers, voluntary pollution control agreements with 2,000

firms, and improved industry awareness of environment policies and guidelines.

Multilateral Programs supported and influenced the efforts of a number of development banks and UN organizations which have recently enhanced their environmental programs.

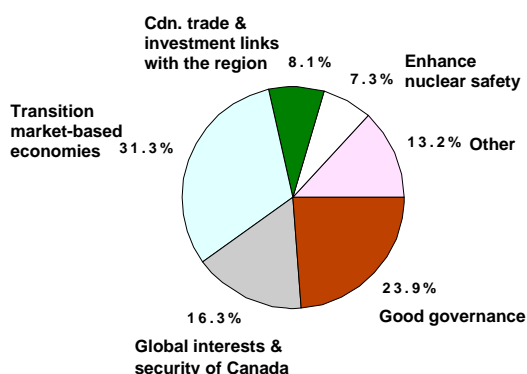
- w AsDB has prepared a series of papers dealing with environmental and natural resources planning and management in the Asia-Pacific region. The aim of the papers is to promote the integration of environmental dimensions into economic efforts in order to encourage sustainable development in the region. The latest paper, done in 1997, deals with the measurement of environmental performance. In 1997, the Bank also adopted a new policy on fisheries. Notable in the new policy is the change in approach from the expansion of fishing fleets and catches to the conservation and management of natural resources. Participatory, holistic and gender-specific approaches will apply to integrated coastal fisheries management projects.
- w UNDP has sought to tackle a number of urban ills through pilot projects in more than 60 cities in 12 developing countries. The projects, undertaken through the Local Initiative Facility for Urban Environment (LIFE) program, were supported in 1996-97. In Brazil, where 80 percent of the population lives in urban areas, LIFE supports projects in four cities. Projects range from environmental education in schools to the reforestation of precipitous housing sites.



Countries in Transition (CIT)

In 1997-98, CIT programming was in its ninth year of operation with program disbursements of approximately \$78.1 million. Of this amount, roughly 80 percent was in non-ODA countries.

Central and Eastern Europe Disbursements for 1997-98



Most of the constraints to the development of the private sector relate to the enabling environment - that is the policy, regulatory, institutional, professional and legal framework - for market-based economic development. Investments to assist countries in their transition to market economies have increased the capacity of public and private institutions/businesses through the transfer of skills and knowledge and improvement in institutional frameworks. Noteworthy examples of results include:

- w major restructuring and development of the necessary managerial capabilities of the Romania State Bank in preparation for privatization;
- w passage of a Credit Union Law, formation of a credit union association, and financial services made available to rural populations in Lithuania; and
- w major policy changes and self-sustaining in-house training programs established in the civil aviation sector in Poland.

Initiatives to encourage good governance and democracy are enhancing the capacity of public-sector institutions to formulate and implement

equitable economic and social policies. With CIDA's help, the Czech Republic, Poland, and Hungary have undergone taxation reforms. Tax laws in Latvia, Slovenia and Romania have been amended. And the Slovak Republic is in the process of redrafting its tax legislation.

A variety of projects were undertaken with the objective of promoting global security. For example, CIDA's help has enabled the Czech customs laboratory to become fully operational with a trained team of scientists and instruments to detect narcotics, alcohol, and counterfeit and contraband goods.

In terms of facilitating Canadian trade and investment links with the region, CIDA's contributions to the trust funds at the European Bank for Reconstruction and Development (EBRD) and the World Bank have helped Canadian firms get goods and services contracts totaling \$84.7 million since 1992.

Benefits to Canadians

Participating in international development provides Canadians with an opportunity to make the world a safer and better place for present and future generations. It provides Canada with an opportunity to influence international actions in areas of interest to Canadians, such as the environment and human rights. International development also brings Canadians short-term economic gains while contributing to Canada's long-term prosperity and employment opportunities and helping people in the developing world improve their own circumstances. Moreover, international development is itself an expression of the Canadian character. Ultimately Canadians support development assistance as a way of meeting the challenges of a better world.

The CIDA program provides Canadians with an opportunity to **look outward** by supporting sustainable development in developing countries. The CIDA approach also contributes to other government priorities such as better **health** for Canadians through disease control and environmental protection, increased **opportunities for young Canadians** and a better world for all **children**. It is a vital instrument for achieving the three key objectives of Canada's Foreign Policy: Global Security, Prosperity and Employment and Canadian Values.

Global Security: Threats to human security come increasingly not from war but from poverty, disease, population growth, climate change, environmental

degradation, poor governance, human rights abuse and the forced migration of peoples. International assistance contributes to global security by tackling key threats to peace and human security in those countries experiencing widespread destabilizing poverty or civil strife.

- w Investment in sustainable development is an investment in prevention. It builds the foundations for peace and justice. It is less expensive and more lasting than peace-keeping, reconstruction and emergency relief. It is also far less costly than dealing with problems when they arrive on our shores. Poverty and disease travel: tuberculosis has returned to North America with 2,000 new cases costing Canada \$40.0 million a year.
- w CIDA contributes to global security, and thus to the security of Canadians, through the provision of programs that support the efforts of people in their own countries. Hundreds of projects have achieved development outcomes that address key threats: shortages of food, water and shelter; human rights abuse; weak institutional structures and poor governance; environmental degradation; population growth which puts undue pressure on scarce resources; and the widening gap between rich and poor.

Prosperity and Employment: International assistance contributes to a stronger global economy in which both Canadians and developing country populations can grow and prosper. In terms of direct benefits,

- w some 2,000 Canadian businesses, 50 Canadian universities and 60 colleges benefit directly from the international assistance program because of the high labour intensity and Canadian content of goods and services used by CIDA;
- w about 70 cents of every aid dollar returns to Canada through the purchase of Canadian goods and services;
- w participation in a \$2.1-million CIDA management training project for Russia's Lukoil company helped a Montreal-based firm win a \$300-million contract to refurbish an oil refinery in Volgograd; and
- w following its participation in an engineering project in Hungary, supported with \$75,000 from the international assistance program, a firm based in Mississauga, Ontario won

contracts, worth more than \$10 million, in the Czech Republic, Hungary, Russia and the Ukraine.

More indirectly, and over the longer term, the cooperation program often provides Canadian companies with their first contact with fast-growing overseas markets. Such contacts lay the foundations for lasting ties of far greater benefit to Canada and to the developing world. These initial contacts lead to substantial spin-off benefits. For example:

- w Nearly one-third of the Canada Export Award winners over the past 10 years got their start in developing markets with CIDA support.
- w Every dollar invested through the INC Program, which strengthens partnerships by acting as a bridge between commercial and development interests, generates \$5.34 in commercial benefits for Canada.
- w And Canada's investments in the IFIs (such as the World Bank and the development banks for Asia, Africa, Latin America and the Caribbean) also lead to substantial purchases of Canadian goods and services. About 81 cents of every dollar Canada contributes to these banks returns to this country as purchases of goods and services.

The aid program continued during 1997-98 to be a major vehicle for engaging the energy and interest of young Canadians. This was achieved through programs such as the Youth Action Program (which sent 489 interns to work with 92 partner organizations in over 50 countries), the Volunteer Sending Program (which sent over 1000 volunteers overseas), and scholarship programs such as the Bourses de la francophonie (which returned 95 Canadian-trained students to 24 of the 35 countries belonging to la Francophonie).

Canadian Values: The international cooperation program is one of the clearest expressions of Canadian values and culture. It makes Canada a more influential player in the world and has been central to establishing Canada's reputation as a committed, constructive member of the international community. This reputation opens doors and gives Canada a stronger voice in world affairs.

- w The international cooperation program heightens Canada's influence in global institutions that are essential to the management of world issues - e.g. G-8, UN,

World Bank, La Francophonie, and the Commonwealth. It is Canada's main link with 50 countries and a major element in our relations with many others, including several, such as China and Brazil, that are becoming world powers.

- w CIDA's policies and programs reflect the diversity of Canadian culture. Programming in a wide range of countries and direct support for La Francophonie and the Commonwealth are an expression of Canada's heritage and its increasingly multicultural profile.
- w CIDA exerts meaningful influence on the policies and programs of multilateral development banks (MDBs) and donor agencies, giving a voice to Canadian values of gender equity, environmental protection, human rights and poverty alleviation.
- w The influence and reputation fostered by the aid program supports our pursuit of other foreign policy goals such as the treaty to barlandmines and the issue of climate change.

Key Reviews

Performance reviews at CIDA constitute special learning opportunities on various aspects of the international development enterprise. These reviews provide independent and objective advice to management on the success, the cost effectiveness and, within the policy framework of the institution, the continued relevance of key policies, programs and projects. The reviews also provide advice on the effectiveness of management systems, processes and practices. During the 1997-98 fiscal year, the Agency completed several initiatives related to review and performance measurement. Several others were initiated and are at varying stages of completion.

Completed Reviews⁴

Food Aid Review: This review consisted of evaluations of 14 food aid initiatives covering investments totaling \$675.0 million and 8 other studies focusing on issues affecting food aid programming, such as policy dialogue, procurement costs, etc. (Please see page 18 for a summary of this report.)

A Review of the Ombudsman Function: The Ombudsman function was introduced into the Agency on a trial basis for one year to provide staff with a redress mechanism independent of union and management. The results of the review, based on data from the Ombudsman, interviews with managers, and completed survey questionnaires by staff, indicated a continued need for the function.

- w Roughly 60 percent of the employees saw the function as useful and important against only 8.5 percent who did not.
- w The function was found to be useful and cost effective. It raised issues of corporate significance and provided valuable services to many employees.
- w Staff knowledge about the function was uneven across the Agency. Some employees did not know the function existed while others were unclear about its roles and responsibilities.

The findings and recommendations of the review will help the Agency and the new Ombudsman further improve what is already a value-added function.

Audit of Implementation of Resource-Based Management (RBM):

An audit, completed in 1997-98, concludes that RBM is being implemented successfully in CIDA. The audit identifies the following key accomplishments:

- w the establishment of a management framework to foster implementation;
- w an evident shift to a results-based culture both within CIDA and among its partners and executing agencies; and
- w improvements in the identification of outcome measures and the reporting of results.

The audit has also identified areas which need strengthening in managing for and reporting of results. It is being used to further realign the management systems and practices to integrate RBM fully and to improve the use of performance information.

Despite improvements seen in the identification of outcome-level results, further progress can be made with more disciplined and rigorous use of indicators to assess achievements.

⁴ Copies of the reports can be obtained from CIDA's Public Inquiries Service.

Since then, further progress has been made in identifying branch-level expected results and performance indicators.

Audit of Workforce Adjustment (WFA): The Audit of Workforce Adjustment (WFA) provided assurance that the Agency set up and operationalized an appropriate administrative infrastructure to manage workforce adjustment activities under Program Review 1.

Comprehensive Audit of Counterpart Funds:

An audit of Counterpart Funds in Costa Rica, Jamaica and Ecuador was conducted by the Agency over the last year. Counterpart funds are a development instrument comprising local funds that have been generated by the sale or monetization of the value of Canadian goods, or services, or both, within the recipient country. These funds are used for development purposes within the recipient country.

A key finding of the audit was the need to re-examine CIDA's policy on Counterpart Funds, particularly in the areas of ownership of the funds and accountability of CIDA for the development results achieved from the use of the funds. In light of the observations made in the audit report, the Agency initiated a re-examination of the Counterpart Fund policy in order to provide greater flexibility to respond to local conditions and thereby increase effectiveness.

Audit of the Haiti Program: This results-based audit of CIDA's recently renewed development assistance program in Haiti was carried out to examine development and management performance at the country program and project levels. The audit revealed that:

- w CIDA's aid program in Haiti was able to respond quickly to that country's most pressing emergency and developmental needs;
- w the Haitian government has clearly expressed its satisfaction with Canadian aid, which plays a decisive role in certain key sectors;
- w quality outputs were produced in all of the projects audited. However, because of the short duration of the renewed Haiti program, long-term effects of the aid could not always be identified; and

- w although progress had been made in applying results-based management at the project level, the strategic programming framework developed for the Haiti program needs to be improved in order to define more clearly the targeted objectives and results, and improve reporting on achievements.

Audit of CANADA FUNDS FOR LOCAL INITIATIVES (CFLI) in AFRICA AND the CARIBBEAN:

The aim of the CFLI is to finance small projects providing technical, economic, educational, cultural and social development assistance to local populations in countries with an accredited Canadian Mission. For the period 1993-1996, 747 projects were approved for a total of \$15.03 million.

The findings from this audit pointed to a need for :

- w a strategic framework which would identify formally sectoral priorities and target groups, rationalize Canadian financial support and take into account recipient government's plans and priorities;
- w more effective expenditure and management controls to ensure that the terms and conditions contained in the Contribution Agreement are met and stated project results are being achieved; and
- w greater visibility in the recipient country of the Canadian contribution.

The audit provides timely assurance that funding is used for the purposes intended and is producing the desired impact/results. It will help to improve country programming for the targeted population and improve accountability mechanisms for local initiative funding.

Reviews in Progress

BHN Review: BHN accounted for approximately 38.4 percent of the Agency's disbursements in fiscal year 1996-97. The focus of the Review is on the areas of health, integrated basic human needs, international humanitarian assistance, and policy dialogues to influence developing countries and multilateral institutions.

At the end of 1997-98, the review was nearing completion. Products completed and disseminated to date include a profile of CIDA's expenditures in the area of BHN, a literature survey including a synthesis of past reviews in this area and the experiences of other donors, evaluation case studies of about 20 new programs and projects, and nine other studies.

The review is expected to be completed in the summer of 1998. The findings will be reported fully in next year's Performance Report.

Review of Infrastructure Services: This is a corporate review of CIDA's investments in the area of Infrastructure Services, one of the six programming priorities. This priority encompasses energy; telecommunications and information; transportation; and water, irrigation and sanitation. Infrastructure Services accounted for roughly 11.5 percent of the Agency's disbursements in fiscal year 1997-98.

The review started in the winter of 1997. Preliminary work to date includes preparation of a profile of Bilateral Infrastructure Expenditures between 1972 and 1996; a literature review; a report on lessons learned from existing project evaluations; and the design and testing of a performance measurement framework for assessing the contribution of information technologies in development activities.

Audit of the Industrial Cooperation (INC) Program: The INC Program works exclusively with Canadian business and funds single projects. It supports the development initiatives of the Canadian business activities in developing countries by assuring a share of the initial project development risk. The ultimate objectives of these activities are technology transfer, social and economic development and the establishment of sustainable commercial linkages between developing countries and Canada.

The planning phase of the audit commenced in early March and is exploring the following areas: the results-based management accountability framework including the planning, budgeting, resourcing, and reporting processes; and the project management framework. The findings will be reported in next year's Performance Report.

Follow-up Audit of CIDA by the Auditor General: The Office of the Auditor General (OAG) is conducting its Phase III audit of the Agency, as part of a three-phased follow-up process to its 1993

audit of CIDA. This audit will help the OAG assess the quality of CIDA's projects and programs and the reporting on these. The audit findings are expected to be reported to Parliament in late 1998.

Service Standards

Service standards have been published by the Finance Division for all Agency accounts payable. A revised timeframe for the processing of urgent payments by Public Works and Government Services Canada (PWGSC) was communicated to Agency staff. The identification of other financial service areas for the development of services standards has been initiated.

Service standards have already been established for a variety of other service-related areas: receptionist services at the President's Office; requests for Access to Information and Privacy; Parliamentary requests and questions; correspondence to the Minister and the President; correspondence from Ministers and Members of Parliament; media enquiries; public enquiries (including those from the Internet); Agency reception area; Telephone/Voice/Mail Services; Agency Help Desk; requests to CIDA's International Development Information Centre; and Public Registries enquiries and requests for documents related to environmental assessments of development projects.

Business Lines - Performance Accomplishments

Details by Business Line

This section focuses on the performance of each business line and takes the form of seven separate reports. Each report contains the objective(s) of a particular business line and a note to put the work under that business line in context. Each report is based on a number of expected results and consists of brief, concrete examples of the achievement of those results.

Only a representative sample of expected results is reported here. For the Geographic, Multilateral Programs and Canadian Partnership business lines, the expected results are grouped under the six ODA program priorities. The CIT business line follows its own five objectives. Similarly, the non-program business lines -- Communications, Policy and Corporate Services -- are reported on according to their particular functions.

