



Canadian International
Development Agency

Agence canadienne de
développement international

Evaluation of India-Canada Development Cooperation

Executive Report

**Evaluation Division
Performance and Knowledge Management Branch**

May 2005

Canadian International Development Agency
200 Promenade du Portage
Gatineau, Quebec
K1A 0G4

Tel: (819) 997-5006

Toll free: 1-800-230-6349

Fax: (819) 953-6088

(For the hearing and speech impaired only (TDD/TTY): (819) 953-5023

Toll free for the hearing and speech impaired only: 1-800-331-5018)

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

Canada 

List of Acronyms

CEA	Canadian Executing Agencies
CECN	Canadian Education Centres Network
CIDA	Canadian International Development Agency
CII	Confederation of Indian Industries
CIILP	Canada-India Institutional Industry Linkages Project
CPF	Country Program Framework
CRTC	Canada Radio and Telecommunications Commission
CSA	Canadian Standards Association
DFID	Department for International Development, United Kingdom
DSM	Demand Side Management
EISP	Energy Infrastructure Services Project
GE	Gender Equality
GIS	Geographical Information System
GOI	Government of India
GPS	Global Positioning System
ICEF	India-Canada Environmental Facility
ICHRDD	International Centre for Human Rights and Democratic Development
IDRC	International Development Research Centre
IFI	International Financial Institution
KSEB	Kerala State Electricity Board
MDGs	Millennium Development Goals
MISP	Maternal and Infant Survival Project
MPSEP	Madhya Pradesh State Electricity Board
NGO	Non-governmental Organizations
NRM	Natural Resource Management
ODA	Official Development Assistance
OECD	Organization for Economic and Cooperation Development
RBM	Results Based Management
RNTCP	Revised National Tuberculosis Control Program
VAT	Value Added Tax

Table of Contents

1.0	Introduction.....	1
2.0	The Evaluation.....	1
2.1	Evaluation Objectives.....	1
2.2	Methodology.....	2
2.3	Limitations.....	3
3.0	India-Canada Cooperation: Context and History.....	3
3.1	Country Context.....	3
3.2	India-Canada Bilateral Links.....	5
3.3	Canada’s Development Program to India.....	7
3.4	Investment Analysis.....	9
4.0	Evaluation Findings.....	11
4.1	Relevance to Country Context, Needs and Priorities.....	11
4.1.1	Responding to Indian Priorities.....	11
4.1.2	Responding to CIDA Priorities.....	11
4.1.3	Responding to the Decision to Phase Out Bilateral Programming.....	12
4.2	Country Programs Results.....	13
4.2.1	Poverty Reduction.....	13
4.2.2	Environmental Management.....	16
4.2.3	Gender Equality.....	17
4.3	Other Key Results.....	18
4.3.1	Partnership and the Quality of Linkages.....	18
4.3.2	Effective Use of Resources.....	20
5.0	Lessons Learned for CIDA Programming.....	22
6.0	Considerations for Further Strengthening Canada-India Relations.....	22
	Annex A: Management Response.....	26
	Annex B: CIDA Making a Difference in India.....	29

1.0 Introduction

This evaluation of CIDA's India Country Program was commissioned as a joint exercise by the Performance and Knowledge Management Branch and the India Bilateral Program in response to the agency's Performance Review Policy which calls for periodic, and independent evaluations of its policies, programs and operations.

The Government of India's announcement of the phase-out of many bilateral programs in 2003 and CIDA's subsequent decision to wind-down its bilateral programming represent an important turning point in one of Canada's most longstanding development cooperation relationships. They also raise the significance of a major evaluation of the CIDA program in India. The bilateral program also saw value in having the program's results and lessons properly assessed, with a view to building on the foundations for future India-Canada relationship. Once underway, the evaluation was expanded to also include development cooperation activities supported by Multilateral Programs Branch and Canadian Partnership Branch at CIDA.

The evaluation encompassed two major and parallel activities. The first was the preparation of a strategic paper providing an overview of the wider range of Canadian engagements with India, and of the ways ahead in the absence of the CIDA bilateral program in India¹. The second component was a more traditional evaluation of CIDA's development programs in India.²

2.0 The Evaluation

2.1 Evaluation Objectives

The evaluation was intended to serve as a platform/catalyst for transition to future Canada-India partnership/relationship. While giving focused attention to the CIDA program, it sought to place that program within the big picture of Indian development, wider international involvement, and the complex web of relationships between India and Canada.

The following objectives guided the evaluation:

i) Results/Achievements of Past Involvement

- Determine the extent of Canada's engagement in India through various government departments and other stakeholders;
- Provide an overview of CIDA's programming history with India over the last 50 years (focussing on the last 10-15 years) to understand the evolution and

¹ Wood, Bernard, *Emerging India Canada Relationships: Building on Our Strengths*, December 2004

² Freeman, Ted and team, Goss Gilroy Inc, *Evaluation of India-Canada Development Cooperation*, April 2005.

achievement of results in different areas and sectors, and/or types of programming.

ii) Learning and Opportunities for the Future

- Determine whether the history of Canada's engagement in general, and of CIDA's in particular - has yielded specific areas of strength to contribute to future India-Canada relationships beyond its bilateral programming;
- Identify the learning emerging from the evolution of the CIDA program in India as well as any evident administrative or management lessons from the rapid phase-out of CIDA's bilateral programming in India.

More specifically, the evaluation of CIDA's programs focused on the following questions:

- Contribution to poverty reduction and sustainable development, within the historical context of changing Indian development strategies, prevailing international development theories and practices, and Canadian cooperation programs;
- Responsiveness to Indian and Canadian challenges and priorities, by searching for the right balance between demand-led responsiveness to Indian strategic priorities and evolving supply-push factors in a bilateral country program;
- Partnerships and linkages, resulting from the increasing emphasis on encouraging various arrangements between Canadian and Indian civil society and private sector institutions;
- Effective use of resources, while promoting the central development mission of the program, assuring accountabilities, and managing financial and other risks;
- Future directions, considering issues of poverty reduction and sustainable development in India and lessons learned from the Canadian experience in India.

2.2 Methodology

The preparation of the strategic overview paper required a survey of the official and unofficial literature on the range of Canadian engagements with India. This was supplemented by follow-up interviews in Canada with several federal government departments and other stakeholder groups with special reference to Canadian development cooperation as well as nearly forty interviews in India to obtain Indian and other perspectives in-country and to collect supplementary materials.

The evaluation of the CIDA programs in India drew on a range of methodologies including: a review of the historical pattern of CIDA investments in India; documentary reviews of successive Country Program Frameworks and of completed evaluations and program reviews; over 100 interviews with key stakeholders and informants in Canada and in India; a roundtable with Indian partner agencies which have worked with Canadian NGOs with support from Canadian Partnership Branch, and an intensive review of 15 bilateral, multilateral and partnership projects in the current program cycle in India.

The 15 projects were selected based on a series of criteria, including: representation of key historical and current sectors of CIDA programming; inclusion of different types of linkages and of partners organizations; inclusion of a significant number of projects which could be expected to have a direct impact on poverty and sustainable development; representation of all three CIDA channels of program delivery; inclusion of some projects which have been identified as representing possible areas and niches for non-bilateral cooperation in the future; and, a selection of projects which allows the evaluation team to conduct key informant interviews with project implementing organizations in Delhi and limited visits to a field location. The 15 projects have a total programme value of over 175 million Canadian dollars.