The information in these reports was taken entirely from annual reports prepared by the branches.

International development activity does not yield meaningful results in neat financial-year intervals. So many of the activities reported on in this section may span a number of years. However, all activities are linked to the year under review. They were either approved, initiated, continued or concluded -- or yielded outputs or outcomes -- during that year.

What Others Say ...

'An open and collaborative partnership has developed between CIDA and the Office of the Auditor General that is not often found between DAC donor agencies and government auditors. In Canada, the Auditor General has not only identified areas of concern, but is also collaborating with CIDA and monitoring its efforts to address those concerns.'

- OECD 's Development Co-operation Review Series -- Canada, 1998, p. 41.

Frequently Asked Questions

What do Canadians think about having their taxes spent on foreign aid?

According to the results of recent polls, some 80 percent of all Canadians support Canada's aid program.

Is Canada contributing more than its fair share to international development? What are the other relatively rich countries doing?

In 1996, Canada spent 0.32 percent of its gross national product (GNP) on ODA. This compares with the 0.45 percent it spent at the start of the decade.

A similar percentage of GNP was spent on ODA by such countries as Ireland (0.31 percent) and Belgium, Finland and Switzerland (0.34 percent each). Denmark was at the top of the list with 1.04 percent and the US at the bottom with 0.12 percent.

The average country effort is 0.40 percent. The UN target is 0.70 percent.

Geographic Programs

Objectives

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

Putting it in Context

Geographic programs, also called bilateral programs, are essentially country-to-country programs. They enable the Government of Canada to pursue development cooperation objectives through direct relationships with eligible recipient countries. Such programs are developed through consultation and cooperation with governments, recognizing that the prime responsibility for national development rests with the countries and peoples themselves. The bilateral channel is the main instrument through which the Canadian government can make long-term direct investments in areas critical to sustainable development. Geographic programs account for about one-third of the international assistance budget.

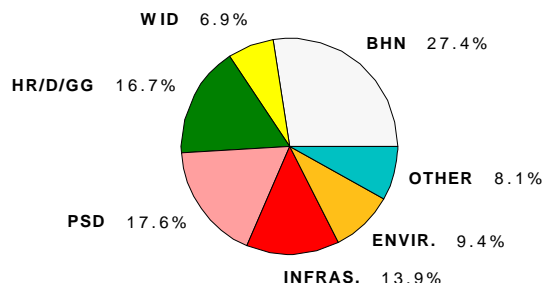
Projects supported through the Geographic programs reflect both the needs of developing countries and Canada's ability to meet these needs. These projects, like the contracts and contribution agreements required for their delivery, range in value from thousands to tens of millions of dollars. They can differ considerably, also, in their approach and subject matter. With few exceptions, Geographic programs are delivered in kind rather than cash. They are executed directly by Canadian suppliers and executing agents. Sometimes, the goods or services required for their implementation are procured locally. All projects are based on Canadian policies regarding the procurement of goods and services in Canada and on Canadian content requirements.

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

Africa

Africa and the Middle East presents the biggest development challenge as the world approaches the start of the 21st century. The region encompasses a wide range of countries. These include the world's poorest and most marginalized. There are others which are making significant social and economic progress. Thirty-three of the 48 countries designated least developed by the United Nations are in Africa. The leaders of the G7/G8 focused their attention on the continent at their recent meetings and sought to strengthen partnership and promote economic growth through increased investment and accelerated development. The wide range of cultures, languages and experiences -- as well as the social, economic and political diversity within the continent -- defies generalization. Thus analyses need to take into account the differences between countries with regards to social, economic and political progress.

Africa and the Middle East ODA Disbursements for 1997-98



In Sub-Saharan Africa, there are many encouraging signs: a new growth trend (over 4 percent increase in GDP), debt reduction and a slight reduction in population growth. The internal economic and political climate has improved as a result of greater openness, less regulation, and increased commitment by the new African leadership to market-oriented and more socially conscious policies. The establishment of democracy and the success of major reform programs in a number of states also offer renewed hope for progress in some parts of the continent. Africans are playing an increasingly leading role in resolving conflicts on the continent and dealing with their development challenges. In spite of this positive outlook, the situation remains fragile and the region faces serious problems. The level of poverty is among the highest in the world. Population growth remains unsustainable. Peace and security are major concerns in many countries. Natural resources are threatened. This all takes place within the context of rapid changes in the global society and in local norms and traditions.

In North Africa and the Middle East, the evolving situation presents both an opportunity and a challenge. On the positive side, there is evidence of promising economic liberalization resulting in more vibrant economies, particularly in Egypt, the most heavily populated country of the region. The Middle East peace process, however, continues to be very fragile. Predicting when permanent solutions to the Arab-Israeli conflict will materialize continues to be difficult.

Africa and the Middle East contains 66 countries and is home to about 900 million people. The Africa and Middle East bilateral program is the largest of the three Geographic programs. It accounts for 44 percent of bilateral assistance and encompasses the investment of CIDA resources in 27 countries.

Asia

The Asian drama poses a unique challenge as it continues to unfold. The situation is complex. The problems are diverse. The cast of actors is heterogeneous. The panorama presents an elusive blend of the traditional and the modern, of liberalism and conventionalism. Enlightened constitutions promoting secular government co-exist with the emergence of renewed religious fundamentalism. The elite is emancipated through liberal education, technology, research and development while millions remain in the darkness of illiteracy. The sophistication of the flourishing middle class contrasts with the deep despair of those living in abject poverty.

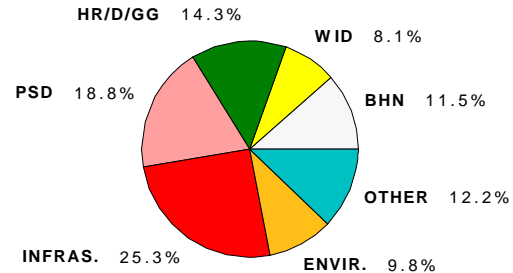
Asia Branch responds to the divergent needs and realities of Asia in varied ways. Given this divergence, the pursuit of growth alone or of equity in isolation will be unsustainable as a development strategy. The Branch's growth-and-equity strategy is built on three inter-related objectives. These are: (a) poverty reduction through the reinforcement of social and economic reforms; (b) consolidation of prosperity in the partner countries and links with the Canadian economy; and (c) promotion of security by favouring democratic governance and respect for human rights. These objectives address the needs and aspirations of CIDA's Asian partners. They also relate to Canada's ODA mandate of supporting development that reduces poverty and contributes to an equitable, secure and prosperous world.

The current financial crisis in South East Asia signals a slow-down in the growth process in many of the previously high-growth countries. Currencies have been devalued by 40 to 80 percent. Inflation and unemployment spiral upwards. Property values fall and the middle classes lose their assets.

There is cause for cautious optimism that the worst might be over for the Philippines, South Korea and Thailand. However, the impact of the collapse of the Indonesian economy is more serious. Some 40 percent of the population has fallen below the poverty line.

The scenario presents new challenges for the Branch. Programming responses already reflect the sensitivity of the Branch to its partners' needs. The Branch aims to improve partner countries' economic and financial management. At the same time, Asia Branch and its partners cannot afford to neglect the immediate task of alleviating the misery of millions whose livelihood and access to basic needs are threatened as a result of the Asian market melt down.

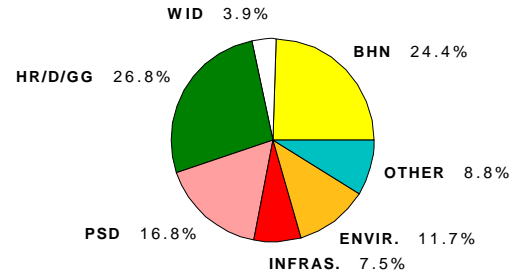
Asia ODA Disbursements for 1997-98



Americas

Since 1990 when Canada joined the Organization of American States (OAS), Canadian leaders have regularly affirmed Canada's identity as "a country of the Americas." CIDA and the aid program play a crucial role in attaining Canada's objectives in the region, where the development situation is characterized by dramatic change and diversity. Over the past 10 years, all countries of the hemisphere have undertaken extensive reforms. These reforms began at different times and are proceeding at different rates, depending on the situation of particular countries. They have led to encouraging economic growth. This growth follows years of stagnation and decline under statist policies which dominated parts of the Latin America and Caribbean region in the 1970s and 1980s.

**Americas ODA Disbursements for
1997-98**



During the 1990s, the region has experienced the effects of globalization and market liberalization; the recasting of health and education systems; the questioning of the role of the state; pressures to reduce budget deficits; and the restructuring of labour markets. Most Latin American and Caribbean countries have put in place structural adjustment programs designed to stabilize the economic situation. Measures have included the appreciable lowering of inflation rates and the reduction of foreign debt. The result has been a more attractive environment for foreign investment. At the same time, most countries have adopted a more democratic model of governance and most of the governments now in office have been elected.

Despite indisputable successes, various obstacles threaten continued progress in the region. Growth with equity remains a preoccupation as does the deterioration of the environment.

For CIDA, the challenge in the Americas remains what it has been during the past several years: the creation of greater social equity together with the pursuit of structural reforms and economic growth.

Expectations and Examples of Achievements

Basic Human Needs

Expected result: Increased ability of vulnerable groups to meet their basic needs and carry out productive activities.

- w The Ecuador Canada Development Fund has contributed to the reinforcement of civil society in Ecuador and the increased ability of local communities to participate in development projects. Donors such as the World Bank have recognized the Fund as the best development organization in the country. During 1997-98, the Fund contributed to the creation of 4,786 jobs through support to local businesses. The Fund was also responsible for the conservation of 56 water reservoirs and 54 km of irrigation canals, the establishment of 372 tree nurseries and the planting of 893,000 trees.

At a Glance

- %o Although Honduras is rich in natural resources, until recently only 45 percent of the rural population had access to clean water. As a result, the incidence of waterborne diseases is high. Women spend much of their time fetching water from long distances and they wash clothes in local streams.
- %o A \$4.8 million project, administered by CARE Canada, combined the construction of latrines and a new water system with training for local people on the importance of clean water, appropriate water storage and treatment, and the causes and prevention of common waterborne diseases.
- %o When the project ended in 1996, it had provided water systems, latrines, and basic hygiene education and training for 23,724 people in 81 communities. CARE Canada helped participants to organize a local water-management committee in each community. This process helped to strengthen local understanding of democratic procedures and gave participants a positive experience with rules and regulations. A recent impact evaluation found that, two years after the project was completed, the committees and their water systems were still in good working order.
- %o This project is considered to be a leading model for rural water and sanitation projects in the country. It has developed a model strategy for watershed protection. A number of unexpected results were achieved such as the development of new, cost-effective technology for the construction of water tanks.
- %o In September 1996, based on these successes and lessons, a similar initiative was launched in a different part of Honduras. Some communities are already starting to experience the benefits of this new project. As expected, it has provided easier access to clean water and improved sanitation. However, the project has also boosted the community's self-confidence and entrepreneurship. Residents have a clear vision of their future needs. They have already taken steps, by themselves, to meet such needs as increased income and improved primary education.

- w The Sri Lanka-Canada Development Fund helped improve the project management skills of development partners. The success of this effort was reflected in the adoption of a participatory self-monitoring system and in the improved delivery of services to the poor. The project helped increase the income of the poor, for example that of fish farming groups. It also led to an increased level of beneficiary awareness of national issues (such as environment and governance) and the heightened participation of villagers, especially women, in development projects. The Sarvodaya project in Sri Lanka, supported by CIDA and other donors, has promoted village autonomy and self reliance and has led villagers to depend increasingly on local resources.

Expected result: Expanded and improved primary health care services.

- w A CIDA-supported project in the Caribbean enabled a number of NGOs to increase their capacity to manage HIV/AIDS programs. The project also led to the development of a number of national strategic plans for HIV/AIDS during the year under review. Other results achieved during the year included the production of educational materials and the identification of behaviour patterns among vulnerable groups through social science research.
- w CIDA has contributed, together with other donors, to the development of the national health policies of Mali and of countries in Southern Africa. The Agency has supported the establishment of 23 health centres and 14 disease control centres and the training of medical personnel in Benin, Malawi, Niger and Tanzania. At the community level, populations have been sensitized to family planning and the use of generic medicines.

Expected result: Increased access to improved basic education.

- w In 1994 CIDA undertook, through financial support to UNICEF, an initiative providing girls with access to education. CIDA succeeded in drawing the attention of other donors to this crucial development issue, thus making it possible to generate additional resources for basic education. In several countries, the support continued to be provided directly, without UNICEF's assistance. Despite some start-up difficulties, certain impacts have been observed. In Burkina Faso, for example, an improved pass rate on grade-school final examinations was observed this year in provinces receiving support for two years.
- w In Burkina Faso, the Canadian Support for Basic Education (PACEB) project has undergone a radical change in the past 24 months. It was initially planned to implement, nationally and simultaneously, various measures to improve the quality of education: teacher training, management and supervision of school inspection, access to textbooks, and improvement of the enrolment rate for girl children. The project quickly encountered insufficient capacity, both in Burkina Faso and in Canada, as well as the need to test the impact of the new measures on a smaller scale and to adapt them to the specific local environment. Despite the resulting delays, the project strategy was redesigned with the authorities in Burkina Faso. Thus, the divisions of the Ministry of Basic Education and Literacy (MEBA) and regional divisions are more involved. New methods are field tested. The project can now be executed at a faster pace and cover a wider geographic area. The country's implementation capacities are not always adequate, and there remain difficulties in coordinating with other donors. Nevertheless, on the whole, our new work method is yielding good results and beginning to serve as an example.

Women in Development and Gender Equity

Expected result: Strengthened capacity of government institutions to formulate/implement gender-equitable policies.

- w The Women's Support Project in Indonesia has helped the Ministry for the Role of Women to demonstrate leadership in developing the policy framework for the integration of gender issues into the country's seventh development plan. Interest has been generated in BAPPENAS (Planning Ministry) for the training of its staff in gender mainstreaming in all government planning, programming and operational work.

Expected result: Increased revenues and employment opportunities for women.

- w Results were obtained by setting up credit funds for women, savings and credit unions and technical and managerial training. In Benin, Cameroon, Egypt, Jordan, and Zimbabwe, results are being reported in terms of increased turnover (80% in Benin) and increased job and business creation. In Egypt and Jordan, a change has been noted in communities where women's economic role receives greater recognition.
- w A project (financed from the counter-part funds generated from the Canadian food aid program and provided to Bangladesh) serves the dual purpose of maintaining rural farm-to-market earthen roads and providing income to poor and abandoned destitute women who work on road maintenance. CARE Canada serves as the implementor of the project. The project has been successful in financially and, thus, socially empowering the women (41,000) by providing a source of livelihood which also helped them gain self respect and positions of dignity in their villages. Eighty-two thousand kilometres of rural feeder roads are maintained year round. However, since the project is dependent on food aid and a non-Bangladeshi implementing agency, the sustainability of the gains of the women and of the continuance of the project have been identified as issues requiring attention. To address these issues, CIDA re-designed the project to train the women workers in other income-generation and life skills to ensure that after leaving the program they do not return to destitution. Approximately 10,000 women have been trained to date. An income diversification program to assist the trained women to survive as micro-entrepreneurs is being negotiated between CIDA and the Government of Bangladesh. An effort to transfer the supervision, monitoring and gradual financing of the road maintenance work has resulted in the creation of an operational road maintenance unit in the Ministry of Local Government, Rural Development and Cooperatives (LGRDC) in Bangladesh and training of over 400 local road maintenance staff by CARE-Canada. Also, 35% of the actual maintenance work has been transferred to Bangladeshi management. In the current phase, the responsibility for project implementation is being transferred to the decentralized local administration units known as Union Parishads.

Infrastructure Services

Expected result: Increased capacity of people and institutions to manage infrastructure services.

- w In Pakistan, transfer of technology training has resulted in a system that helps in the collection of accurate information on the flow of the Upper Indus River. Through this project, which has produced results beyond original expectations, CIDA has also contributed to the operation of a forecasting system to monitor seasonal water inflows and improve water management and flood control.
- w The International Airport in Kathmandu, the capital of Nepal, now meets the security standards of the International Civil Aviation Organization (ICAO). CIDA helped improve the country's airport security management system through security training. The CIDA project also provided training in procurement and maintenance of parts and of security equipment.

Expected result: The maintenance and replacement of physical capital stock.

- w A rural electrification expansion program in Bangladesh benefited rural electrical cooperatives and provided electricity to rural consumers. The project supplied material which was used to construct over 4,500 kilometers of electrical distribution lines. These reached over 100,000 consumers in 1,200 villages across rural Bangladesh.

Expected result: More rational use of energy.

- w The railway between Dakar and Bamako is now more functional as a result of an improvement in the rate of availability of locomotives. This increase is facilitating the ongoing process of privatization. Similarly, the rehabilitation of the Limpopo line has permitted an increase in traffic between Mozambique and Zimbabwe, leading to interesting commercial possibilities for the two countries.

Human Rights, Democracy, Good Governance

Expected result: Broadened popular participation in governance.

- w As peace beckoned after 35 years of violent civil conflict in Guatemala, CIDA established a Democratic Development Fund (DDF). The Fund was administered by the Centre canadien d'étude et de coopération internationale (CECI) to support sustainable development in Guatemala by promoting democracy and respect for human rights. Activities under the project help Guatemalan society to resolve conflict by peaceful means through support for dialogue on legal, judicial and development issues and for the engagement of indigenous peoples in development and in the implementation of the Peace Accords. The DDF has contributed to the resolution of local conflicts and has built local capacity to plan and manage development in a number of municipalities.

Learning in a Complex Development Environment

‰ Programming and policy dialogue in HRDGG is essential to the sustainability of development progress. Thus Africa and the Middle East Branch (AMEB) devotes significant effort to this priority. The state of governance in a partner country is a critical determinant of the capacity and commitment of that country. Capacity and commitment, in turn, influence the approach and the choice of development activities. In this sense, governance is a cross-cutting issue, affecting the outcome of all development programming.

‰ At the same time, governance reform is a program sector. AMEB has learned from experience that success in this area requires a lot of attention, knowledge and effort. A high degree of political will on the part of the recipient country or institution is needed. Equally necessary is a highly developed partnership process among countries and institutions. The identification and prioritizing of needs is complex. Building capacity takes time and flexibility. CIDA must be prepared to reduce the pace of disbursements to adjust to local capacities. Policy dialogue must go hand in hand with project activities. Canada is well placed to deal with certain delicate issues related to democratic development and the promotion of human rights. However, CIDA's experience suggests the need to be prepared to terminate projects when local and other circumstances suggest that significant results are unlikely to be achieved.

Expected result: Enhanced capacity of institutions to protect and promote human rights and democratic development.

- w CIDA's financial support contributed to the electoral process in Guyana. The Agency provided assistance for election material, a multinational observer team and a regional audit of election results. A CIDA project in Jamaica also contributed to a more transparent election in 1997 through support for a multinational observer team.
- w A multitude and variety of training programs in Egypt, Kenya and South Africa, and under the Pan-African program, are being used to strengthen the capabilities of several departments and the training abilities of several African universities and institutions in the area of public management. Women have had access to these training activities to varying degrees.

Expected result: More transparent, accountable and participatory legislative, judicial and executive systems.

- w The advisory role played by the Canadian Senior Technical Election Advisor to the Royal Government of Cambodia has helped the National Assembly draft and pass the Election Law for the country. Also, the National Election Commission is being strengthened. In the Philippines, central and local government operations have become more transparent and accountable. This development is the result of activities such as the professionalization of auditing techniques and the adoption of the Canadian model for public hearings by the Tariff Commission.
- w In the field of justice, CIDA is particularly active in Ethiopia, Rwanda, South Africa and Zimbabwe. In Rwanda, key laws are being revised. There has been a growing recognition of the legal status of detained persons and court trials have commenced. In South Africa, High Court judges have undergone training. In Zimbabwe, the judicial staff has been reinforced and members of civil society have been better informed of their rights. A strategic development plan has been designed for the Supreme Court in Ethiopia.
- w In Peru, where there has been some improvement in the last few years in democracy and the rule of law, CIDA has, since 1996, provided grants totalling \$300,000 for the establishment and support of "Defensor del Pueblo", literally "defender of the people", or Ombudsman. The Agency helped provide penal lawyers. It financed the travel of professionals to interview prisoners applying for amnesty. CIDA also supplied four new computers and a computer network. The Ombudsman's office plays a key role in addressing human rights problems. Over 360 prisoners, wrongfully imprisoned on terrorist charges, have been granted pardons since the Defensor del Pueblo began its work. There is a growing public demand for the Defensor's services. CIDA is planning long-term assistance to ensure that the office can respond effectively to this demand and to the continuing need to protect the rights of Peruvians.

Private-Sector Development

Expected result: Increased human and institutional capacity in key economic sectors engaged in sustainable and equitable development.

- w Many projects aimed at creating and supporting businesses, cooperatives and producers' groups are doing well in Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Egypt, Niger, Senegal and Tanzania. Thus, we are seeing an increase in the number of producers, in merchandising volumes and in net income. Promoters in Cameroon (330) and Benin (138) have received training and access to credit. Numerous training activities have taken place, be it in terms of formal education or custom-designed internships.

Expected result: An appropriate climate for private-sector development and attracting investment.

- w The National Dairy Development Board of India has established 1,800 oil seeds growers cooperative societies. The project helped address issues related to pricing and marketing of oil seeds. By creating links between these cooperatives and established oil processing plants, the Board also created a viable alternative to the practice of selling seeds at lower prices to local traders.
- w CIDA is supporting a project in Nicaragua designed to foster partnerships with organizations representing small and medium-sized farmers to enhance their capacity and thereby create an institutional environment conducive to future growth in the sector. The project consists of three components: institutional support for the local partners, support for pilot projects with local partners, and identification of areas of future investment in agro-industry. The project began slowly and encountered difficulties due to the lack of a shared vision between CIDA, the local Nicaragua partners and the executing agency implementing the project on behalf of CIDA. The problem was particularly acute with respect to the orientation of future investments by CIDA and highlighted the lack of good communications among the key stakeholders, including farmers, local partner

organizations, CIDA and the executing agency. To some extent the problem was related to the original design of the project, but was made much more challenging by Nicaragua's complex and changing socio-political environment. In 1997 CIDA, in close collaboration with the stakeholders, supported the establishment of a consultative process which allowed the project to give priority to the needs of the Nicaraguan partners, while at the same time incorporating CIDA values such as the environment, gender equity, and democratic development. A working team was created which included representation from: the Government of Nicaragua, the three local private-sector organizations targeted by the project, the small farmers association, a representative of women's producers, CIDA and the executing agency. To date the process has led to a much more co-ordinated approach and reduced conflict among the stakeholders. While it is too early to gauge the longer-term outcome, it is expected that this consultative process, made possible by the flexibility of the executing agency and the partners, will be much more participative. As a result, a successful outcome is more likely.

At a Glance

- ‰ Coordination with other donors is a routine activity for all programs. In the case of the Asia Branch, for example, a considerable amount of energy and resources is spent in coordinating and dialoguing with Japan which over the last decade has been emerging as one of the largest donors.
- ‰ Canadian cooperation with Japan on ODA matters is both extensive and growing. CIDA has secured a place in the preparatory committee for the Tokyo International Conference on African Development. The Agency will use the forum to raise Japan's awareness of Canada's role in Africa and stimulate Japan's interest in coordinating its activities in that region with CIDA.
- ‰ Japan-Canada collaborative partnership activities are underway in Bangladesh, Peru, Vietnam and Zimbabwe and in the reconstruction of Bosnia. Japan's level of participation in the ASEAN Ministerial Conference on Women in Development has increased. Mutual understanding of Canadian and Japanese management approaches is noted as a major gain. The latter result is also emerging from collaboration between CIDA and the Korea International Cooperation Agency.

Environment

Expected result: Improved natural-resource management.

- w A CIDA project supported the establishment of an inter-institutional fund for forestry management in Honduras. The project also led to the allocation of 921 hectares of land to 355 farmers and 105 herders for use in agro-forestry. Another project in Honduras has resulted in studies on forest-fire protection and agricultural leasehold arrangements in the sector. Both of these will be turned into action plans during the course of the project.

Expected result: Increased environmental and natural resources management capacity in key institutions.

- w A graduate program in energy and environment has been established for countries belonging to the Latin American Energy Organization (OLADE). During 1997-98, the first of seven students completed their studies. An inventory of the environmental laws and regulations of OLADE countries has been completed. Analysis of the data is proceeding.
- w The capacity of ministers responsible for environmental policy in Cameroon, Egypt, Zambia and Zimbabwe has been reinforced. Research capacity has been strengthened also in Egypt, Guinea, Malawi and the Southern African region.

Expected result: Improved coordination among various levels of government to develop, implement, and monitor environmental policies and regulations.

- w Clean, low-cost production technology has been introduced in two industries in China. This development has led to substantial cost saving in one case and substantial reduction of water consumption in the other.

(thousands of dollars)	
Geographic Programs	
Planned Spending	711,243
Total authorities	737,549
1997-98 Actuals	736,802

Countries in Transition

Objectives

The purpose of this program is to support democratic development and economic liberalization in Central and Eastern Europe (CEE) by building mutually beneficial partnerships. The program objectives are:

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

Putting it in Context

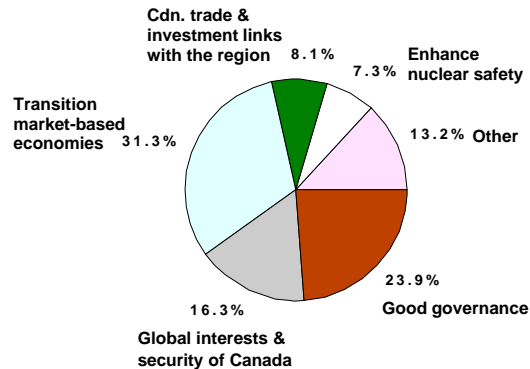
By supporting the CEE countries in their transition, Canada helps promote their security as well as that of Canada and the global community. Initiatives under this program also represent the sharing of such Canadian values as democracy, human rights and social justice. Stability and progress in the region and mutually beneficial private-sector linkages are promoted through the help Canada gives to those countries in their transformation to market-based economies.

Great diversity characterizes Central and Eastern Europe as the region moves from the Communist one-party, command-economy model. The main underlying factor is economic and political reform. The countries are however at different stages in this reform process.

The CEE program is designed to help in this transition. The Visegrad countries of Central Europe -- the Czech Republic, Hungary and Poland -- are the most advanced in the reform process. In the Baltics, Estonia has been the most successful in implementing reform. In the former Soviet Union, the reform process started later than in the CEE region and has been slower to take hold.

CIDA will help in the transition from the current technical cooperation relationship to a more traditional commercial/political/cultural relationship between Canada and the Visegrad countries. Towards this end, the CEE Program is seeking to leave behind interventions that have an enduring impact. The CEE pursues results that lay a groundwork for new bilateral relationships through mechanisms such as municipal or private-sector links, a business bridge, or professional and alumni associations.

Central and Eastern Europe Disbursements for 1997-98



Expectations and Examples of Achievements

Assisting the transition to market-based economies

Expected Result: Increased capacity of public and private institutions through the transfer of skills and knowledge and improved institutional frameworks.

- w In Ukraine, local partners have taken over the management of a land title registration system. These partners have also developed plans for the expansion of this system to other regions.
- w The CEE program supports several projects related to the establishment of credit unions. In Lithuania, as recently as 1992 everything was controlled by the state. Eleven commercial banks had failed within a three-year period. With CIDA assistance, a Credit Union Law was passed, a national credit union association was formed and cooperative financial services were made available to farmers and other rural dwellers.
- w The Romania State Bank is expected to be privatized after having undergone major restructuring and development of the necessary managerial capabilities, thanks to CIDA assistance. In this project alone, 366 persons, 200% over the original target, have been trained.
- w Being part of the creation of the Bucharest Stock Exchange has represented one of CEE Branch's initiatives to assist in the transition of Romania from a planned to a market economy. The project to which CEE Branch has made a contribution is the installation of a computerized trading system for the Bucharest Stock Exchange. The Canadian partner, a software company, has contributed software for the management of stock exchange transactions, plus the training needed to operate and maintain the software. The Romanian partner, the Bucharest Stock Exchange, has contributed computer hardware. The computer system failed shortly after its introduction largely because it was not powerful enough to handle the unexpectedly high volume of share trading. Both parties realized that they had not consulted sufficiently and, at first, had not fully appreciated the differences in their backgrounds and modes of operation. However, once the problems were recognized, all partners contributed to the search for solutions. The Romanian and the Canadian partners changed their ways of working together, and made contributions to the project in addition to their original commitments. The Bucharest Stock Exchange purchased and installed a more powerful computer, able to handle large trading volumes. The Canadian software company supplied at no cost an upgraded version of the trading software. CIDA contributed funds for technical assistance in the installation of the software and in the training of the Romanian staff. The results achieved by the Stock Exchange have exceeded expectations. The Stock Exchange itself is close to being self-sufficient financially. Through its capacity to mobilize Romanian savings to be used for private-sector investment, it has permitted the country to continue to grow economically and to continue its reform program. The Bucharest Stock Exchange has also become a very important vehicle for the Government of Romania in its program of privatization of selected large State-owned enterprises.

Expected result: More efficient infrastructure and production in key sectors.

- w The Russian bankruptcy bill was recently passed into law. The contents of this bill were influenced by expert Canadian advice. Canada now provides the leading external advisory group on Russian Civil Code reform. Russian law reformers have developed higher awareness, understanding and knowledge of Canadian approaches to comparative law. Canadian expertise on accession to the World Trade Organization (WTO) is highly regarded, and a CIDA project has helped Russia move on to the detailed, technical phase of its negotiations for accession.

Facilitating Canadian trade/investment links with the region

Expected result: Creation of joint ventures and trade investment opportunities.

- w Since 1992, CIDA contributions to the trust funds at the European Bank for Reconstruction and Development (EBRD) and the World Bank have helped Canadian firms to obtain goods and services contracts totalling \$84.7 million. Trust funds have also helped position Canadian firms to bid on other goods and services contracts worth \$125 million.
- w A computer network was established to manage gas distribution networks in Russia through the CEE program. The Canadian company involved in this project subsequently sold \$2 million worth of gas meters. Also in Russia, another Canadian firm successfully created a joint venture and developed an Integrated Arctic Resources Information System, thus greatly improving Russia's institutional capacity to manage development in the Russian north.

Encouraging good governance, democracy, political pluralism, the rule of law and adherence to international norms and standards

Expected result: Enhanced capacity of public-sector institutions to formulate and implement equitable economic and social policies.

- w Canada's Parliamentary Centre has helped Russia improve the organizational structure of the Federal Assembly and regional legislatures of the Big Volga. The project has also improved the staffing and office support available to deputies, in part by introducing staff permanency laws. In the area of Refugee Law, new regulations with respect to temporary protection and travel documents for refugees were passed in June 1997.

Expected result: Improved organization and delivery of public-sector and/or legal-judicial reforms resulting from the provision of policy advice and/or the transfer of skills and knowledge.

- w Poland's National School for Public Administration has trained managers in strategic policy making. As a result, the public sector in that country now has a cadre of emerging leaders. The professions of nursing and midwifery are now recognized by legislation. They benefit from a new registration system and health care management training. Meanwhile, members of the country's National Broadcasting Council now use a strategic planning process in the application of broadcasting regulations.

Expected result: Improved capacity of civil society such as NGOs, media, social-service groups, professional associations and businesses to represent and serve the needs of the society, including ethnic minorities and other special groups.

- w In Ukraine, where the number of NGOs continues to increase, a first Forum on Civil Initiatives brought together the private sector, NGOs and local authorities. In Bosnia-Herzegovina, training for NGOs has been successful in areas such as advocacy and government relations, constituency development and networking, financial sustainability and vision planning.

Assisting international programs to reduce threats to Canadian and international security

Expected result: Reduction of suffering through humanitarian assistance.

- w Following the signing of the Dayton Peace Accord, the CEE Program designed a reconstruction program for its three signatories: the Federal Republic of Yugoslavia, Croatia and Bosnia-Herzegovina. CEE provided program assistance for the reconstruction of community-based

rehabilitation clinics in Croatia. Multidisciplinary teams were enabled to develop clinical practice, education and outreach. In Bosnia-Herzegovina, CARE Canada has continued to provide basic medical and psycho-social support to war-affected displaced persons while CIDA funding has helped rebuild the infrastructure to provide these social services.