This evaluation was carried out by an integrated team of Canadian and Indian evaluation consultants during a four month period from November 2004 to February 2005.

2.3 Limitations

Given the mandate and coverage of the review on the context, history and future of Canada-India relations, the strategic paper resulting from the study is necessarily a broad survey, describing the overall relation between the two countries rather than assessing its developmental or operational results; it aims to help orient and generate hypotheses for more in-depth analysis and discussion on its future directions.

The evaluation of CIDA's programs in India did not entail an evaluation of the projects per se but rather looked at a sample of projects as illustrations of the results of, and lessons learned from CIDA programming in India. The sample is weighed in favour of more recent project activities because these present easier access to key informants in the field and fewer risks of recall difficulties. They also represent the current status of CIDA programming in India and are therefore more likely to provide indications of future prospects for CIDA in India, beyond the end of its bilateral program. However, a review of financial data allowed the team to comment on the evolution of programming by sector across the various India Program Frameworks implemented since 1985. Similarly, the evaluation team did have access to studies and evaluations of elements of earlier program cycles in India. The team was also able to conduct interviews with current and former CIDA and Government of India staff who had an excellent longer-term perspective on the evolution of India-Canada development cooperation over time.

3.0 India-Canada Cooperation: Context and History

3.1 Country Context

With an estimated 1,027 million people, India has about 17% of the world's population, 20% of the world's out-of-school children, and 25% of the world's maternal deaths. Despite impressive gains (11th largest industrial power, 4th largest economy in terms of purchasing power parity) India still has at least 260 million people living in poverty

(estimates of numbers and trends vary). If poverty is not reduced in India, the internationally agreed Millennium Development Goals (MDGs) will not be reached.

The evaluators surveyed a number of publications and summary documents on India's social, political, economic, and overall developmental context and progress. While these documents varied in their interpretation of the history of Indian development since independence, all agreed that the decade which began with a financial crisis in 1991 was characterized by economic reform and progress on important indicators of development.

In 2003, the World Bank Development Policy Review document *India: Sustaining Reform, Reducing Poverty*³ concluded that since 1991: "India made good progress in increasing incomes and improving living standards over the past decade. After the 1991 balance-of-payments crisis, economic growth picked up, income poverty continued to decline, and many social indicators continued to improve. These developments were supported by wide-ranging reforms launched in 1991 to open and deregulate the economy."

The most recent data available to the team indicate that the pace of growth in the Indian economy accelerated significantly in 2003/04 and was expected to continue at a relatively high rate in 2004/05. The only negative element on the macroeconomic horizon noted by most commentators was the continuing issue of the fiscal deficit at both centre and state government levels.

While there is strong agreement on India's macro-economic progress over the past two decades (and especially since 1991) Indian researchers and external observers have had more difficulty in agreeing on the precise extent of social progress, especially in the area of poverty, although they all agree that by some measures poverty has been reduced.

India's official poverty indicator is based on the daily cost of a basket of food items which provide a median caloric intake. By this measure, the incidence of poverty in the Indian population declined from 36% in the early 1990s to 26.1% in 1999/2000. An alternative poverty estimate by Angus Deaton of Princeton University estimates the poverty incidence at 28.6% in 2000. The World Bank using its internationally comparable standard of the proportion of people living on less than 1US\$ per day, estimated poverty in India at 39% of the population in 2000.

While there has been important progress in areas such as the incidence of poverty, the level of literacy and net enrolment ratios for both boys and girls, and the rapid rate of population growth has meant that the absolute number of poor and illiterate people has not declined at a similar rate. It is also important to note that the rate of improvement in many health indicators was much more rapid in the 1980s than the 1990s. Indeed, maternal mortality rates have worsened (or at least remained stubbornly high).

³ World Bank Development Policy Review. *India: Sustaining Reform, Reducing Poverty*, Oxford University Press, 2003.

It is also worth noting that several indicators relating to gender equality seem to have failed to improve or even worsened over the past decade. Of particular concern is the overall sex ratio with a dramatic worsening of the ratio of females to males. Finally, the increasing prevalence of HIV infection coupled with the increases in overall population indicates a serious and worsening problem.

In conclusion, as a result of the apparent slowdown in the rate of social progress during the 1990s and the strong population growth during the same period, India still faces important challenges relating to poverty, social development, and the environment.

3.2 India-Canada Bilateral Links

The following inventory gives a profile of the main linkages between India and Canada (other than development). It proceeds “sector by sector”, while emphasizing that many involvements, problems and opportunities overlap these boundaries, highlighting the need for concerted attention among different government departments and non-governmental stakeholders.

People-to people ties, and political and security interests between the two countries need to provide roots for the economic and other relationships that are attracting the greatest attention as India forges ahead. There are more than 750,000 Canadians of Indian origin, including more than 300,000 immigrants over the last 20 years. With most of these Indo-Canadians solidly established and many in prominent positions in all domains of Canadian society, there is no doubt about the spread and vitality of Canada’s human links with India in terms of national and regional origin, family ties, cultural presence, travel and many business linkages. The bridging potential of the Indo-Canadian diaspora has not yet been fully achieved, but there are new stirrings and many further possibilities.

Cultural relations between the two countries are generally low-key, with a perennial interest in aspects of Indian culture among quite wide circles of Canadians, some special links encouraged by the Indo-Canadian communities, and a narrow but well-informed interest by some Indians in Canadian cultural trends. The international prominence of some writers and filmmakers of Indian origin working in Canada adds an interesting dimension to the cultural relationship. There is a clear Canadian interest in promoting increased trade and investment in the Indian cultural industries sector, with a first ever cultural industries trade mission to India having been launched in March/April 2004.

For most of the past thirty years, **political and security issues** have generally negatively affected Indo-Canadian relations. The preoccupations of the two countries have continued to grow apart and they have faced some sharp differences, particularly over nuclear issues. The evaluation suggests that a fresh and intensive strategic dialogue and partnership on non-proliferation between the two countries could provide a striking breakthrough that would make an important difference at the global level, and also spark heightened mutual interest and cooperation on other fronts.

On the **trade and investment** fronts, the Canadian Minister of International Trade recently captured the current situation in a single sentence: “While Canada enjoys a close

and profitable relationship with India, government and business people in both countries agree that commercial links are modest compared with what they could be.” Globally, Canada in 2003 ranked as India’s 29th largest source of imports and as its 16th largest market for exports. Meanwhile, India ranks as Canada’s 18th largest export market globally, and its 8th largest trade partner in the Asia-Pacific region. An interesting new trend, seen as having considerable further potential, is an inflow of significant Indian investment into Canada, particularly in the Information & Technology sector.

In addition to the overall balance of trade in India’s favor, another striking feature of the two-ways flows is the contrast in its composition and concentration - between India’s highly diverse exports to Canada and Canada’s still-heavily concentrated export basket around pulses, pulp and paper products, potassium chloride, and telephonic equipment. Canadian federal departments are investing quite heavily in market intelligence and promotion in a number of traditional and emerging sectors of Canadian excellence, and in negotiating framework conditions for Canadian business. What is less clear is the extent to which the Canadian business community itself is prepared to invest the sustained efforts needed to take up the opportunities of Indian markets. The evaluation suggests that a new impetus is needed to achieve the necessary breakthroughs.