At a Glance

- ‰ The framework for reconstruction in the former Yugoslavia, designed by CIDA in collaboration with DFAIT, constituted a cohesive but multi-faceted response to the region's twin challenges of stability and reconstruction. Not only have political, developmental and security interests been addressed, but innovative approaches to programming have been instituted. All of this has had to be done in circumstances of change and uncertainty.
- ‰ Canada's efforts in the region have been based on: short-term humanitarian assistance; medium- to long-term social and economic reconstruction and democratic development; and a response which is in proportion to Canada's interests and the involvement of allies in the international community.
- ‰ As of March 31, 1998, Canada had pledged a total of \$70.25 million. Over 90% had been allocated to activities in Bosnia-Herzegovina, where the need was greatest. The program has led to a variety of results. For example, humanitarian contributions have meant that vulnerable populations across the region have received support to meet urgent needs. Canada is recognized as a major partner in the international community's stewardship of the peace process. Its views are sought and its technical assistance is valued. Moreover, Canadian activities in the health sector play an integral part in local efforts to rationalize the provision of health services, and in the overall reform of the health sector. Also the UK/Japan/Canada consortium in the power sector is recognized as an effective vehicle for promoting inter-agency cooperation. And solid collaboration between Canadian political, security and development strands in this post-conflict society has resulted in a cohesive program -- one that has momentum and exhibits the benefits of linkages across sectors.
- ‰ Among the many important lessons learned from this experience, three demand mention. The first is that the re-establishment and maintenance of a secure environment is a precondition for reconstruction. The second is that developmental and military partners often share common reconstruction objectives. Thirdly, in a high-profile conflict situation, which engenders wide-ranging donor response, donor coordination is essential.

Enhancing nuclear safety

Expected result: Reduced risks of Soviet-designed nuclear power stations in CEE countries.

- w The use of Canadian procedures has led to improvement in safety operations at nuclear power plants. Canadian assistance and training have given Ukrainian agencies the means to gather data about radiation contamination from the Chernobyl accident. Along with the World Bank, Canada has also provided training to rehabilitate hydro-power and thermal-power plants to reduce Ukraine's reliance on nuclear power. However the slow pace of reform in the Ukraine has led to the freezing of funding from international financial institutions (IFIs), resulting in reduced project activity in this sector.

(thousands of dollars)	
Countries in Transition	
Planned Spending	98,925
<i>Total authorities</i>	86,681
1997-98 Actuals	86,549

Multilateral Programs

Objectives

The mandate of these programs is:

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

Putting it in Context

Canada has always prided itself on its firm support to the multilateral system. Indeed, the very beginning of Canadian foreign aid, the Commonwealth Colombo Plan of 1950, was multilateral in nature. Today, the rationale for multilateralism -- that global problems require global solutions -- is stronger than ever.

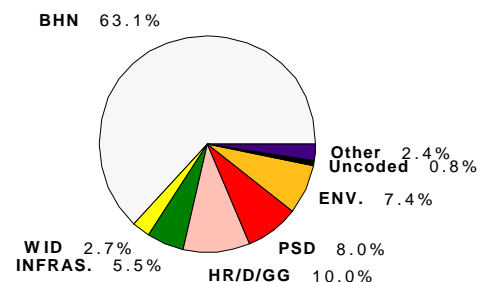
We need a strong multilateral development and humanitarian system to help Canada and the world address threats that transcend borders and menace all of us. Such threats include natural disasters, conflict and complex humanitarian emergencies; global environmental issues such as climate change and ozone layer depletion; and the rise or resurgence of infectious diseases such as tuberculosis (TB) and AIDS. More recently, there have been economic crises brought on by the increased volatility of global financial markets. We also need a strong multilateral development system to address the most fundamental development challenge of all: poverty.

Canadians are also motivated to work for multilateralism because they believe it is an effective way to deliver development and emergency assistance. Multilateral aid is well targeted to the world's poorest countries and is often an effective way of reaching countries where Canada does not have a strong presence. Multilateral aid is a meaningful way of pooling the world's technical and financial resources. This has tremendous advantages, for instance, in conducting research whether it be in agriculture through the system developed by the Consultative Group for International Agricultural Research (CGIAR) or in health through the tropical diseases programs of the World Health Organization (WHO). It is also an extremely effective way of delivering appropriate humanitarian aid and relief in a timely manner in all parts of the globe.

Canada acknowledges the need for a strong multilateral development system and appreciates the system's built-in comparative advantages in aid delivery. Canada needs to be vigilant to ensure that the system does, in fact, function when tested in the field. This is the main goal Multilateral Programs Branch (MPB) has set for itself.

Another important aspect of MPB's work is its bilateral initiatives in the area of food aid and humanitarian relief and, during the past year, in the area of peacebuilding. The Food Aid Centre's program in micronutrients, which has both bilateral and multilateral facets, provides an excellent example of the Branch's positive development impact in the field.

Multilateral Programs ODA Disbursements for 1997-98



Expectations and Examples of Achievements

Enhancing the Effectiveness and Efficiency of Multilateral Development Institutions (MDIs) and the Multilateral Development System

Because Canada is an important donor and shareholder in multilateral development institutions (MDIs), the Multilateral Programs Branch devotes considerable effort to ensuring that these institutions are managed as efficiently and as effectively as possible so that they can in turn deliver on their important developmental mandates. Several issues have preoccupied the Branch over the past year. These have included institutional reform and corporate governance and coordination with other multilateral agencies and donors. These issues have also included portfolio and resource allocation issues related to financial policies and the adoption by multilateral organizations of a results-based management approach.

In 1997-98, the Branch once again channeled core support to MDIs in such a way as to:

- w Advance internationally agreed development and humanitarian objectives and targets and help align them with Canadian policies and priorities;
- w Help improve the effectiveness and efficiency of international organizations in achieving those objectives and targets;
- w Contribute to the overall performance of the international development system in achieving established objectives and targets;
- w Maintain Canada's leverage with multilateral development banks (MDBs) while significantly reducing Canada's financial contribution in a manner consistent with the Government's fiscal objectives.

In addition to the program results under the six priorities outlined below, the Branch, with support from like-minded countries, continues to enjoy success in enhancing the effectiveness and efficiency of MDIs and the multilateral system as a whole:

- w Several multilateral institutions, in particular UN agencies, are currently undergoing major structural reform. The United Nations Development Program (UNDP) streamlined its headquarters operations, separating corporate and operational functions. It also continued the decentralization of decision-making to representatives in the field. The United Nations Population Fund (UNFPA) has also significantly decentralized decision-making authority to its country offices to strengthen the management and delivery of its country programs.
- w At UNDP, the relationship between the Executive Board (on which Canada is represented) and the Secretariat became more interactive. An annual work plan for the Board is now prepared and clearly defines objectives for each Board session. In 1997, UNDP issued its first annual accountability bulletin to guide staff on organizational values and unacceptable performance and conduct.
- w UNICEF has integrated the formal tasks of UN coordination into the workplans of all UNICEF Representatives. They are now formally charged with and evaluated on responsibilities to the wider UN system. UN Development Assistance Frameworks were launched in 18 countries, with the full participation of UNICEF, UNDP and UNFPA.
- w The international financial institutions (IFIs) improved the performance of their portfolios of funded projects. In the case of the African Development Bank (AfDB), the proportion of projects estimated as satisfactory or very satisfactory, in relation to their development objectives, increased to 84 percent, up from 77 percent in 1995. The Caribbean Development Bank (CDB) improved its

portfolio performance by creating a project preparation facility to expedite the identification of projects and project implementation training for borrowing member countries. The Global Environmental Facility (GEF) has improved the quality of its work program. As a result, fewer projects have been rejected by the Governing Council.

- w UNICEF defined those aspects of the country program process and of monitoring and oversight for which the Headquarters will be responsible. Similarly, those aspects for which the Regional and Country offices are responsible have been defined. In 1997-98, UNICEF put into operation the new program manager system (ProMS) in selected field offices on a pilot basis. The remaining field offices will follow in 1998-99. ProMS will improve oversight, accountability, program performance and strategic planning. It will do so by integrating program planning, management, monitoring and evaluation into a single, comprehensive tool. The expansion of electronic networking through UNICEF and other professional evaluation networks is facilitating the dissemination of lessons learned. This expanded networking also strengthens the linkages between field and professional evaluation experience and between practice and policy formulation.

Basic Human Needs

Expected result: Improved life expectancy, literacy and productive capacity through increased access to the basic social services programs of MDIs.

- w UNFPA, as a catalyst and leader in the population field, can claim some credit for the fact that between 1980 and 1996, total fertility rates in developing countries declined from 4.4 to 3.2 children and in the least developed countries (LLDCs) from 6.5 to 5.3 children. In addition, between 1970 and 1996, birth rates declined from 38 per 1000 population to 26 per 1000 in developing countries and from 48 to 40 in LLDCs.
- w The preliminary results from UNICEF's synchronized National Immunization Days conducted in the South East Asia and Pacific region in December 1997 and January 1998 put immunization coverage rates at over 98 percent. India alone immunized 128 million children under the age of five in a single day. In Africa, over 50 million children were immunized during the 1997 campaign. In 1997, nearly three-quarters of the world's children received at least one supplemental dose of oral polio vaccine. Polio cases reported for 1997 were approximately 90 percent less than the 1988 figure. Several countries reported significant progress in child health and survival during 1997.
- w Onchocerciasis is now fully under control throughout the 11 West African countries in which the Onchocerciasis Control Program operates. This initiative is itself part of WHO's Tropical Diseases Research (TDR) program. Some 1.5 million infected people subsequently overcame the infection. An estimated 150,000 to 200,000 people have been prevented from going blind. About 30 million are no longer at risk of infection and blindness.

Expected result: Sustainable reduction in poverty through poverty-focused food aid.

- w Two related programs supported over the last two years by CIDA, as well as by CARE and the World Food Program (WFP), involved over 450,000 destitute women in rural Bangladesh in developmental activities such as employment through road maintenance and training in income-generating activities. The projects have demonstrated sustainable improvement in the women's standards of living. Over 60 percent of those engaged in the rural road maintenance were able to establish financial self-sufficiency after leaving the program. A study which traced the women's well-being over a two-year period showed a continuing improvement both in cash incomes and calorie intakes.

Expected result: Reduced loss of life and property through timely and effective emergency assistance.

- w CIDA support to the UN Relief and Works Agency for Palestine and the Middle East (UNRWA) contributed to providing comprehensive primary health care to Palestinian refugees through

122 out-patient health facilities, 89 laboratories, 81 dental care units, 72 specialist care units, 15 radiology units and 13 physiotherapy units. The Agency responded to 7.2 million patient visits, an increase of 50 percent from the 4.8 million recorded in 1995. Utilization of clinics increased by 5.5 percent compared to the 1996 figure.

- w With CIDA's help, the Office of the UN High Commissioner for Refugees (UNHCR) promoted lasting solutions to problems of displacement in the former Yugoslavia. UNHCR supported the return of 183,000 refugees (93,000 in 1997 alone) and 200,000 internally displaced persons (IDPs) to their homes. It led preparations for the repatriation of 500,000 Liberian refugees following the July 1997 elections. It also concluded the voluntary repatriation program for almost 300,000 refugees from Togo in West Africa.
- w In order to help prevent the spread of cerebro spinal meningitis (CSM), the International Federation of the Red Cross (IFRC), with CIDA support, conducted an immunization campaign of the most vulnerable groups, those older than six years. The Burkina Red Cross, in conjunction with the government health services, managed to reach 77 percent of the target population in Namentenga province with its vaccine efforts. Subsequently, the weekly incidence of CSM dropped continuously from a peak of 220 cases in April to just 48 in May. Death from the disease in Namentenga fell within three weeks from 13.2 percent to 0 percent of reported cases. These figures indicate the effectiveness of the program, including the information campaign which raised the awareness of the population about how to prevent the disease and the importance of seeking immediate medical assistance.
- w CIDA support to UNHCR's water, sanitation and health activities among refugees and internally displaced persons in Africa's Great Lakes region helped promote a positive trend in basic health indicators, including a low mortality rate, in Burundi's refugee camps. Because of a successful immunization program in Zaire, no significant outbreaks of epidemics were reported during the year under review.
- w Because of CIDA's humanitarian contributions, some 865,000 victims were directly reached. This was achieved mainly through the relief efforts of Canadian NGOs which focused on re-integration and recovery of refugees returning to communes in Rwanda as well as the shelter and basic health needs of refugees and internally displaced persons in Burma, Burundi, South Lebanon, Sudan, Tanzania and Uganda. An additional 10 million beneficiaries were reached through CIDA's non-food relief contributions to multi-donor programs. These programs, implemented by the Red Cross and UN organizations, focused on victims of natural disasters and conflict, refugees and internally displaced persons, detainees, unaccompanied children, women, amputees and war wounded in the Great Lakes, Middle East, Sri Lanka, Afghanistan, Cambodia, Indonesia, Colombia, Haiti and Central America. At least 10.8 million beneficiaries were also reached through emergency food aid, delivered through multi-donor channels.
- w Between March and August, 1997, an emergency aid project in Kenya succeeded in reducing average malnutrition rates among 2080 children under 5 by 68 percent. Most notably, severe malnutrition rates declined from 13 percent to 0.4 percent during the same period. The project, carried out by Canadian Feed the Hungry, involved the use of high-protein supplementary foods.

Expected result: Improved in-country capacities to prevent and mitigate the impacts of disasters.

- w CIDA's International Humanitarian Assistance Division (IHA) has developed a two-pronged disaster preparedness and mitigation strategy. It involves disaster preparedness capacity building at the country and regional levels and disaster preparedness capacity building at the community level. The main objectives of IHA's intervention in this sector are to enhance local government and community capacity to mitigate and deal with disasters and to support the efforts of the International Federation of the Red Cross (IFRC) to develop means to collect, organize and systematize information and lessons learned which will enhance timely and effective response to emergencies.

Women in Development/Gender Equity

Expected result: Increased educational and income opportunities for women and girls to participate fully in and benefit equitably from programs supported by multilateral agencies.

- w A special \$1 million gender facility was provided to improve UNDP programming in 30 countries for gender equality and the advancement of women and to promote cooperation with the United Nations Development Fund for women (UNIFEM) at the country level. In Sri Lanka, rural women not far from the city of Kandy are earning more than double the typical monthly wage in the sericulture (silk) industry. Women comprise 80 percent of workers in that country's sericulture industry. The industry was introduced into Sri Lanka and built from scratch with UNDP support and is now more profitable for farm families than sugar cane, tea or rubber production. Sericulture has also given women growers, spinners and weavers special status in their communities and greater respect at home.

Human Rights, Democracy, Good Governance

Expected result: Clear policies by MDIs to ensure that their programs encourage increased respect for human rights, better governance, and strengthened civil society and security of the individual.

- w In addition to programming in emergency operations, UNICEF played a stronger role in 1997 in terms of advocacy for the special needs of displaced children based on the principles of the Convention on the Rights of the Child. After the peace accords in Liberia, UNICEF coordinated the initial disarmament and demobilization of over 4,300 child soldiers. The Fund also trained 1000 student mentors and 300 teachers in methods to raise awareness and skills in conflict resolution and peace education.
- w Most of Rwanda's judicial personnel were lost during the 1994 genocide and subsequent exodus. So far, UNDP has trained 50 public prosecution officers, 100 magistrates and 400 civilian prison guards. The project has also helped to improve prison conditions for an estimated 100,000 people in detention.

Expected result: Direct contribution to peacebuilding efforts and efforts to reduce significantly the international landmines problem.