One key possibility could be described as a “breakthrough on brainpower.” Canadians have been involved in pioneering development research work with Indian colleagues in the past, but researchers now see a huge potential for “mutual interest” collaboration in **research, science and technology** to take advantage of the respective strengths of the two countries and yield both stronger ties and high economic pay-offs. With sponsorship by the Canadian government and participation by federal research councils and a wide range of other stakeholders including the G10 group of major research universities, an ambitious “Canada-India Science and Technology Mapping Study” was prepared by a working group co-chaired by a prominent business leader and a university president⁴. The study has provided a much-needed overview of current cooperation and potential, and laid the basis for a strategic approach. This initiative has led to a dozen far-reaching recommendations for coordinated action by federal and provincial governments, universities, and the private sector. To implement recommendations such as these will require a high level of sustained attention, skillful ringmasters, and substantial resources. It will be a test of national seriousness about pursuing stronger relationships with emerging powers.

Just one indication of the comprehensive national strategy required is the call for Canadian **educational institutions and services** to further re-double their recruitment and exchanges of students and faculty with India, in competition with other countries that are already aggressively pursuing the same goals. Canadian educational institutions and

⁴ Seethapathy, Ravi & Johnston, David (Co-Chairs) Executive Summary, Canada-India S&T Mapping Study: Institutional Linkages – Academic/Government/Private Partnerships in the Canadian and Indian Science and Technology Sector. For DFAIT, Industry Canada, and other Federal Departments. September 2004

services have greatly strengthened their recruitment, with a major resource being the Canadian Education Centres Network (CECN) with a Centre in India having been set up in association with the Canadian High Commission in 1997. In this highly competitive field, with both immediate and longer-term strategic interests for supplier countries, CECN has proposed further reinforcement of the Canadian effort⁵

Cooperation in the field of the **environment** has become a substantial feature of Indo-Canadian relations over the past 15 to 20 years, given the environmental effects of India's booming economy, its importance in global environmental regimes, and the potential for mutually beneficial cooperation and trade in environmentally sustainable technologies. The evaluation traces the strong interest of several government departments such as Environment Canada, International Trade Canada, Industry Canada, and the Export Development Corporation, as well as the Canadian private and NGO sectors. The evaluation also shows how a basis has been laid for solid cooperation in the field of **health** where the two countries will need to work closely together in the coming years.

In recent years, the basis of serious **analysis and public information** on Canada-India relations has been strengthened by the greater attention given to India by the Asia Pacific Foundation, with government encouragement. The longstanding Shastri Indo-Canadian Institute, meanwhile, has been given new support and new challenges in promoting mutual knowledge and understanding in its latest memorandum of understanding with the Indian government. The evaluation sees a need to clarify and stabilize the Canadian government's expectations and support of these institutions as well as of the Canada-India Business Council.

3.3 Canada's Development Program to India

Development cooperation has been one of the important elements in Indo-Canadian relations over the last five decades. Its history dates back to 1951, when a grant of some C\$1.5 million comprised mainly of food aid, limited project financing and technical assistance was provided under the Colombo Plan. Since then, Canada provided over C\$3.4 billion⁶ in Official Development Assistance (ODA), making India one of the largest recipients of Canadian development assistance. The evolution of Canada's development cooperation with India closely reflects, and has in fact frequently helped to define, the progression of Canada's overall philosophy and practice in this field.

However, CIDA is only one of Canada's mechanisms for ODA delivery and CIDA's contribution to that C\$3.4 billion has been almost C\$2.4 billion. In the early years, CIDA supported agricultural production, as well as infrastructure development projects, specifically in the field of transportation and energy. Later assistance included community development and institutional strengthening. Over the years, strong links have developed between Canadian and Indian businesses, academic institutions, as well as community and volunteer organizations that work with the poor. Over the last five

⁵ Reference has been made in a key report to Industry Canada in October 2002. See Seethapathy et al. p.7

⁶ This total amount refers to total ODA by Canada, of which CIDA ODA is only one part.

decades, Canada's assistance to India has witnessed many changes in focus and approaches while adapting to India's changing political and social contexts.

In 1985, CIDA set out a Country Policy Framework for India aimed at focusing its program on only three sectors: energy, primarily hydroelectric dam construction; poverty alleviation through rural development projects; and institutional linkages, primarily academic. In the 1980s, Canadian Partnership Branch programming was expanded to include institutional and industrial as well as NGO cooperation.

In 1992, CIDA's Country Policy Framework for India shifted the program emphasis to promote sustainable development and to contribute to the transition to a more mature economic and political relationship between India and Canada. In partnership with national and state governments, and the private for-profit and not-for-profit sectors in India and Canada, the bilateral program's objectives were established as: to support social and economic policy reforms in India; to contribute to India's capacity to promote environmentally-sound development; and to assist in building a stronger economic relationship between India's and Canada's private sectors.

Ten years later, CIDA's most recent programming framework (2002-2007) outlines three specific programming priorities to contribute to poverty reduction and sustainable development: support for economic reform, social development and environmental management – see box 1.

Box 1: CIDA's Country Development Framework for India 2002-2007

Goal

To contribute to poverty reduction and sustainable development through support for economic reform, social development and environmental management.

Objectives

1. Economic Reform:

To promote pro-poor economic liberalization by (i) supporting key structural changes aimed at reducing the fiscal deficit such as power sector and tax reforms, and (ii) supporting activities aimed at improving access to economic opportunities for the poor such as micro credit, ICT dissemination, post-harvest technologies and agro processing.

2. Social Development/Reaching the poor through decentralization:

To improve access to and enhance the quality of social services by (i) supporting India's health sector reform initiatives, and (ii) building planning and delivery capacity at the third-tier/local level, including emphasis on health and nutrition.

Social development will also be pursued throughout the program by employing methodologies that are participatory and gender-sensitive.

3. Environmental Management:

To improve India's capacity to achieve environmental sustainability by (i) helping to strengthen its framework of policies and programs, and (ii) helping the poor to gain access to sustainable livelihoods.

However, in October 2003, there was a ministerial decision to phase out CIDA's bilateral program in India, a decision that was taken in response to the Government of India's announced intention to discontinue accepting government-to-government assistance from its smaller donors, including Canada. Although the bilateral program will end by March 31, 2006, CIDA will maintain engagement through the Multilateral Programs and Canadian Partnership branches. The decision to maintain some level of activities through these branches acknowledges the key role that alleviating poverty in India plays in the global attainment of the MDGs.

3.4 Investment Analysis

Since 1951, Canada's ODA commitment to India has resulted in aid flows totalling over C\$3.4 billion. Table 1 illustrates how Canada's assistance was channelled in India.

Table 1 - Canadian Development Assistance to India by Source

Source	Total ODA (C\$) 1951-2003
CIDA Programs	0,008,000
Other Multilateral Channels (imputed) ⁷	284,000
Plus Other Channels (i.e. IDRC, Commonwealth scholarships, ICHRDD)	79,000
Total ODA from Canada	5,371,000

Of CIDA's C\$2.4 billion, approximately C\$900 million (38%) has been in food-aid to India whereas C\$1.48 billion (62%) has been in direct programming. These figures are based on historical ODA databases that maintain aggregate numbers despite the changing CIDA structures and coding requirements.