- w CIDA's Peacebuilding Fund, administered by the IHA division, completed a successful first year of operations. The projects completed included support to 19 investigative teams linked to the Guatemala Historical Clarification Commission. This support has been a key factor in giving credibility to the Commission. That support is also helping the Commission build the capacity to carry out its difficult task of clarifying what actually happened during the dark years of Guatemala's civil war. The Commission provides a key element in establishing a constituency for human rights that cross party affiliation. A mission by the Parliamentary Centre, supported by the Fund, played an important role in renewing the momentum for general elections in Cambodia in 1998 and in shaping Canadian foreign policy towards Cambodia. In the Republika Srpska, the Fund gave timely support to the UN Office of the High Representative to publicize the main elements of the Dayton Accord. This action contributed to the election of a pro-peace government. The Fund is actively supporting this government to give the authorities breathing space to advance the peace agenda.
- w Canadian support to the International Committee of the Red Cross in 1995 to launch and support a campaign against landmines helped contribute to the signing of the Ottawa Treaty banning landmines. Canadian support to de-mining activities in Cambodia has led, to date, to the removal of 32,580 mines and 249,353 explosives; the clearing of 15.4 square kilometres and marking of an additional 2,932 square kilometers. This has made possible the return of 10,000 persons previously displaced by mines and the production of 2,000 tonnes of rice.

At a Glance

- %o A lack of vitamins and minerals -- commonly called "hidden hunger" -- blinds, kills or mentally debilitates millions of children around the world every year. Malnutrition places great economic burdens on a country, especially from impaired mental development, lost worker productivity, and high health-care costs.
- %o For example, iron deficiencies in a population can cause work output shortfalls of up to 20 percent. A World Bank study estimated that a country's annual losses can amount to over 5 percent of GDP, while a large-scale fortification campaign would cost less than 0.15 percent of GDP.
- %o It has been estimated that, in 1995, seven million children were born free of mental impairments because of Canada's investments in eliminating iodine deficiency.
- %o Vitamin A supplementation can lower the rate of child mortality by almost 25 percent. In Yemen, CIDA sponsored a Vitamin A supplementation campaign that was integrated with a UNICEF polio immunization drive. Vitamin A capsules were supplied to the three million children reached by the campaign. Since the distribution system was already in place, the only costs for this nutrition intervention were for the capsules. According to the best estimates available, 7,000 lives were saved at an additional cost of less than \$300,000.
- %o Vitamin A, given through breast milk, also shows promise in halting the spread of HIV to infants. CIDA is co-funding a clinical trial in Zimbabwe to test whether a high-dose Vitamin A supplement to mothers and/or their infants at birth can reduce HIV transmission and infant mortality. If the hypothesis is proven correct, the program implications for developing countries will be impressive as the treatment costs less than \$1 per person.

Private-Sector Development

Expected result: Enhanced MDI analysis, advocacy and support of sustained and equitable growth.

- w The Commonwealth Fund for Technical Cooperation (CFTC) developed international agreements on the exploitation of mineral, petroleum and marine resources which should facilitate investments in these areas. The Inter-American Development Bank (IDB) found a solution to finance the Highly Indebted Poor Countries (HIPC) initiatives for Bolivia and Guyana from a reduction in the percentage of administrative expenses charged to the Fund for Special Operations. These initiatives are expected to improve the long-term prospects for investment in these countries.
- w In Tanzania, the Consultative Group to Assist the Poorest (CGAP) facilitated a unique partnership involving the World Bank, the Bank of Tanzania and several CGAP member donors to advance a national strategy for developing the microfinance industry. As a result, a comprehensive national workshop brought 13 bilateral and multilateral donors together with Tanzanian government officials, practitioners and training institutes to agree on guidelines for supporting the industry in a manner consistent with the national framework.

Environment

Expected result: Enhanced capacity for environmental coordination and programming in all MDIs to reduce costs associated with environmental degradation and depletion of natural resources.

- w IDB approved a strategy for integrated water resources management. Meanwhile, during 1997, there was a reduction of 25,417 tons of ozone depleting substances in developing countries, in part due to the efforts of the Multilateral Fund for the Montreal Protocol (MFMP).
- w About three-quarters of the total wheat cultivation in the developing world, and about a third of its wheat cultivation, are devoted to varieties linked to the International Maize and Wheat Improvement

Centre (CIMMYT). This Centre focuses its research on ways to increase productivity with fewer chemical inputs by building in genetic resistance to pests and diseases. CIMMYT's introduction of a wheat variety with a genetic resistance to leaf rust has allowed farmers to stop the heavy use of costly and environmentally dangerous fungicides.

(thousands of dollars)	
Multilateral Programs	
Planned Spending	552,258
<i>Total authorities</i>	<i>651,817</i>
1997-98 Actuals	651,659

Canadian Partnership

Objectives

The mandate of the Canadian Partnership Branch (CPB) is to promote mutually beneficial partnerships between Canadian and developing-country organizations to support sustainable development and reduce poverty in the developing world.

Putting it in Context

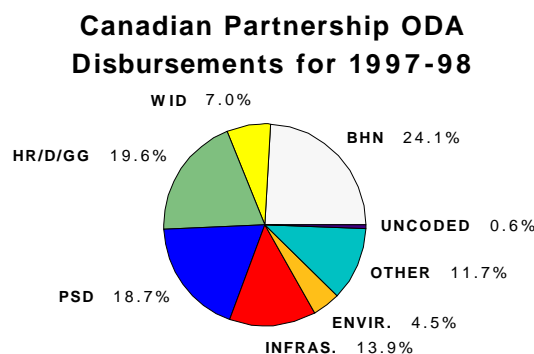
The Canadian Partnership Branch (CPB) manages a responsive development program by contributing to programs or projects planned, designed and executed -- on a cost-shared basis -- by the Canadian private sector and civil society in cooperation with their developing-country counterparts. It also maintains a continuous dialogue with partners on Canada's international cooperation policies and operational guidelines. These partners are among the most consistent and strongest public advocates of Canada's development assistance program. CPB's support of Canadian partners provides Canadians with an opportunity to shape and enrich Canada's ODA program with their ideas and experience.

Canada and developing countries have a mutual interest in ensuring that their civil societies and private sectors are active development partners. Increasingly, countries in the developing world require skills and expertise which reside outside of Government. Non-governmental partnerships are becoming a major currency through which Canada contributes to international development.

Because Canadian Partnership programming is based on linkages outside the sphere of national governments, its effectiveness depends on the effectiveness of partners in developing countries. It therefore focuses on developing the capacity of local organizations through strengthened partnerships.

CPB, like the vast majority of its partners, is committed to programming that will contribute, through Canada's six ODA priorities, to poverty reduction in the developing world. Private-sector partners play a major role in the promotion of equitable economic growth through the support given by the Industrial Cooperation (INC) program to CIDA's infrastructure services and private-sector development priorities. Other groups are also actively involved in the fulfillment of these and other CIDA priorities. Cooperatives contribute, through the establishment of micro-credit centres, to private-sector development. Non-governmental organizations, universities and colleges, professional associations, cooperatives and unions are central to the program's efforts in responding to the priorities of basic human needs; human rights/democracy/good governance; women in development/gender equity; and the environment. Grassroots interventions and the transfer of Canadian technology and know-how to strengthen local institutions are two of the key methods of meeting these priorities.

The Scholarships and Awards program enables developing-country and Canadian young adults to contribute to capacity building in developing countries through human resource development. The Youth Action program, introduced in 1997-98, provides funding for overseas internships to Canadian youth. This funding is channeled through Canadian organizations, institutions and firms which implement programs and projects in developing countries.



Expectations and Examples of Achievements

Basic Human Needs

Expected result: Increased capacity of vulnerable groups to meet their basic needs through support for the initiatives of Canadian partners.

- w Queen's University's International Centre for the Advancement of Community-Based Rehabilitation fosters the inclusion of people with disabilities in the social and economic advancement of their communities. The Centre has supported the establishment of an interdisciplinary network of over 100 individuals and institutions around the world. The group is responsible for decision-making, program delivery and dissemination of information to over 5,000 individuals and organizations world wide.
- w Since 1990, the organic production of foods has increased by up to 30 percent on average, and children are eating better meals as a result of a project in the Bolivian rain forest. The project, implemented by Canadian Lutheran World Relief and FIDES, its Bolivian partner, has enhanced land management and organic production techniques and reinforced these with extensive on-site training and ongoing support. The diets of local residents -- once limited to rice, pasta and eggs -- now include a variety of nutritious fruits and vegetables. Children are not only eating better but are also attending schools in greater numbers; and their health has improved.
- w The NGO Gems of Hope and its partners implemented a micro-entreprise and community health project in Bolivia. This project provided training in primary and reproductive health, child development and business management. It also provided credit to poor women in the peri-urban areas of Cochabamba. The consequent growth in the women's confidence, combined with the increase in available financial resources, has resulted in a higher demand for family planning, better quality housing and payment of tuition and materials to send their children to school.

Women in Development and Gender Equity

Expected result: Improved capacity of government institutions, NGOs and women's groups and organizations to reflect and promote gender equity considerations in their policies and activities.

- w For years, MATCH International Centre, which works towards the elimination of violence against women, has supported a Peruvian women's shelter called La Voz de la Mujer (The Woman's Voice). The shelter provides a safe haven and legal aid for abused women. It also provides them with information about their rights, with mobilization skills and with training for income-generation. The government of Peru recently chose La Voz de la Mujer as a model for State-run women shelters. It also awarded the Civic Medal to Rosa Duenas, the leader of the organization, in recognition of her work with female victims of violence.

Infrastructure Services

Expected result: Provision of sustainable infrastructure services through the international activities of Canadian organizations.

- w With the support of CIDA-INC, Harris Farinon (now Harris Canada) established a co-entreprise in China with a local telecommunications firm to produce microwave radio equipment. The co-entreprise employs upwards of 120 people in China. In Canada, Harris Farinon is doing research

and development (R&D) work on new or improved products for foreign markets, thereby leading to the creation of some 35 jobs at Harris and about 90 others with suppliers following sales in China.

At a Glance

%o The NGO Trade Union Group developed a network of five organizations in four Central American countries with a mandate to improve the working conditions of the female maquila (industrial production zone) workers. The network has drafted a code of ethics that calls for the elimination of discrimination against workers for reasons of pregnancy, race, religion, age, disability or sexual or political orientation. The result? The code has been adopted into law in Nicaragua and the network recently negotiated the right of each of the 37 workers fired from a maquila factory to opt to return to work or receive a termination package.

Human Rights, Democracy, Good Governance

Expected results: Strengthened capacity of developing-country institutions, governmental and non-governmental, to promote human rights, democracy and good governance. Expanded popular participation in public life in developing countries.

- w Disabled Peoples International, created to give people with disabilities a voice of their own at the international level, was a significant player in the adoption of the UN resolution *Implementation of the World Program of Action concerning Disabled Persons: Towards a society for all in the 21st century*. The UN, in an unusual step, even made specific reference in the resolution to this international non-governmental organization (INGO) and its activities.
- w Two Canadian NGOs are helping to eliminate economic exploitation and other injustices experienced by children in developing countries. By supporting the rights of children to participate in setting their own directions, UNICEF Canada and Save the Children Canada also help to expand the children's vision of opportunity. One of UNICEF Canada's projects resulted in child rights concerns being translated into adjustments to family law codes in six Central American countries.
- w The Electoral Assistance Program in CPB sends short- and long-term observers to elections in countries with fragile, new democracies. These observers bolster the success of the elections and promote stronger democracies. In 1997-98, 15 elections were assisted by the program in countries such as Bosnia, Liberia, Jamaica and Mali.

Private-Sector Development

Expected results: Private-sector development that promotes sustainable development. Increased Canadian investment in private-sector development.

- w The Canadian Cooperatives Association's effort in Costa Rica has enabled 1,000 small farmers to start producing, processing and marketing "heart of palm", a food with strong market demand. Over the past two years, the project provided the technical and financial basis for growing the crop on a commercial scale, and even guided the local cooperative into ownership of the processing facility. As a result, the operation is now self-sustaining.
- w Over the past year, *Développement International Desjardins* and its cooperative partners supported over 233 new savings and credit unions in 16 African, Latin American, Central European and Asian countries. In the process, some 540,000 new co-op members joined the 2.6 million existing members

in having been introduced to the rudiments of management and democracy in 1,600 reliable, transparent financial institutions.

- w Thanks to \$295,000 in CIDA-INC support, B.C. Bearing Engineers of Burnaby, British Columbia and its Chilean partner invested \$1 million in the creation of a new partnership to supply mining and forestry equipment in Latin America. The social analysis, supported by CIDA-INC and conducted as part of the project, revealed that most of the employees' wives were involved in an arts and crafts cooperative. To generate spin-offs in the Chilean mining community, the partnership is encouraging the cooperative, providing it with equipment and offering training on how to produce blankets. The cooperative now operates a store, called Quilt'n Things, that employs three full-time staff and about 20 people who work out of their homes, allowing them to earn more than the Chilean minimum monthly wage of \$85. B.C. Bearing is among the new breed of corporations which realize that by contributing to the well-being of a community, they are contributing to their own well-being.

Environment

Expected results: Enhanced capacity of developing countries to implement environmentally sound development activities. Enhanced capability to manage environmental and natural resources in a sustainable manner.

- w In Ethiopia, the Canadian Physicians for Aid and Relief's three-year program is promoting healthy communities through the sustainable and productive management of the biophysical environment. The organization is coordinating the planting of tree seedlings by community members on communally owned land and in private yards. For these communities, this is an important step towards increasing forest cover, habitat diversity and the availability of various tree products such as building poles, fuel wood, fodder and fruit. This project illustrates how the management of the environment can have effects on the other ODA priorities.

(thousands of dollars)	
Canadian Partnership	
Planned Spending	268,647
Total authorities	272,651
1997-98 Actuals	272,616

Policy

Objectives

The objective of Policy Branch is to develop and recommend policies, provide expert advice and formulate strategic plans in the area of sustainable development and to provide development information resources to CIDA.

Putting it in Context

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

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

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

Expectations and Examples of Achievements

Expected result: Canadian government positions and CIDA policies on international assistance influence the domestic and international agenda.

- w CIDA played a key role in establishing Canadian positions at a number of international meetings: for instance at the World Food Summit in Rome; at the Summit of the Seas in Newfoundland; and at the annual meeting of the UN Commission on Sustainable Development on the theme of freshwater, where most Canadian positions were adopted and a development perspective was applied.
- w CIDA was the lead Canadian department in the preparation of the Global Knowledge 97 Conference, jointly chaired by Canada and the World Bank. The discussions at the Conference resulted in increased world-wide awareness of the importance of knowledge for development in the information age.
- w Through Policy Branch, CIDA continued to participate actively in the government-wide Policy Research Committee (PRC), ensuring that analysis of emerging Canadian issues adequately reflected the global environment. Development concerns continue to be voiced and reflected in Canadian policy development.
- w Through CIDA's participation in the DAC, issues such as peacebuilding, conflict resolution and post-conflict reconstruction assistance are reflected in the wider international approaches to development.
- w CIDA coordinated Canada's input into the creation of a new DAC working group on poverty reduction, and Canada's representation at the DAC Forum on Poverty, in December 1997, and the Forum on Development Partnerships in January 1998. This resulted in stronger support for a poverty reduction focus at the DAC.
- w Through CIDA's participation in Government's annual peacebuilding consultations in February, Canadian civil society groups have been made aware of CIDA's approach to conflict prevention and peacebuilding. CIDA, on the other hand, is now more familiar with approaches favoured by civil society groups.

Expected result: Details of the existing policy framework are elaborated and effective mechanisms for monitoring and reporting on it are in place.

- w CIDA's Sustainable Development Strategy, *Our Commitment to Sustainable Development*, was tabled in Parliament. The Strategy received favorable reactions from the Commissioner of the Environment and Sustainable Development and the Office of the Auditor General.
- w A number of guiding documents were prepared to assist programming. For instance, an Institutional Action Plan was prepared for the Agency on Microfinance and Microenterprise Development, for 1998-2000; a *Development Approach to Landmine-Affected Countries* was disseminated to 122 countries and numerous international organizations and NGOs, helping to build a common appreciation of the development context of the landmines issue.
- w Agency-wide networks of specialists have served as learning and discussion fora and helped to communicate effectively Government and CIDA positions and policies to Agency officers. Fields covered have included: environment, gender equity, health, population, nutrition, capacity development, basic human needs, poverty reduction, education, children, human rights, democracy and good governance, information management, infrastructure services, microfinance, knowledge.

- w Training and learning opportunities were organized to allow staff to increase their skills and knowledge in key development areas, whether in the form of formal training, seminars or best practices fora chaired by the President.

Expected result: Identifying and addressing emerging strategic issues affecting Canada's relations with developing countries and countries in transition.