Since CIDA's investments in India have spanned over 50 years and in over 25 sectors, the investment profile by sector is presented in three programming periods, which correspond to successive India Country Program Frameworks (1985-1992, 1993-2001, 2002-2003). Data for the pre-1985 period is not presented because it pre-dates the current coding system by sector.

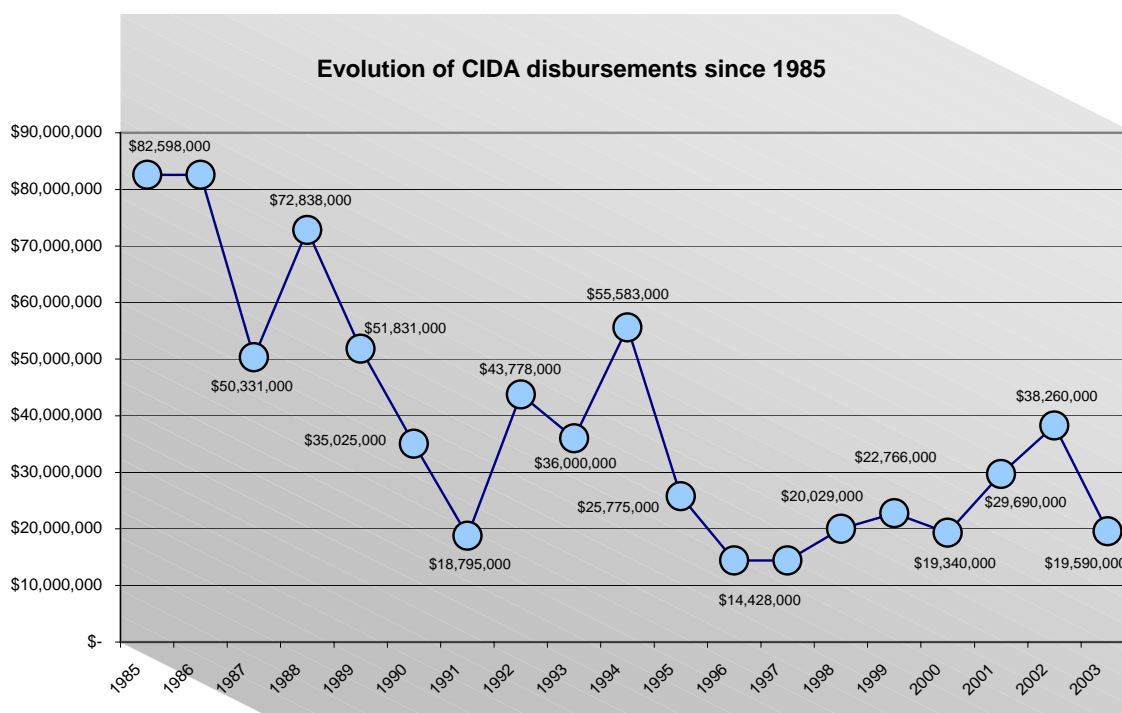
⁷ This is imputed data reported to OECD for Canada's disbursements to IFIs and other multilateral organizations.

Table 2 illustrates investments by the major sectors for the three different programming periods.

Table 2 - CIDA Programming In India by Major Sector

Sector	1985-1992		1993-2001		2002-2003	
	Disbursement	Sector %	Disbursement	Sector %	Disbursement	Sector %
Health and Population	\$89,071,540	19.71%	\$42,841,849	19.62%	\$12,229,149	20.55%
Education	\$77,638,505	17.00%	\$34,224,742	14.89%	\$8,734,577	14.83%
Agriculture	\$55,004,690	12.81%	\$22,347,963	9.22%	\$4,011,542	7.01%
Finance, Business, Trade and Industry	\$47,208,768	10.47%	\$24,339,936	10.46%	\$4,795,956	8.66%
Government, Civil Society and Social Infrastructure	\$40,546,035	8.84%	\$40,628,853	17.55%	\$12,166,478	21.38%
Water	\$23,962,123	5.73%	\$27,058,799	9.28%	\$2,841,107	4.99%
Energy	\$13,223,449	2.87%	\$7,822,040	3.52%	\$2,691,358	4.88%
Communications	\$4,993,689	1.14%	\$5,890,996	2.72%	\$1,551,017	2.59%
Transport	\$3,410,212	0.84%	\$1,667,312	0.74%	\$930,390	1.63%
Environment	\$0	0.00%	\$1,593,081	0.62%	\$1,876,675	3.36%
Support to NGOs	\$0	0.00%	\$1,860,663	0.82%	\$2,029,887	3.38%
Uncoded / Unspecified	\$73,089,819	18.58%	\$21,921,392	8.35%	\$2,158,382	3.57%
Other	\$9,645,171	2.01%	\$5,837,752	2.20%	\$1,832,781	3.21%
Total	\$437,794,000	100%	\$238,035,378	100%	\$57,849,300	100%

The following graph illustrates the evolution of CIDA's total disbursements for programming in India since 1985.



4.0 Evaluation Findings

4.1 Relevance to Country Context, Needs and Priorities

4.1.1 Responding to Indian Priorities

CIDA programming in India, especially through bilateral and multilateral channels, has been in direct support of the established priorities of the Government of India over the history of the program. The program focus established in CIDA Country Program Frameworks (CPF) and the sectoral pattern of CIDA financial support has been congruent with the priorities expressed in India's National Development Plans.

Similarly, the form and content of CIDA program support has adapted over time to changing needs and priorities at central, state and local level. An illustrative example of this has been CIDA's shift away from large investments in energy infrastructure towards technical assistance and capacity development for the economic, managerial and technical reform in the power sector.

The evaluation examined closely the work of the Energy Infrastructure Services Project II in cooperation with the Madhya Pradesh State Electricity Board. It provided a strong example of how CIDA supported Canadian expertise played an important role in bringing advanced planning and forecasting methods to the process of restructuring and modernizing the sector and its constituent firms in Madhya Pradesh. It illustrates (along with many of the projects reviewed) how CIDA supported programming has shifted to meet the needs of national, state and local actors over time in India.

A similar example can be found in CIDA's increasing emphasis on projects and programs which involve NGOs and community-based organizations in partnerships with, especially, state government departments and agencies. CIDA has been agile in recent development programming cycles in moving to support openings for participation by civil society in more collaborative development efforts with government. The Maternal and Infant Survival Project in Madhya Pradesh is an illustration of a project funded through Multilateral Programs Branch which links a Canadian NGO (CARE Canada) with an Indian counterpart (CARE India). Of equal importance the project has strong links to government agencies at the state level and has influenced state policy on maternal and child health and nutrition services. In fact, the government of Madhya Pradesh has asked CARE India to assist them in the replication of the project activities in 500 villages in non-project districts.

4.1.2 Responding to CIDA Priorities

In general terms, CIDA programming in India has also encompassed both emerging CIDA priorities (including over-arching goals such as poverty reduction and cross-cutting themes of environmental sustainability and gender equality). It has also responded to changes in "good practice" in development cooperation, particularly in the development of modern and effective methods of capacity development.

The evaluation results do indicate, however, that the CIDA program of development cooperation in India could have benefited, especially in the most recent program cycles, from a more aggressive approach to strategic concentration. As the dollar volume of CIDA bilateral program support declined, the portfolio of projects remained remarkably diverse in terms of sectors, geographic spread, and different approaches to goals such as poverty reduction. This was addressed to some extent in the 2002-2007 CPF with its concentration on three Indian states and its focus on economic reform and environmental management. On the other hand, the changes in programming which could be expected to flow from that strategy were just beginning to be felt when the Government of India's (GOI) decided to phase-out smaller bilateral donors and CIDA responded to this.

The evaluation report argues that CIDA's program of development cooperation could have been concentrated more radically at an earlier point in time. As well as concentrating in terms of states of operation, sectors and the number of projects, the program could have benefited from a more explicit strategy for poverty reduction which would have tied projects more closely to targeting benefits to the very poor and dealing with issues of social exclusion. The program could also have had a higher level of results in gender equality if the gender equality strategy had been more prominent in the CPF and had a stronger influence and presence at the country program level.

The effectiveness of CIDA supported projects and programs in the key areas of poverty reduction, environmental management and gender equality is addressed under the issue of project results.

4.1.3 Responding to the Decision to Phase Out Bilateral Programming

Interestingly, the evaluation did not find many direct or operational negative effects resulting from CIDA's decision to phase out the bilateral development program at a fairly rapid pace. Indeed the program managers and counterparts on all sides are to be commended on the orderly way in which projects are being completed with efforts to link them to ongoing development activities in India. For most of the bilateral projects reviewed by the evaluation team, either the project was proceeding to its completion more or less as scheduled, or an accelerated project schedule was being coordinated with both the Indian counterparts and with other donor agencies which may be continuing programming in the same area.

In the case of the Energy Infrastructure Services Project II for example, the Asian Development Bank and the United Kingdom's Department for International Development (DFID) indicated that they are working closely with CIDA to ensure that the capacity development gains in the project are built into the operational plans of projects which are in the negotiation stages.

At the same time, a more prolonged period of winding down the bilateral program might have allowed for a more structured process of coordinating strategies with other windows for CIDA programming including Canadian Partnership Branch. It may also have

allowed for a stronger dialogue with other departments and agencies of the Government of Canada which have an interest in continuing support in some of the areas of the bilateral program. Increased consultations within CIDA and within the government network would have facilitated the transition and may have avoided the gap which is likely to be created when the bilateral program officially ends.

It is important to acknowledge, however, that there are significant organizational and budgetary constraints to how much of the activity formerly supported by CIDA's bilateral program of assistance to India can be assumed by other departments.

4.2 Country Program Results

4.2.1 Poverty Reduction

In the area of poverty reduction it is clear that most CIDA supported bilateral, multilateral and NGO projects have incorporated in their strategies and approaches some elements of either direct or indirect poverty reduction. Most projects can point to some evidence of positive results in poverty alleviation, although the evaluation noted that there was in fact very little direct monitoring of poverty changes among project beneficiaries and target groups.

The most readily direct impacts on poverty reduction occur in those projects dealing with micro-credit (for example the Banking With the Poor project – see box 2), the empowering of women's self-help groups and targeted support to excluded groups. Similarly, health and nutrition support projects were able to report significant indirect poverty reduction results through improvements in the quality of services, access to better health and nutrition by poorer groups, including poor women and their children, and increased productivity resulting from better health and nutritional status.

Box 2: Banking With the Poor Project (1999-2003)

Experience has shown that, using credit provided on reasonable terms, the poor can develop income-generating activities and greatly improve their standard of living. Since they are not generally able to tap the formal banking sector for credit, the existence of substantial funds from alternative sources such as NGOs is vital to them.

This \$4 million bilateral project directly targets poverty alleviation in Orissa and Bihar by aiming to contribute to the unblocking of one of the major constraints faced by the poor - access to credit. The two financial institutions supported by the project reach mainly poor households: roughly 50% of households in target areas, defined as those who derive some income from manual wage labour, have marginal land holdings 0 to 2.5 acres with no irrigation, and live in *kuccha* houses. Both institutions provide small sub-loans (Rs. 500 to 5000) which can effectively serve the needs of the poorest, including women.

Examples of health and nutrition projects with a poverty reduction dimension include the Maternal and Infant Survival Project (MISP) in Madhya Pradesh, the Micronutrient Initiative and support to the Revised National Tuberculosis Control Project (RNTCP). In the case of MISP the project also included direct support to livelihoods development for poor women through food processing groups.

Finally, a number of projects focused on strengthening institutions at the state and national level with a view to improving the fiscal and governance situation and to generate resources which could be applied to poverty reduction. These projects for the most part had little discernable direct or indirect impact on poverty since there was no mechanism to link the improved fiscal situation to investments in pro-poor policies and programs.

CIDA bilateral interventions in the energy sector have addressed the issue of poverty reduction differently, and as a result have had a different impact on the poor, as shown in the two following examples: the Support to the Kerala State Electricity Board (box 3) and the Madhya Pradesh State Electricity Board Poverty Reduction Strategy (box 4).

Box 3: Support to the Kerala State Electricity Board (KSEB) (1997-2004)

The 2000 CIDA evaluation of socio-economic and gender impact of power sector reform in Kerala reinforced the importance of being proactively pro-poor. Forty percent of total households in Kerala do not have electricity connections. To the extent that KSEB's improved performance and financial viability allows it to meet the demand for connections from those who can afford them and who are located near enough to the grid, these new consumers will benefit from power sector improvements due to the reforms. About sixty percent of households without electricity have not applied for connections for financial or financially related reasons. These households are rural and in poor-quality homes with poor sanitary facilities. They benefited from improvements in the power sector in a limited way due to the absence of special provisions in the government's policies to assist them in getting connections. The major impacts on the poor of power sector reform are indirect: through economic growth and improved fiscal performance. Electric power can transform the lives of the poor – through both their livelihoods and quality of life – but only if they have direct access to it.

Box 4: Madhya Pradesh State Electricity Board Poverty Reduction Strategy (2002-2005)

CIDA supported the reorganization of the Madhya Pradesh State Electricity Board (MPSEB) under the Energy Infrastructure Services Project (EISP) and assisted the MPSEB in the development of a poverty reduction strategy. This included a detailed analysis of electricity use in the state, including a break down by socio-economic grouping, which demonstrates how poorer groups are currently excluded from electricity connections. The strategy illustrates that infrastructure interventions must be explicitly pro-poor if the poor are to be included in benefits. Ways in which electricity reform can be made pro-poor were considered, including:

- A free lifeline ‘slab’ (25 units) for eligible Scheduled Caste/Scheduled Tribe households;
- Subsidized electricity for other ‘below poverty line’ households;
- Metering of existing, as well as new domestic connections to ensure affordability;
- Group metering, which would lower the costs of installation of meters;
- Monthly billing so that the amount owed remains relatively low;
- Meter reading and bill collection at the beginning of the month when poorer households generally have more cash on hand;
- Public information and grievance redress programs; and
- Assistance to ‘below poverty line’ households for connection costs to access domestic connections; the price of the connection being one of the barriers to poor households’ use of electricity.