- w Through the leadership of Policy Branch, the Canadian delegation to the Landmines Treaty Signing Conference and the Mine Action Forum, in December 1997, was supported with coherent and integrated policy positions on mine clearance and victim assistance. This enabled the Canadian Government to achieve an international consensus on the ways and means to advance international assistance in these areas. The treaty was signed by 122 countries.

At a Glance

Canada has also taken a leading position on the question of child labour. In May 1997, the Agency organized a preparatory consultation in Ottawa for the October 1997 Child Labour Conference. The Conference, held in Oslo, Norway, adopted an Agenda for Action to deal with child labour exploitation.

Also, Canadians can be proud of the help they are providing to women around the world to build better lives for themselves. Canada's efforts, along with the efforts of many other countries, are making a huge difference in the lives of women.

CIDA's policy leadership on making gender equality operational in international development is reflected in:

- %o the 1998 DAC Guidelines on Gender Equality and Women's Empowerment.
- %o the Canadian position at the UN Commission on the Status of Women;
- %o the request for a meeting on Canada's approach to gender equality by Mme. Annan, wife of the UN Secretary General; and
- %o the request from the Australian aid agency, AusAid, for training in the use of CIDA's Guide to Gender Sensitive Indicators.

(thousands of dollars)	
Policy	
Planned Spending	7,640
Total authorities	7,526
1997-98 Actuals	7,519

Communications

Objectives

The objective of the Communications Branch is to increase Canadians' understanding of, and support for, the work of CIDA and its development partners.

Putting it in Context

Government's foreign policy statement, *Canada in The World*, proposes the strengthening of partnerships and the demonstration of results as two ways of meeting Canada's international assistance objectives and priorities. The success of these approaches relies, to a considerable extent, on effective communications tools, techniques and strategies.

Communications Branch, in keeping with government communication policy, provides advice and support to the Minister, the President and CIDA branches to help them fulfill their responsibilities in this area. This support is provided in the form of strategic advice, media relations and analyses, events planning and organization, public-opinion research, spokesperson support and printed and audio-visual materials. A communications program directed at parliamentarians is carried out through mailings and briefings.

Through its communications outreach efforts, CIDA seeks to help Canadians in various sectors and communities to better understand its work and the difference Canadians make in the world through development cooperation. The Agency specifically targets youth, decision makers and opinion leaders. Communications Branch has programs in place to strengthen communications cooperation with domestic and international partners. The Branch also supports the Agency's internal communications.

Through the Development Information Program (DIP), Communications Branch works in partnership with the communications industry, non-governmental and private-sector organizations and individuals to inform Canadians about development programs and issues, with special emphasis on the importance of the contributions Canadians make in developing countries.

Expectations and Examples of Achievements

Expected result: Promoting greater public understanding of, and support for, priority development issues.

- w The Local and Regional Program continues to provide Canadians in communities across Canada with information on priority development issues and on CIDA's programs. During the year under review, 11 events were completed in eight Canadian communities. These are Montreal, Kemptville, Peterborough, Abbotsford, Winnipeg, Halifax, Sudbury and Edmonton.
- w CIDA made continued efforts to shift traditional information distribution channels from print to electronic formats. Whenever possible, requests for information were answered by e-mail and Canadians were directed towards information posted on CIDA's Web site. Requests for information via the Internet grew to 2,236. This figure was 50.3 percent higher than the previous year's. The revamping of the CIDA Web site presented major challenges. Actions taken to overcome these challenges included consultation with all branches, focus group testing with some users of the site, a number of revisions of the content and the submission to Executive Committee of recommendations on future steps to improve the entire site. Already, the higher quality of the Web site has begun to attract the interest of the public and the media.

Expected Result: Effective communication by Minister, President and other Agency spokespersons.

- w Efforts continued to encourage members of the private sector to play a more proactive role in communicating the results of their work with Canadians. For example, Charles Bassett, Vice-President of the Central and Eastern Europe Branch, delivered a well-received presentation on "Communicating Development: It Makes Good Business Sense" at the opening session of the annual CIDA consultation sponsored by the Alliance of Manufacturers and Exporters of Canada. This initiative was part of CIDA's "Partners in Communications" program. A guide, "Partners in Communications/Partenaires dans la communication", was also developed and information sessions were held on the topic "Partners in Communications."

Expected result: View of CIDA as effective aid agency by senior business, government and other officials.

- w The "Landmines Conference" held in December 1997 received considerable communications support from CIDA through successful media interventions. The Agency also prepared and distributed a CD-ROM -- "The War That Never Ends/La Guerre qui ne finit jamais", and sponsored a landmines photo exhibition. Through these activities, the Agency raised its profile considerably and further demonstrated its program effectiveness. Popular demand for the CD-ROM has continued long after the end of the conference. The photo exhibition, housed during the conference at the Museum of Contemporary Photography, is now traveling throughout Canada and in the United States. It is expected to do so over the next five years.

Expected result: Balanced media coverage of CIDA-sponsored programs and projects.

- w The media strategy for meetings of Asia-Pacific Economic Cooperation (APEC) taking place during Canada's Year of Asia and the Pacific (CYAP) resulted in positive coverage including 14 print articles, five radio interviews, three television stories and the broadcast of four hours of APEC proceedings on the Cable Public Affairs Channel (CPAC). Information was also placed in the popular magazine *Les Affaires* and distributed to some 300,000 readers.

Expected result: Publication and broadcast of CIDA achievements and success stories.

- w The February 1997 and January 1998 Request for Proposal (RFP) by CIDA's Development Information Program (DIP) resulted in a record 185 and 172 submissions respectively. These numbers represented a significant increase from the 80 received in response to the 1996 RFP. This significant and welcome increase was attributed to a pre-RFP national outreach effort promoting

participation from outside of Montreal, Toronto and Ottawa. As a result, the February 1997 and January 1998 RFPs secured a marked increase in proposals from British Columbia, Alberta, New Brunswick, Nova Scotia and Newfoundland. At the same time, DIP was able to maintain the high calibre and number of new proposals coming from Ontario and Quebec. Here are two samples from the more than 130 projects recently supported by the program:

- { Through the Alliance des Radios Communautaires (ARC) du Canada, DIP funding enabled local community radio stations to reach a youth audience of about 300,000 with shows focusing on International Development Week. The shows, a series of 51 three- to 15-minute mini-programs, featured, and were produced by, children. The radio stations broadcasting the programs are based in Chéticamp (N.S.), Kedgwick (N.B.), Balmoral (N.B.), Pokemouche (N.B.), Shédiac (N.B.), Fredericton (N.B.), Moncton (N.B.), Labrador City (Labrador), Cornwall (Ont.), Kapuskasing (Ont.), Hearst (Ont.), and Rivière-La-Paix (Alberta).
- { Newsco Television Productions produced a television documentary on Canadian efforts to support grassroots community services in Lima. "Stepping from the Shadows" was broadcast on CBC's "National Magazine" to approximately 732,000 viewers.

(thousands of dollars)	
Communications	
Planned Spending	9,549
<i>Total authorities</i>	9,816
1997-98 Actuals	9,758

Corporate Services

Objectives

The objective of this activity is to ensure that the Agency has the necessary corporate services for the efficient and effective achievement of the objectives of the international development assistance program within the framework of federal government policies, procedures and controls.

Putting it in Context

The Agency Executive, the Human Resources and Corporate Services Branch and the Performance Review Branch are the key players responsible for the Corporate Services activity. This activity provides the Agency with services that are not specific to any individual channel of program delivery. The costs of these services are classified as indirect administration, as opposed to direct administration which can easily be identified with a particular channel of delivery.

Human Resources and Corporate Services Branch

Objectives: As an agency partner, the Human Resources and Corporate Services Branch (HRCS) develops, implements and monitors corporate service tools, mechanisms and practices for the optimal management of CIDA's resources. The Branch provides strategies, advice, programs and policies in the areas of human resources; administration and security; finance; contracts and procurement; information management and technology; and legal services. The Branch takes a leadership role in developing and facilitating Agency adoption of best practices in these areas.

Restructuring in 1997-98: This Branch came into existence during the year under review as an amalgamation of the previous Corporate Management Branch (CMB), the previous Personnel and Administration Branch (P&A) and the Phoenix Project Team. This new, simplified management structure will allow for the creation of a single management team with a common vision of client service for the Agency.

Expectations and Examples of Achievements

Expected result: Pursue the strategic management of CIDA's work force.

- w P&A prepared the 1997-2000 Human Resources Strategy which is CIDA's Action Plan for "La Relève".
- w A third recruitment campaign, held jointly with the program branches, resulted in the hiring of another 15 new graduate-level development officers. The plan to hold cyclical staffing competitions was carried out in order to prepare for future retirements.
- w Following the Treasury Board go-ahead for the Universal Classification System (UCS), a CIDA spokesperson was chosen to act as "champion." Plans and preparations were launched for implementation in 1998-99.
- w Action plans to address priority concerns identified in the 1996 Employee Survey were developed at both branch and corporate levels. Progress reports were issued to all employees. Employee consultations were held to design the questionnaire for a third Employee Survey (May 1998).
- w An evaluation and the validation of the Leadership Program were completed. Measures to enhance the program were adopted.

Expected result: Help managers to take more responsibility for administrative and human resources management.

- w The Agency initiated a project to delegate to managers authority for certain staffing and classification decisions. The new Universal Classification System (UCS) will affect significantly both the staffing and classification disciplines. In order to avoid having to alter work already in progress, this project has been postponed until the UCS is implemented and an analysis of its impact on the Agency completed.
- w Information and/or coaching sessions continue to be held for client branches as required to assist them in familiarizing themselves with the use of various tools to support already delegated authorities. These include the management of automated training registrations in the PMIS Training module and the policy on the use of acquisition cards for low-dollar-value purchasing.

Expected result: Tailor the delivery of personnel and administration services to meet CIDA's changing needs.

- w The pilot project for an Agency intranet network was completed. Phase I of the intranet network (Entre-nous) was scheduled to be launched in June 1998, making internal information available to all employees. Among the types of information which were expected to be available electronically were messages from the President; competition notices; policies and guidelines; and administrative notices/bulletins. Savings in annual printing costs and better dissemination of information to posts abroad were to be some of the immediate benefits.
- w Increasing use of the Learning Centre resulted in its expansion to meet client needs.

Expected result: Strengthen the Agency's systems and capacities related to contracting management, internal and external reporting and contributing to the improvement of the organization's effectiveness.

- w A new contracting clause on Year 2000 was developed and added to the Contracting Preparation System.
- w Since the implementation of the Open Competition Pilot Project (January, 1997), access to service contracts and contribution agreements in the Geographic Programs is open to both profit and

not-for-profit sectors. In addition, a new responsive mechanism allowing partners from both sectors to submit their own project proposals was put in place. An evaluation framework and matrix has been designed and finalized for the evaluation of the pilot project.

- w An Aboriginal Procurement Strategy was elaborated. The details of its implementation throughout the Agency are currently being worked out.
- w Five new standing offer agreements (SOAs) were launched in the areas of *Entreprise, Education, Good Governance, Agriculture and Communications*. More than 300 new standing offers with individuals and companies are foreseen as a result of these new agreements. Meanwhile, to improve access, the Agency now also announces SOAs on its Web site.
- w The efficient integration and implementation of a new and improved information management and technological system to meet Year 2000 compliance and the Agency's information requirements has been actively pursued by the Phoenix Project Team. Business process review has been incorporated as an integral part of the Phoenix Project which has now completed planning and received Treasury Board approval. An Adaptive Enterprise Architecture (AEA) exercise has established CIDA Business Drivers to ensure that future information management and technology services, systems and information sources are consistent with and relevant to Agency priorities. The Phoenix Project Charter and the AEA exercise have assured a common vision of how CIDA will address its business information needs. A business case was performed for the Phoenix Project to support a request for Executive Committee funding approval. To date, cost savings have been achieved by freezing non-critical systems development in the Agency pending completion and implementation of the new Agency Information System (AIS).

Expected result: Contribute to the strengthening of CIDA's partnerships.

- w There is a direct link between Industry Canada's Contracts Canada Internet site and CIDA's Internet site. Through this link, suppliers can easily access information on contractual processes. CIDA also provided printed fact sheets on its contracting process and business opportunities to the Canadian Business Service Centres of Industry Canada for those not able to access information via Internet.
- w The publication "Service Contracts and Lines of Credit" is now updated on a monthly basis on the Internet site. This compares with the six-monthly updating of the printed version. Service contracts from Central and Eastern Europe are now included in the publication.
- w CIDA's Financial System and, more specifically, the process for financial encumbrances sent to the Posts, were modified to adapt to both the new DFAIT Financial System and new PWGSC requirements.
- w An Accounting Policy was implemented for Program Support Units. As a result, more exact and consistent financial data will now be available from one program to another.

(thousands of dollars)	
Corporate Services	
Planned Spending	35,520
Total authorities	39,947
1997-98 Actuals	38,785

Section IV - Financial Performance

Financial Performance Overview

Table 1: Summary of Voted Appropriations

Vote	(thousands of dollars)	1997-98 Planned Spending	1997-98 Total Authorities	1997-98 Actual
Canadian International Development Agency				
Budgetary				
20	Operating expenditures	94,293	101,479	100,055
25	Grants and contributions	1,445,321	1,537,130	1,536,319
26	Forgiveness of certain debts and obligations	-	23,500	23,446
(S)	Minister for International Cooperation - Salary and motor car allowance	49	49	49
(S)	Payments to the International Financial Institution Fund Accounts	133,201	133,060	133,060
(S)	Contributions to employee benefit plans	10,918	10,757	10,757
(S)	Spending of proceeds from the disposal of surplus Crown assets	-	11	-
(S)	Collection Agency fees	-	1	1
Total Budgetary		1,683,782	1,805,987	1,803,687
Non-budgetary				
L30	Issuance of notes to the International Financial Institution Fund Accounts	-	200,000	159,008
L35	Payment and issuance of notes to International Financial Institutions - Capital	6,038	20,175	20,175
(S)	Payments to International Financial Institutions - Capital Subscriptions	7,900	8,089	8,089
Total Non-budgetary		13,938	228,264	187,272
Total Agency		1,697,720	2,034,251	1,990,959

Table 2: Comparison of Total Planned to Actual Spending

	FTEs	Operating	Capital	Voted Grants & Contributions	Subtotal: Gross Voted Expenditures	Other Transfer Payments	Total Gross Expenditures	Less: Revenue Credited to the Vote	Total Net Expenditures
(thousands of dollars)									
Business Lines									
Geographic Programs	519	39,665	-	671,578	711,243		711,243	-	711,243
<i>(Total authorities)</i>	-	64,781	-	672,768	737,549		737,549	-	737,549
<i>(Actuals)</i>	517	64,624	-	672,178	736,802		736,802	-	736,802
Multilateral Programs	55	4,544	-	414,513	419,057	133,201	552,258	-	552,258
<i>(Total authorities)</i>	-	4,550	-	514,207	518,757	133,060	651,817	-	651,817
<i>(Actuals)</i>	57	4,461	-	514,138	518,599	133,060	651,659	-	651,659
Canadian Partnership	142	10,164	-	258,483	268,647		268,647	-	268,647
<i>(Total authorities)</i>	-	10,819	-	261,832	272,651		272,651	-	272,651
<i>(Actuals)</i>	145	10,819	-	261,798	272,616		272,616	-	272,616
Countries in Transition	85	6,295	-	92,630	98,925		98,925	-	98,925
<i>(Total authorities)</i>	-	6,383	-	80,298	86,681		86,681	-	86,681
<i>(Actuals)</i>	77	6,315	-	80,233	86,549		86,549	-	86,549
Communications	38	6,018	-	3,531	9,549		9,549	-	9,549
<i>(Total authorities)</i>	-	6,377	-	3,439	9,816		9,816	-	9,816
<i>(Actuals)</i>	36	6,372	-	3,386	9,758		9,758	-	9,758
Policy	81	7,640	-	-	7,640		7,640	-	7,640
<i>(Total authorities)</i>	-	7,526	-	-	7,526		7,526	-	7,526
<i>(Actuals)</i>	82	7,519	-	-	7,519		7,519	-	7,519
Corporate Services	291	30,934	-	4,586	35,520		35,520	-	35,520
<i>(Total authorities)</i>	-	35,361	-	4,586	39,947		39,947	-	39,947
<i>(Actuals)</i>	293	34,199	-	4,586	38,785		38,785	-	38,785
Total (Budgetary)	1,211	105,260	-	1,445,321	1,550,581	133,201	1,683,782	-	1,683,782
<i>(Total authorities)</i>	-	135,796	-	1,537,130	1,672,927	133,060	1,805,987	-	1,805,987
<i>(Actuals)</i>	1,207	134,308	-	1,536,319	1,670,627	133,060	1,803,687	-	1,803,687
Other Revenues and Expenditures									
Revenue credited to the Consolidated									-
<i>(Total authorities)</i>									-
<i>(Actuals)</i>									(15,195)
Cost of services provided by other									14,449
<i>(Total authorities)</i>									15,397
<i>(Actuals)</i>									15,397
Net Cost of Program									1,698,231
<i>(Total authorities)</i>									1,821,384
<i>(Actuals)</i>									1,803,889