Despite the progress which the reviewed projects have made in addressing poverty, the overall impact of CIDA supported projects could have been greater if the program had been more clearly focused on targeting the benefits of projects and programs yet to the marginalized and poorest groups in Indian society.

There are two possible important responses to the criticism that CIDA supported projects could have been more targeted to the poor and marginalized in India:

- a) that by increasing the fiscal resources available at state and national levels the projects could result in increased investment in pro-poor programming; and,
- b) by supporting reform in public agencies (including parastatal organizations) the projects and programs strengthened the general governance environment at state and national levels and thereby contributed to the enabling environment for governance and pro-poor policies and programs.

These two responses would be much more compelling, however, if the projects and programs reviewed could be plausibly linked to efforts to influence state and national resource allocation and budgeting to make it more pro-poor. The evaluation team was not able to find linkages from the projects reviewed to policy dialogue relating to targeting resources to the poor. Similarly, institutional reforms in, for example, the energy sector, may contribute to the development of more efficient and responsive organizations. They cannot, however, replace the need for more direct programming in the area of governance, accountability and citizen participation.

4.2.2 Environmental Management

In environmental management and sustainability, the CIDA program in India can report strong positive results. Perhaps the most important result, and one supported by widely differing projects, is CIDA support to development, testing, proving and dissemination of a well articulated model for community-based natural resources management (including community-based research on environmental measures). CIDA has been an important contributor to the community-based model and has contributed to the emerging consensus on the importance of environmental sustainability in Indian civil society.

An example of CIDA support to community-based and localized models of environmental intervention has been the India-Canada Environmental Facility (ICEF) which has supported research on environmental interventions undertaken at the community level with strong linkages to local NGOs and to state and local governments – see box 5.

Box 5: India-Canada Environment Facility (1991-2007)

This \$72 million project addresses strongly felt needs in India regarding critical issues of energy conservation, renewable energy development, environment conservation and protection, and management of natural resources such as water and land. The sub-projects examined during the evaluation addressed critical areas such as *jhoom* cultivation (slash and burn) practice prevalent in north eastern India; insidious land degradation in the western part of the country; serious problem of arsenic contamination in ground water in West Bengal; land degradation in western India and its treatment through watershed management practices; and the problem of air pollution from small scale industries in Calcutta.

Reported results to date include: 1) increased acceptance and support for community based approaches for natural resource management by communities and government, e.g. the Government of Madhya Pradesh has agreed to lease revenue wastelands for the benefit of landless and small farmers; 2) increased acceptance and support for selected water and energy technologies by users and Government, e.g. the Government of India has decided to install windmills for energy generation on remote islands (Andamans and Lakshdweep); and 3) enhanced capacity of ICEF partner organizations to promote and deliver Natural Resource Management (NRM) in a pro-poor and pro-women manner, (by operating through a network of smaller NGOs, ICEF projects have directly enhanced capacity of several local NGOs for sustainable NRM development).

Similarly, the Demand Side Management (DSM) project has attempted to promote modern energy conservation methods by linking large state electricity agencies with municipal governments, environmentally focused NGOs, and private sector technology providers. One of the innovations in the project is its reliance on private sector firms to finance the uptake of conservation technologies by municipalities and individuals. CIDA's support to the Confederation of Indian Industries (CII) through the two phases of the CII Environmental Management Program has been successful in increasing the compliance of industries with environmental regulations from 40% to 85%, between 1994 and 2005.

The Energy Infrastructure Services Projects 1 and 11 enabled the Central Electricity Regulatory Commission and the Electricity Board in five states to reduce the need for increased power generation capacity by focusing on improved efficiency through reduced technical and commercial losses in power transmission and distribution. The projects also helped at improving planning tools and practices using computerized models, Geographical Information System (GIS) and Geographical Positioning System (GPS) data; transmission lines are now being routed more efficiently and with less impact on the environment.

4.2.3 Gender Equality

The record for CIDA projects in producing results in gender equality (GE) in India is mixed, but it has improved in the most recent programming cycle. Almost all the projects reviewed had made some credible effort to include gender equality measures and goals in their design. Several projects in the current program cycle have shown real innovation in their approach to GE.

The Demand Side Management project, for example, undertook a gender analysis of street lighting needs. The study was able to demonstrate that, for poor women and their children, adequate street lighting had important benefits in the areas of personal security, allowing for craftwork in the evening hours and allowing children who worked in the daytime to study after daylight hours. Projects such as these have demonstrated the validity and utility of including a professional gender analysis phase during project design and development.

Projects with a focus on improvements in sustainable livelihoods through organization of women artisans, provision of micro-credit, food production and other economic activities had a strong opportunity to address women's needs (both practical and strategic) and recorded the strongest level of results in this area.

Projects aiming at improved health and nutrition were also able to target women and girls as beneficiaries and sometimes were able to link action relating to health and nutrition with economic support as in the MISP project – see box 6.

Box 6: Maternal and Infant Survival Project (1998-2004)

This \$6 million project funded by Multilateral Programs Branch enabled CARE Canada and CARE India to create Community Based Women's Organizations at the village level and to increase coverage rate of health services and change behavior with regards to mortality reduction among pregnant and lactating women and their infants in 500 poor and remote villages in Madhya Pradesh.

In addition, increased women's decision making capabilities and their confidence allowed them to have access to micro-credit and be involved in economic activities, including the production of fortified blended food for distribution through the project. Building on the achievements of the project, the government of Madhya Pradesh has asked CARE India to assist them in the replication of the project activities in non-project districts.

The most difficult area for supporting gender equality by addressing women's needs and interests was in the direct support of major Indian institutions. These organizations sometimes felt, as a result of self assessment, that they required little or no support in the area of gender equality. Other organizations were restricted by hiring freezes and economic constraints so that they felt they had little room to address issues of women's access to technical and managerial positions.

Although a gender equality strategy was developed for the India program, it is not very strongly reflected in the most recent CPF and was not very visible in discussions with key stakeholders in India (including CIDA staff and locally engaged project advisors). It also seems that the balance of mainstreaming and targeted gender equality focused programming (such as the Gender Equality Fund) was perhaps over-reliant on mainstreaming as a key strategy for achieving results in the area.

Finally, it is worth noting that the relatively high level of results achievement noted in the area of environmental management is somewhat in contrast to results in gender equality. It is notable that the environmental management area relied much more on a strategy of directly targeted investments than was the case for gender equality, which relied mainly on mainstreaming.

4.3 Other Key Results

Other key results areas noted in the evaluation were capacity development on a partnership basis with Canadian Executing Agencies (CEA) showing considerable flexibility, understanding and openness in their relations with their Indian counterparts. On the Indian side, the level of managerial and technical expertise and commitment has been a key factor in the positive uptake of the training, technology and business practices component of many of the projects.

Similarly, most CIDA supported projects and programs in recent program cycles have been effective in promoting changes to central, state and local government policies and practices to help secure and extend their outcomes. An important example of this is the Canada-India Institutional Industry Linkages Project (CIILP) which has developed a model for involving local industry in the development of competency based technical training. This model has been incorporated by the Directorates of Technical Education in the five states where the project is working. The project has fully incorporated the Directorates into its work with Indian and Canadian colleges and local industry organizations.

4.3.1 Partnership and the Quality of Linkage

There was ample evidence in the evaluation of the depth and intensity of relationships and linkages which develop in the projects reviewed between Canadian organizations and their Indian counterparts.

In some projects the main focus has been on linkage and relationship development between and among Indian actors, with Canadians involved more in technical support roles or in the governance of the project or fund involved. In particular, the India-Canada Environmental Facility and the Gender Equality Fund have had an India-direct focus with less involvement by Canadian actors in the actual sub-projects funded.

In a number of bilateral projects, most specifically the project for Capacity Development of Revenue Administration, and the Framework phase of Telecommunications projects, the key Canada-India linkage has been in the form of links created between government agencies. In the Revenue Administration project the (at that time) Canada Customs and Revenue Agency developed very strong working linkages with the Indian Revenue Services at a central level and in Rajasthan – see box 7.

Box 7: Capacity Development in Revenue Administration (1995-2004)

This \$8.5 million bilateral project implemented by the Canadian Customs and Revenue Agency supported the GOI's aim to streamline and modernize its tax procedure and assisted in the design and management of automated systems of tax administration. It also strengthened the capacity of the Indian Ministry of Revenue to manage a revamped program for staff training.

As well as meeting specific targets regarding business process re-engineering, improvements in Value Added Tax (VAT) administration, computerization of processes and improving the client/tax administration communications interface, key stakeholders noted the following specific achievements of the project:

- Introducing and marketing within the GOI, the concept of change management as part of the project itself;
- Securing cooperation from the staff labor unions involved;
- Overcoming resistance to computerization;
- Reducing the cost of compliance to taxpayers through the use of on-line tax filing;
- Helping to create within the GOI a better understanding of the importance of tax administration which has always been seen as less important than tax policy.

During the project there were very close and cordial linkages between the tax administrations in India (at central and state levels) and CCRA. This included linkages at the executive level as well as among working project staff. Communications were maintained both electronically and through regular working group meetings in person. The level of linkage has subsided somewhat since the completion of the project and is now more of an informal networking relationship.

Similarly, the Telecommunications Framework project led to very strong relations between the different components of the Department of Telecommunications in India (including the regulatory authority, the research department and the standards setting branch) and, on the Canadian side, the Canada Radio and Telecommunications Commission (CRTC), Industry Canada and the Canadian Standards Association (CSA).

On the other hand, both these projects illustrate how quickly these relationships tend to diminish following project completion. While the individuals involved speak highly of the valued relationships between organizations, and some continue to communicate informally, the actual professional content of the relationship declines to nearly zero very rapidly following project completion. The operational departments of both the Indian and the Canadian governments have very few mechanisms, very little money (and an overwhelming focus on their domestic responsibilities) and little inclination, as organizations, to invest in maintaining ongoing professional relations after projects are completed.

It is important to emphasize that there are substantial financial and structural barriers which severely limit the capacity of Canadian and Indian government agencies to sustain working relationships without direct funding from an Official Development Assistance envelope. The most important of these is the absence of specific budget lines to finance international cooperation activities of technical and service departments and agencies in both governments.

This highlights the importance for Canada to better manage in the future the transition to more mature whole-of-government relations in emerging countries, in order to bridge the gap resulting from the closure of traditional development assistance programs.

4.3.2 Effective Use of Resources

One significant positive result of recent CIDA supported projects and programs in India has been a growing acceptance by counterparts, especially NGO, of the importance and utility of results definition, monitoring and reporting systems and processes.

At the same time, the current state of performance monitoring for CIDA supported projects and programs is by no means perfect. Some important areas where improvements could be expected in future initiatives sponsored by Canadian Partnership and Multilateral Programs branches include:

- A need for much better baseline mapping of the poverty situation in the communities where projects and programs are operating, followed up by efforts to monitor and report on changes in poverty and in economic and power relations;
- A shift from monitoring activities and outputs to better monitoring and reporting on project and program outcomes;
- Better integration of quantitative and qualitative monitoring; and,
- More emphasis on the management component of Results-based Management (RBM) so that results reports are used to modify activities and allocate resources on an ongoing basis. A positive example of this was found in the Capacity Development in Revenue Administration project.

Box 8: Summary of Key Findings

Key findings of the evaluation of CIDA's development programs in India are:

- CIDA programming in India, especially through bilateral and multilateral channels, has been in direct support of the established priorities of the Government of India.
- The program focus has been congruent with the priorities expressed in India's National Development Plans. The form and content of CIDA program support has adapted over time to changing needs and priorities at central, state and local level.
- CIDA programming in India has encompassed emerging CIDA priorities and has responded to changes in "good practice" in development cooperation, particularly in the development of modern and effective methods of capacity development.
- CIDA's programs could have been concentrated more radically at an earlier point in time, in terms of states of operation (geographic), sectors and the number of projects.
- The program could have benefited from a more explicit strategy for poverty reduction which would have tied projects more closely to targeting benefits to the very poor and dealing with issues of social exclusion.
- CIDA's decision to phase out of the bilateral development program at a fairly rapid pace did not have many direct or operational negative effects. However, increased consultations within CIDA and within the government network would have facilitated the transition.
- Most CIDA supported bilateral, multilateral and NGO projects have incorporated in their strategies and approaches some elements of either direct or indirect poverty reduction. However, the overall impact of projects could have been greater if the program was more clearly focused on targeting the benefits of projects and programs yet to the marginalized and poorest groups in Indian society.
- The CIDA program in India can report strong positive results in environmental management and sustainability. Support to development, testing, proving and dissemination of a well articulated model for community-based natural resources management is of particular interest.
- The overall record for CIDA projects in producing results in gender equality (GE) in India is mixed, but it has improved in the most recent programming cycle. Almost all the projects reviewed had made some credible effort to include gender equality measures and goals in their approach to GE. Although a gender equality strategy was developed for the India program, it is not very strongly reflected in the most recent CPF and was not very visible in discussions with key stakeholders in India.
- Canadian Executing Agencies showed considerable flexibility, understanding and openness in their relations with their Indian counterparts. There was ample evidence in the evaluation of the depth and intensity of relationships and linkages which develop between Canadian organizations and their Indian counterparts.
- Most CIDA supported projects and programs in recent program cycles have been effective in promoting changes to central, state and local government policies and practices to help secure and extend their outcomes.

5.0 Lessons Learned For CIDA Programming

Some important lessons applicable to the design, implementation and evaluation of CIDA supported activities in India and elsewhere in the future include:

- A coherent national programming strategy as articulated in the CPF for India combined with ongoing efforts to refine and improve projects can contribute to positive results.
- At the same time, it is important to concentrate and focus program and projects both geographically and sectorally, especially as the financial size of the program is declining.
- Poverty reduction elements can be successfully built into widely diverse projects but there is an over-riding need for projects to include explicit strategies for targeting the poorest and most marginalized if strong poverty reduction results are to be expected.
- A higher priority for gender equality in the CPF can be used to focus and to link achievements in the area across projects and contribute to a stronger movement for change at a national level.
- For cross-cutting themes such as environmental management and gender equality, combining the use of targeted investments with a strategy of mainstreaming seems to produce much stronger results when there is a substantial and visible commitment to significant targeted investments. A relative over-reliance on mainstreaming, without significant targeted investments in the overall country-program seems to produce a much lower level of results.
- For countries where the CIDA bilateral program is wound down but programming by Multilateral Programs Branch and Canadian Partnership Branch continues, there will be a significant loss of strategic direction and focus if the continuing branches are not able to develop their own approaches to defining the goals and key characteristics of continued Canadian development cooperation. Sufficient time should be allowed to prepare the transition.