Table 3: Historical Comparison of Total Planned to Actual Spending

(thousands of dollars)	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Total Authorities 1997-98	Actual 1997-98
Budgetary					
Geographic Programs	772,491	784,744	711,243	737,549	736,802
Multilateral Programs	622,143	613,117	552,258	651,817	651,659
Canadian Partnership	283,628	291,359	268,647	272,651	272,616
Countries in Transition	95,324	103,972	98,925	86,681	86,549
Communications	7,786	8,722	9,549	9,816	9,758
Policy	6,885	7,159	7,640	7,526	7,519
Corporate Services	40,636	40,421	35,520	39,947	38,785
Total Budgetary	1,828,893	1,849,494	1,683,782	1,805,987	1,803,687
Non-budgetary					
Multilateral Programs (1)	8,045	8,003	13,938	14,367	14,367
Total Agency	1,836,938	1,857,497	1,697,720	1,820,354	1,818,054

1. Includes payments to International Financial Institutions - Capital Subscriptions only.

Table 4: Financial Crosswalk between Old Resource Allocation and New Allocation

<p>This table is not applicable to CIDA</p>
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Table 5: Resource requirements by Organization and Business Line

(thousands of dollars)	Geographic Programs	Multilateral Programs*	Canadian Partnership	Countries in Transition	Communications	Policy	Corporate Services	Total
Organization								
VP Africa & Middle East	313,697							313,697
<i>(Total authorities)</i>	316,193							316,193
<i>(Actuals)</i>	315,891							315,891
VP Asia	257,278							257,278
<i>(Total authorities)</i>	253,893							253,893
<i>(Actuals)</i>	253,603							253,603
VP Americas	140,268							140,268
<i>(Total authorities)</i>	167,463							167,463
<i>(Actuals)</i>	167,308							167,308
VP Multilateral Programs		552,258						552,258
<i>(Total authorities)</i>		651,817						651,817
<i>(Actuals)</i>		651,659						651,659
VP Canadian Partnership			268,647					268,647
<i>(Total authorities)</i>			272,651					272,651
<i>(Actuals)</i>			272,616					272,616
VP Central and Eastern				98,925				98,925
<i>(Total authorities)</i>				86,681				86,681
<i>(Actuals)</i>				86,549				86,549
DG Communications					9,549			9,549
<i>(Total authorities)</i>					9,816			9,816
<i>(Actuals)</i>					9,758			9,758
VP Policy						7,640		7,640
<i>(Total authorities)</i>						7,526		7,526
<i>(Actuals)</i>						7,519		7,519
Agency Executive							3,985	3,985
<i>(Total authorities)</i>							3,981	3,981
<i>(Actuals)</i>							3,722	3,722
VP Human Resources and Corporate Services							25,365	25,365
<i>(Total authorities)</i>							27,525	27,525
<i>(Actuals)</i>							26,728	26,728
DG Performance Review							1,584	1,584
<i>(Total authorities)</i>							3,855	3,855
<i>(Actuals)</i>							3,749	3,749
ICHRDD							4,586	4,586
<i>(Total authorities)</i>							4,586	4,586
<i>(Actuals)</i>							4,586	4,586
Total	711,243	552,258	268,647	98,925	9,549	7,640	35,520	1,683,782
<i>(Total authorities)</i>	737,549	651,817	272,651	86,681	9,816	7,526	39,947	1,805,987
<i>(Actuals)</i>	736,802	651,659	272,616	86,549	9,758	7,519	38,785	1,803,687
% of Total (Actuals)	41%	36%	15%	5%	1%	0%	2%	100%

* The Non-budgetary portion of the Multilateral Programs is not included.

Table 6: Revenues to the Vote

This table is not applicable to CIDA

Table 7: Revenues to the Consolidated Revenue Fund

(thousands of dollars)	Actual 1997-98
Revenues to the Consolidated Revenue Fund	15,195

Table 8: Other Transfer Payments

(thousands of dollars)	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Total Authorities 1997-98	Actual 1997-98
Multilateral Programs	152,702	161,604	133,201	133,060	133,060
Total Statutory Payments	152,702	161,604	133,201	133,060	133,060

Table 9a: Transfer Payments by Class of Grants and Contributions

CIDA grants, contributions and other transfer payments of \$1,556.2 million, including non-budgetary expenditures, account for 93.4% of CIDA's program expenditures. Further information is given below.

Details of Transfer Payments

(thousands of dollars)	Actual 1995-96	Actual 1996-97	Planned Spending (1) 1997-98	Total Authorities 1997-98	Actual 1997-98
<u>Grants</u>					
Grants for cooperation with countries in transition in Central and Eastern Europe and the former Soviet Union	250	0	250	0	0
Development assistance to international development institutions and organizations for operations and general programs as well as specific programs and projects, to international financial institutions and for special program and project expenses directly related thereto	128,574	124,605	118,321	185,838	185,829
Programming against hunger and malnutrition through international development and nutritional institutions, international non-governmental organizations or the International Development Research Centre for the benefit of recipients in developing countries and for special program and project expenses directly related thereto	99,722	98,558	96,835	75,573	75,573
Humanitarian assistance or disaster preparedness to countries, their agencies and persons in such countries, and to international institutions and Canadian and international non-governmental organizations for operations and general programs and specific programs, projects, activities and appeals and for special program and project expenses directly related thereto	73,356	73,501	77,078	97,593	97,593
Grants to Canadian, international, regional and developing country institutions, organizations and agencies, developing country governments, their organizations and agencies, to provincial and municipal governments, their organizations and agencies in support of development cooperation and development education programs and to international non-governmental organizations in support of development assistance programs, projects and activities and for special program and project expenses directly related thereto	58,195	67,237	93,097	62,750	62,750
Grant to the North South Institute	1,000	1,000	1,000	962	962
Development assistance as education and training for individuals and for special program and project expenses directly related thereto	7,640	8,605	8,589	8,429	8,400
Grant to the International Centre for Human Rights and Democratic Development	5,000	5,000	4,586	4,586	4,586
Total Grants	373,737	378,506	399,756	435,731	435,693

Details of Transfer Payments (cont'd)

(thousands of dollars)	Actual 1995-96	Actual 1996-97	Planned Spending (1) 1997-98	Total Authorities 1997-98	
<u>Contributions</u>					
Development assistance, including payments for loan agreements issued under the authority of previous Appropriation Acts, to developing countries and their agencies and institutions in such countries and contributions to Canadian, international and regional institutions, organizations and agencies, to provincial governments, their organizations and agencies, and to Canadian private sector firms in support of regional and country specific projects, programs and activities, and for special program and project expenses directly related thereto	719,025	720,242	671,578	670,768	670,178
Contributions for cooperation with countries in transition in Central and Eastern Europe and the former Soviet Union	89,011	97,361	92,380	80,298	80,233
Development assistance to international development institutions and organizations for operations and general programs as well as specific programs and projects, to international financial institutions and for special program and project expenses directly related thereto	165	705	100	1,892	1,855
Programming against hunger and malnutrition through international development institutions, international non-governmental organizations or the International Development Research Centre for the benefit of recipients in developing countries and for special program and project expenses directly related thereto	26,618	66,279	100	20,743	20,743
Contribution to the Inter-American Development Bank	2,392	2,343	2,600	11,400	11,400
Programming against hunger and malnutrition through developing countries, their agencies and persons in such countries, Canadian non-governmental organizations or development institutions for the benefit of recipients in developing countries and for special program and project expenses directly related thereto	134,048	84,741	119,379	120,759	120,739
Humanitarian assistance or disaster preparedness to countries, their agencies and persons in such countries, and to international institutions and Canadian and international non-governmental organizations for operations and general programs and specific programs, projects, activities, and appeals and for special program and project expenses directly related thereto	100	415	100	1,881	1,878
Contributions to Canadian, international, regional and developing country institutions, organizations and agencies, developing country governments, their organizations and agencies, to provincial and municipal governments, their organizations and agencies in support of development cooperation and development education programs and to international non-governmental organizations in support of development assistance programs, projects and activities and for special program and project expenses directly related thereto	138,631	143,959	94,097	136,753	136,748

Details of Transfer Payments (cont'd)

(thousands of dollars)	Actual 1995-96	Actual 1996-97	Planned Spending (1) 1997-98	Total Authorities 1997-98	Actual 1997-98
Incentives to Canadian, international and developing country private investors, institutions, organizations, and governments in support of industrial cooperation programs, projects and activities as well as special program and project expenses directly related thereto	67,457	60,148	61,700	53,466	53,466
Contributions to Canadian or international communications organizations, other federal, provincial or municipal governments, broadcasters and producers, other donor governments and institutions in support of the development information program involving the production and dissemination of development information, educational materials and related activities	2,310	3,017	3,531	3,439	3,386
Total Contributions	1,179,757	1,179,211	1,045,565	1,101,399	1,100,626
Other Transfer Payments (2)					
(S) Encashment of notes issued to the development assistance funds of the international financial institutions in accordance with the <i>International Development (Financial Institutions) Assistance Act</i>	152,702	161,604	133,201	133,060	133,060
Total Other Transfer Payments	152,702	161,604	133,201	133,060	133,060
Total	1,706,196	1,719,321	1,578,522	1,670,190	1,669,379

1. Reflects best forecast of total planned spending to the end of the fiscal year.
2. Other Transfer Payments exclude non-budgetary expenditures of \$33.4 million for 1998-99.

Table 9b: Transfer Payments by Activity

(thousands of dollars)	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Total Authorities 1997-98	Actual 1997-98
Grants:					
Geographic Programs	-	4,000	-	2,000	2,000
Multilateral Programs	301,652	292,664	292,234	356,952	356,943
Canadian Partnership Countries in Transition	66,835	76,842	102,686	72,193	72,164
Corporate Services	250	-	250	-	-
	5,000	5,000	4,586	4,586	4,586
Total Grants	373,737	378,506	399,756	435,731	435,693
Contributions:					
Geographic Programs	719,025	720,242	671,578	670,768	670,178
Multilateral Programs	163,323	154,484	122,279	157,255	157,195
Canadian Partnership Countries in Transition	206,088	204,107	155,797	189,639	189,634
Communications	89,011	97,361	92,380	80,298	80,233
	2,310	3,017	3,531	3,439	3,386
Total Contributions	1,179,757	1,179,211	1,045,565	1,101,399	1,100,626
Other Transfer Payments:					
(S) Multilateral Programs	152,702	161,604	133,201	133,060	133,060
Total Other Transfer Payments	152,702	161,604	133,201	133,060	133,060
Total Transfer Payments	1,706,196	1,719,321	1,578,522	1,670,190	1,669,379

Table 10: Capital Spending by Business Line

This table is not applicable to CIDA

Table 11: Capital Projects by Business Line

This table is not applicable to CIDA

Table 12: Status of Major Crown Projects

This table is not applicable to CIDA

Table 13: Loans, Investments and Advances

(thousands of dollars)	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Total Authorities 1997-98	Actual 1997-98
Multilateral Programs Payments to International Financial Institutions - Capital Subscriptions (L35)	39	3,060	6,038	6,278	6,278
Total	39	3,060	6,038	6,278	6,278

Table 14: Revolving Fund Financial Statements

This table is not applicable to CIDA

Table 15: Contingent Liabilities

(thousands of dollars)	Amount of Contingent Liability		
	March 31 1996	March 31 1997	Current as of March 31 1998
Claims for demurrage charges and losses			
- Zamcargo Ltd.	74	74	74
- Lockers Evers International	24	-	-
- Scandia Shipbrokering	-	154	-
Claims for damages			
- Perera and Ors	1,300	1,300	1,300
- Alberti	-	-	300
- Pakistan National Shipping Corporation	1,266	1,266	1,266
- Forage St-Lambert International Canada Inc. vs Kilborn & Associés Ltée et l'ACDI	817	817	817
Contract claims			
- Cyclone Engineering Sales Ltd.	368	368	-
- Amtron Construction International Inc. (El Azab)	-	50	50
Claim for breach of contract			
- Barber Water Products	225	225	225
- Edmonton Irrigation Specialists	-	-	184
Claim for general average			
- Prekookeanska Plovidba	-	748	748
Claim for negligence and breach of fiduciary duties			
- L. Larose and P. Hurd	-	-	100
Total Contingent Liabilities	4,074	5,002	5,064

Section V - Consolidated Reporting

Sustainable Development

CIDA's Sustainable Development Strategy - Action Plan - 1st Progress Report

Supporting sustainable development in developing countries is a long-term process. It involves improving socio-economic conditions while promoting realistic expectations and strengthening people's belief in their capacity to help themselves.

The whole international donor community is wrestling with the difficult task of setting specific targets, performance indicators and expected results. CIDA is making progress with the implementation of results-based management (RBM) and with performance assessment (see page 16 above). In the 1999-2000 Report on Plans and Priorities, the Agency will further refine the current Action Plan of its Sustainable Development Strategy in keeping with the recommendations of the Commissioner of the Environment and Sustainable Development in his May 1998 report. Nevertheless, the implementation of the Action Plan is already producing good results. The table below summarizes some illustrative examples of progress.

Section A - Improving policy and programming

Objectives	Actions	Progress to date
Acquiring and using local knowledge	w Commission and apply more in-depth social, technical, environmental, economic and institutional analyses of countries receiving development assistance from CIDA.	The Country Development Policy Frameworks (CDPFs) for Ghana, Cameroon and Guatemala have been developed on the basis of extensive analyses done by CIDA and its partners (e.g. World Bank and IDB).
	w Ensure that appropriate management methods for gathering information are available to meet CIDA's and our partners' needs.	Phoenix project. Scoping and planning exercise has been completed. Needs assessment of the information management procedures will be undertaken in 1998-99.
Applying participatory approaches	w Make the participatory approach an explicit goal of programs and projects.	At the Spring 98 retreat of the Executive Committee, senior management reiterated the importance of developing country ownership and provided directions for participatory approaches. CIDA's programming is already largely based on partnerships and local ownership of the development process. The Agency will integrate these principles more systematically. CIDA will explore this approach further with selected governments and with other donors in five pilot countries: Bangladesh, Ghana, Mali, Tanzania and Zimbabwe. This new form of partnership will be closely monitored. Further implementation of the concept will be based on the results of the case-studies.
	w Encourage our multilateral partners to adopt participatory approaches.	At CGIAR, CIDA participated in meetings on Gender and System-Wide Initiative on Participatory Research and expressed concern, during the plenary, about the importance of the issue. AfDB, at Canada's and other donors' urging, continued to open its doors to African civil society and hired a coordinator for NGO relations. A first meeting of a "comité mixte" of AfDB and NGO representatives was held at the end of 1997.

Objectives	Actions	Progress to date
Applying iterative approaches	<p>w Continue to apply iterative approaches in project design, and strengthen the links between design and implementation.</p>	<p>For the past 20 years, CIDA investments in Honduras have focused on integrated natural resources management in agriculture, forestry and water. Each project builds on the lessons and the momentum of previous phases. For example, in 1995, CIDA launched the second phase of the Broadleaf Forest Development Project with the objective of improving and replicating a sustainable development model for the tropical rainforest on the north coast of Honduras, for the benefit of the people who live in these forests and in surrounding areas.</p>
Capacity development	<p>w Disseminate knowledge and tools to others through workshops, case studies and seminars.</p> <p>w Continue to support our multilateral partners in making capacity development an integral part of their activities.</p>	<p>CIDA has sponsored two workshops on the process of developing project strategies and the indicators to assess progress against these strategies. More than 70 participants learned to use a new analytical tool to support this process. Also eight case studies have been completed and form part of a compendium of lessons learned now being circulated in the Agency.</p> <p>CIDA has made the Gender Equity course available to all its partners and locally-engaged staff by producing a special CD-ROM version of the course. This will be especially important for training personnel of CIDA executing agencies who normally do not receive direct CIDA training.</p> <p>"There is a strong specialist network devoted to promoting best practices for local capacity development, an issue which CIDA actively advances on the international level." (1998, OECD/DAC Review of Canada's Aid Program, p.12)</p> <p>CIDA is the lead agency for 1998-99 for the OECD/DAC Network on Institutional and Capacity Development and is now planning a meeting in May 1999. It will provide the opportunity to share best practices in at least two areas: the impact of technical assistance on developing country labour markets and sector-wide approaches (where donors work together to assist developing countries to implement locally defined development strategies). CIDA is also involved in the planning of a workshop in Harare in October 1999 to focus on best practices in institutional and capacity development in cooperation with the African Capacity Development Foundation.</p> <p>Capacity development continued to be a principal feature of much of what multilateral development institutions do especially through UN and IFI-financed technical assistance. It is central to UNDP's technical assistance mandate. A key role of CGIAR is in strengthening national agricultural research systems. As a specific example, CFTC has helped improve governments' capacity in the area of debt recording and management; and, in Rwanda, UNDP is playing a major role in helping to rebuild the country's judicial system following the 1994 genocide. So far UNDP has trained 50 public prosecution officers, 100 magistrates, and 400 civilian prison guards.</p>

Objectives	Actions	Progress to date
Promoting policy and program coherence	<p>w Complete Agency policies on Infrastructure Services and Private-Sector Development and update other policies as required (e.g. Environment and WID&GE).</p> <p>w Enhance our capacity for influence and leverage at the DAC, in the UN system and with IFIs.</p> <p>w Encourage greater interaction among specialists in order to bridge disciplinary boundaries.</p>	<p>Virtual consultation on the draft policies on WID&GE and Environment will take place in August and October respectively. Consultation on Infrastructure Services and Private-Sector Development are ongoing.</p> <p>CIDA is highly involved in the drafting and promotion of the 1998 OECD-DAC Guidelines on Gender Equality and Women's Empowerment in Development Co-operation.</p> <p>In the context of the Basic Human Needs program priorities, a multidisciplinary team composed of specialists in education, health, population and food security has been created. Also, there is an increasing effort at the Agency level to strengthen Scientific and Technical specialists network in order to exchange information and to provide input to the policy and strategic management systems. Cross-fertilisation of specialist expertise is being actively promoted in the different networks.</p>
Promoting donor coordination	<p>w Work with our multilateral partners to promote donor coordination, especially through UN reform initiatives, and encourage these partners to adopt the goals of <i>Shaping the 21st Century</i>, common indicators and coordinated measurement of progress.</p> <p>w Continue to work with other donors to reduce the management burden that multiple projects can impose on our developing-country partners by, for example, instituting common reporting procedures and joint monitoring and evaluation.</p>	<p>In-country coordination will be promoted in the context of the five pilot countries mentioned above. Also, Africa and the Middle East Branch has pursued its commitment to donor coordination through participation in the Mali Aid Review.</p> <p>As a member of the OECD-DAC Working Party on Gender Equality and Women Empowerment, CIDA has collaborated with the United Nations Division for the Advancement of Women to develop strategies on mainstreaming a gender equality perspective in UN policies and programs.</p> <p>Coordination between multilateral institutions (and between multilateral and bilateral donors) is strongly encouraged. In the UN system, the Secretary-General's July 1997 UN reform proposals have a strong component dealing with coordination among UN agencies. These agencies (UNDP, UNICEF, WFP, UNFPA etc.) are currently developing UN Development Assistance Frameworks (UNDAFs) - a common country programming framework for UN agencies. Pilot UNDAFs have been launched in 18 countries and initial results are promising. Canada has also strongly supported coordination among MDIs active in humanitarian operations encouraging organizations like UNHCR, WFP and UNICEF to sign MOUs with one another. At UNRWA, Canada led an initiative to encourage donor coordination and UNRWA has instituted quarterly donors meetings. Canada has assumed a leadership role amongst donors in openly discussing management issues and improving coordination among donors on UNRWA especially on the need for financial transparency. CGAP facilitated a unique partnership between the World Bank, the Bank of Tanzania and several CGAP member donors to advance a national strategy for developing a micro-finance industry. As a result, a comprehensive national workshop brought 13 bilateral and multilateral donors together with Tanzanian Government officials, practitioners and training institutes to agree on guidelines for supporting the industry consistent with the national framework. Similar efforts have taken place with respect to several other countries.</p> <p>This element will be taken into account in the context of the demonstration project involving five pilot countries and mentioned above.</p>

Objectives	Actions	Progress to date
Demonstrating results	<p>w Develop and implement ways to measure long-term project impact (e.g. a few years after project termination) and for using this information better in our programming.</p>	<p>A framework of results and key success factors designed to generate a consistent body of information on each project will enable staff to manage better for results, learn from experience and report on achievements. The framework has been implemented in the Geographic Programs Branches (1996) and is now adapted to cover the activities of the Multilateral Programs and Canadian Partnership Branches.</p>
	<p>w Ensure that the understanding and application of results-based management are consistent across the Agency, and among our partners, by providing training to our staff and partners.</p>	<p>Training sessions have been completed for the staffs and partners of the Geographic Programs and Canadian Partnership Branches. An RBM training plan for Multilateral Programs Branch has been prepared. Finally, a needs assessment exercise for integrating RBM into Policy Branch was realized in June 1998.</p>
	<p>w Streamline the reporting requirements for CIDA projects.</p>	<p>Ongoing progress on the Annual Project Progress Report (APPR) has been achieved. This system aims to better capture actual results of projects and compare these results with the objectives or results expected, stated at the planning stage.</p>
	<p>w Encourage our multilateral partners to adopt an RBM approach to their activities.</p>	<p>CIDA has consistently encouraged MDIs to adopt a results-based management approach. This has been a key intervention by Canadian delegations on the governing bodies of multilateral institutions. At WFP, Canada has offered technical assistance in implementing a results-based management approach. The CGIAR system, although not yet adopting a comprehensive RBM approach, has issued its first impact report which outlines in detail the development impacts its research can have in the field. At UNFPA, greater emphasis has been placed on developing, monitoring and evaluating tools to ensure effective program delivery and to measure impact and accountability at all levels, as a reflection of the recognition within UNFPA of the importance of results reporting. IFAD has begun training its staff on results oriented planning and reporting and has sought Canada's financial assistance and expertise in implementing RBM.</p>
	<p>w Take steps to improve the way we communicate successes more effectively in Canada and overseas.</p>	<p>Long-term public engagement strategy is under development .</p>

Section B - Greening CIDA's operations

All the activities identified in *Greening CIDA's Operation* for implementation during the first quarter of the fiscal year 1998-1999 have been completed or are in progress.

Y2K Readiness

CIDA Year 2000 Readiness Status

A Year 2000 Team has been set up within CIDA to address the Year 2000 requirements of CIDA including Headquarters as well as the Posts and Program Support Units operating in developing countries. The scope of the Year 2000 activity includes all Agency applications, information technology (IT) infrastructure such as the computer workstations, network hardware, software and operating systems, interfaces between Agency systems and external systems as well as non-IT systems dependent on embedded chips.

A complete inventory of the Agency's IT assets has been developed. A comprehensive assessment was carried out to determine the extent of the Year 2000 problem facing the Agency and, as a result, a Year 2000 strategy and plan has been prepared to address the identification, assessment and resolution of Year 2000 problems. A Year 2000 risk assessment has been undertaken and mitigation strategies identified and approved. A rigorous quality assurance and testing process has also been implemented to ensure Year 2000 compliance, particularly with respect to the Agency's critical and important systems. A comprehensive communications and awareness program has been instituted to ensure that Agency managers and users as well as the Agency's partners are well informed about the Year 2000 problem and how to deal with it.

CIDA does not have any Government Wide Mission Critical systems. However, it does have one Departmental Mission Critical System, the AID information system, to address. There are a number of other Agency legacy systems operating under a variety of technical environments which are considered important to the ongoing business of the Agency. These systems will be upgraded or replaced to ensure Year 2000 compliant systems will be available to support the continued business of the Agency into the new millennium. The TBS/CIO report on CIDA's Year 2000 readiness as of July 20, 1998 indicated 61% completion which compares well with the state of readiness of most other government departments and agencies. CIDA's Year 2000 plans are well on track. Progress against plans are monitored closely by the Agency's senior management as well as the TBS/CIO. The Year 2000 Team is also collaborating closely with the legal and internal audit officials within the Agency to ensure that risks and liabilities are addressed and appropriate action is undertaken to mitigate these risks. There are currently no major areas of concern. Contingency plans will be developed and launched as deemed necessary.

Section VI - Other Information

Contacts for Further Information and Web Sites

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. 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.

Other Information

International Financial Institutions (IFIs) and Instruments

The IFIs are comprised of the following institutions: the Bretton Woods institutions; the four Regional Development Banks (African, Asian, Inter-American and Caribbean); and other development institutions (such as the IFAD, GEF and the Montreal Protocol).

Ordinary Capital Resources: The IFIs' main instruments (with the exception of the International Monetary Fund) for carrying out their lending programs are the Ordinary Capital Resources (OCR), the concessional funds of the Bank, and technical assistance funds. Member countries subscribe to the shares of the ordinary capital of the IFIs, providing both paid-in capital (in the form of cash or demand notes) and callable capital. Callable capital, which represents the vast bulk of IFI share capital, is composed of resources that are not paid to the IFIs but, in essence, act as a "guarantee" to allow the banks to issue bonds on international capital markets to finance their lending programs. Callable capital, which has never been drawn on by the banks, would only be used in extreme circumstances to repay the bonds, should the IFIs' liquidity and reserves not be sufficient to meet their financial obligations. Loans to developing member countries from ordinary capital resources normally are made at a rate of interest that is slightly above its costs of borrowing (i.e. market rates), but on terms far better than could be achieved if the borrower approached the market directly. Earnings from operations normally are used to finance reserves, to protect the Bank's financial status, and, in some cases, to help fund its concessional lending facility. As institutions mature and become more creditworthy on international capital markets, the proportion of paid-in to callable capital declines.

In addition to their lending programs, the IFIs possess valuable research and analytical capacities and are at the forefront of policy dialogue in areas of economic and environmental sustainability, poverty reduction and, increasingly, good governance.

The following table provides information on CIDA's position related to Ordinary Capital Resources.

Table 16: Ordinary Capital Resources, as of March 31, 1998

(thousands of dollars)	Paid-in Capital (1)			Callable Capital (3) (Contingent)
	Notes issued		Notes to be issued (commitment) (2)	
	encashed	not encashed		
African Development Bank	94,519			661,631
Asian Development Bank	190,627	14,267	5,582	2,773,829
Caribbean Development Bank	17,257	5,051		69,573
Inter-American Development Bank	233,656	17,178	8,095	5,489,243
Total	536,059	36,496	13,677	8,994,276

Source: *Public Accounts of Canada 1996-97, Volume 1.*

1. Paid-In Capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Canada's subscriptions to the Paid-In Capital are reported as a non-budgetary asset.
2. These amounts represent a commitment for the portion of the Paid-In Capital to be subscribed to by Canada in future years.
3. These amounts are reflected in US dollars in the annual report of each Bank. For illustrative purposes, these are shown in Canadian dollars, therefore the amounts will fluctuate with the foreign exchange rate. These amounts would result in future disbursement of funds only in extreme circumstances, to repay loans should the IFI liquidity and reserves be insufficient.

Concessional Funds: More than 90 percent of Canada's payments to the Regional Development Banks (RDB) are allocated to their concessional funding windows for lending to the poorest developing countries. Lending occurs at very low interest rates, with longer grace and repayment periods. The concessional funds are normally replenished every three to four years as resources become fully committed. CIDA also administers technical assistance funds with some of the RDBs and the World Bank Group to promote Canadian development objectives in areas such as poverty reduction, the environment, and social sectors, and to support Canadian consultants seeking a commercial relationship with the IFIs.

The following table provides information on the Agency's position related to concessional funds advanced by Canada through International Financial Institutions.

Table 17: Concessional Funds, as of March 31, 1998

(thousands of dollars)	Notes issued (1) (not encashed)	Notes (2) to be issued	Total (3)
African Development Bank	316,743	70,488	387,231
Asian Development Bank	422,951	129,194	552,145
Caribbean Development Bank	32,634	12,195	44,829
Inter-American Development Bank	13,774	4,007	17,781
International Fund for Agriculture Development	30,663	18,191	48,854
Global Environment Facility Trust Fund	91,355		91,355
Total	908,120	234,075	1,142,195

Source: *Public Accounts of Canada 1996-97, Volume 1.*

1. These notes represent the portion of the concessional funds advanced by Canada to these international organizations which has not yet been encashed by them. Payable on demand, these notes are encashed subject to the financial requirements of these organizations.
2. These notes represent a commitment for the portion of the concessional funds to be advanced by Canada to these organizations which will be issued as stipulated in the agreements with the IFI.
3. These amounts may vary due to fluctuation in foreign exchange rates.

Capital increase negotiations were completed in May 1998 for the Fifth General Capital Increase (CGI-V) of the African Development Bank. Negotiations relating to the African Development Fund (AfDF VIII) have just started and will continue into 1998-99. Understanding and mitigating the Asian financial crisis has been a critical Canadian priority in 1997-98, and active membership in the Asian Development Bank (AsDB) has constituted our first line of defense. Canada has invested considerable effort in helping to shape the AsDB's response to the regional financial crisis, which included an increase in the Bank's level of lending from \$5.55 billion to \$9.65 billion, and the allocation of nearly 50 percent of total lending to the financial sector. In 1997-98, as an active member of the International Fund for Agricultural Development (IFAD), Canada helped put in place significant governance reforms to improve cost-effectiveness of program delivery and to increase impact.

In 1997-98 replenishment negotiations were completed for the Second Replenishment of the Global Environment Facility (GEF). In May 1997, Canada hosted the Annual Meeting of the Caribbean Development Bank (CDB). This marked the first occasion that the meeting was held outside of the region, and provided an opportunity to involve Caribbean communities in Canada and to highlight the close relationship between Canada and the Caribbean. During the course of the year, a strategic review of the Bank and its operations was launched to reinforce the Bank's role in the region. Negotiations for extending the Inter-American Development Bank Fund for Special Operations and for reviewing the mandate of the Bank are progressing slowly owing to ongoing discussions on the issue of local currency resources and how much lending the IDB should extend to the poorest countries and people.

Bretton Woods Institutions

The Department of Finance has the lead for Canada's relationship with the Bretton Woods Institutions. CIDA's role focuses on the development aspects of the Institutions' activities. CIDA's interest is to ensure that the positions taken by Canada at the Bretton Woods Institutions reflect Canada's development objectives and strategies.

World Bank Group: This Group is composed of the International Bank for Reconstruction and Development (IBRD) and its associated institutions, the International Finance Corporation, the International Development Association and the Multilateral Investment Guarantee Agency. The World Bank Group's funding is reported to Parliament through the Main Estimates of the Department of Finance.

CIDA seeks to influence the World Bank in a variety of ways. CIDA plays a large role in developing Canadian interventions at the Board on developmental policy issues and country strategies, in working directly with policy and operational counterparts at the Bank, and in reaching out to Canadians who have an interest in the Bank. Over the past few years, CIDA has concentrated on a number of Bank issues including the ongoing development and implementation of policies and programs pertaining to Poverty Reduction, Gender and Economic Development and more generally the integration of social dimensions into policy and operational work.

CIDA provides consultant trust funds to the world Bank Group which enable the Bank to hire Canadian consultants for work on the development of Bank programs and projects. Through a separate trust fund, CIDA supports the work at the Economic Development Institute, the World Bank's educational arm which provides training to key policy makers from developing countries, including parliamentarians, officials, non-governmental organizations and the media.

International Monetary Fund (IMF): The Department of Finance, through its Main Estimates, reports to Parliament on the IMF. The Enhanced Structural Adjustment Facility of the IMF provides concessional balance of payments assistance to highly indebted less-developed countries.