6.0 Considerations for Further Strengthening Canada-India Relations

This survey of both development cooperation and other Canadian linkages with India points to a clear fork in the road. The evidence to date suggests that the two countries will tend to drift further apart, on their generally cordial but diverging paths, unless they soon manage to make major breakthroughs.

Unless alternative linking mechanisms emerge or are put in place, the ending of Canadian bilateral development cooperation with India is likely to reduce appreciably the number of opportunities for Canadians and Indians to build their working contacts, including some of the past models of support for the engagement of other government departments. Given the direction of the Canadian bilateral program in recent years, the reduction in collaborative India-Canada partnerships will now affect mainly institutional and civil society partnerships, some public sector collaboration, and the provision of specialized

services, with a resulting reduction in some of the useful “ripple effects” of such engagements (e.g. through missions, sub-contracting engagements etc).

Other government departments will be challenged to set their priority programs for international cooperation firmly within their own budgets, and the Department of Finance will also be challenged to recognize these as key Canadian objectives. The better established trade and other business linkages can be expected to proceed on a more commercial basis. Many of the wide ranging institutional and civil society linkages and exchanges will presumably also continue, although the maintenance of some that have been supported by substantial CIDA funding through the Canadian Partnership Branch will hinge on the future levels of funding as well as possibly more strategic orientation and allocation practices for that channel.

The transition underway in Canada-India relations now means that new mechanisms are needed – as in the ambitious vision of science and technology links summarized above – and that existing mechanisms need to be tested for their relevance and effectiveness, and any appropriate improvements made. The survey suggests that a wide range of mechanisms – governmental, inter-governmental, and non-governmental – require some basic renovation and reinvigoration. Although not as costly or demanding as the blueprint for science and technology cooperation, it must be recognized that a major upgrading of relations with India will incur costs.

Within the federal government, the need for greater attention to India on a whole-of-government basis has led to plans for more regular top-level consultation among departments – including CIDA, with working level support and implementation. The quarterly Focus India meetings are seen to be a useful opportunity for exchange within and beyond government. Similarly, the Canadian and Indian governments are already committed to intensified and regular dialogue at senior levels. All these consultative channels are positive in principle – but their real value, and even the ability to keep them active, ultimately hinges on having sufficiently important issues for busy participants to discuss and advance or resolve. To reflect the growing importance of upgrading this relationship, the information exchange functions of these consultative processes should now be covered as much as possible in other ways, and their agendas should focus on solid, even contentious issues (as in the example of nuclear cooperation).

Some of the most important needs and opportunities may be found in:

- Fresh Canadian responses to India’s new economic and political position, with an intensive global security dialogue, to include nuclear issues and an end to the long estrangement on that key front;
- An ambitious “breakthrough on brainpower” between the two countries, with sufficient funding to promote collaborations of mutual interest in research, science and technology;
- More creative public diplomacy, among other elements engaging Indo-Canadian communities to better harness their strengths;
- Maintaining an effective Canadian engagement in India’s continuing development challenges through: a new type of country-programming approach by CIDA, built

- on the pillars of our multilateral contributions; a more strategic and competitive program of civil society and private sector support; and encouragement for IDRC to build more on its sound historic base in the country and region as an ideal vehicle of the “Foundation-style” support to development innovation now viewed as crucial by leading Indian thinkers;
- Stronger support for priority cooperation with India in the budgets of other government departments concerned, and new foreign policy tools to help fill the “CIDA gap” (such as an adaptation of the Australia-India Council model as a competitive “facilitation fund” for key initiatives in various fields); and
 - A sharpening of the existing instruments for Canadian relations with India, including the Shastri Indo-Canadian Institute, the Asia-Pacific Foundation, and the Canada-India Business Council as well as maintaining some of the unique Canadian contributions of the South Asia Partnership in Canada.

Canada’s recent International Policy Statement confirms that despite many common interests and issues of mutual concerns, our relationship with India has under-performed in the past on a number of fronts, including trade and politics. The document recognizes that entrepreneurial skills and educational and scientific links of the Indo-Canadian community, coupled with reforms taking place in the Indian economy, are giving Canada a new edge to build on. “India offers Canadians more and more opportunities in biotechnology and health, information and communications technology, engineering and construction, oil and gas, and environmental and financial services.”⁸ The Statement suggests a number of initiatives aimed at taking advantage of trade opportunities in India and at strengthening political and people-to-people ties, in line with considerations outlined in this evaluation.

In the absence of a bilateral development program it will be essential for CIDA’s Multilateral Programs Branch and Canadian Partnership Branch to develop a strategic approach to their support so that some of the key linkages can be sustained.

In particular the evaluation of the CIDA programs noted the potential and possibilities of:

- Continuing to build on Canada’s reputation for excellence in India in the generation, transmission and distribution of energy in an efficient and sustainable manner in accordance with modern economic, managerial and technical methods;
- Continuing and extending Canada’s contribution in the area of community-based natural resources and environmental management and research;
- Building on past experience and the obvious interest of the GOI in Canadian models for regulation and economic and technical management in a federal state. A key example was the success of the Telecommunications Framework Project which built on Canadian models for regulation, research and standards setting in information and telecommunications technologies;
- Providing support to sector and issue focused networks which combine Indian and Canadian civil society organizations, academic institutions and government institutions. This would provide an opportunity to focus on advocacy for pro-poor

⁸ Canada’s International Policy Statement, April 2005.

- economic and development policies;
- Focusing Canada's support to multilateral agencies so that they make a very strong effort to address key issues of poverty, basic education and health (including HIV/AIDS, tuberculosis and malaria) in India in an effort to contribute to the MDGs; and,
 - Developing a more explicit India strategy for CIDA's Canadian Partnership Branch support to Canadian NGOs active in India in order to both sustain current linkages and advance the contribution made by Canadian NGOs to the achievement of MDG goals in India.

Annex A: Management Response

Evaluation Lessons Learned and Key Recommendations:

The evaluation identified a number of lessons gleaned from CIDA's experience in India that could have application in other programs:

Lesson: A coherent national programming strategy as articulated in the CDPF for India combined with ongoing efforts to refine and improve projects can contribute to positive results; at the same time, it is important to concentrate and focus program and projects both geographically and sectorally, especially as the financial size of programs is declining.

Response: In large complex countries the need to concentrate both geographically as well as sectorally is well argued. In fact, in the last CDPF approved (but never implemented) for India, the strategy was to focus on only three states.

Lesson: Poverty reduction elements can be successfully built into widely diverse projects but there is an overriding need for projects to include explicit strategies for targeting the poorest and most marginalized if strong poverty reduction results are to be expected.

Response: Not only is there a need for more explicit poverty reduction strategies, there is a need for a detailed performance results framework as an integral part of the CDPF process. Asia Branch will ensure that such frameworks are included in all new CDPFs.

Lesson: A higher priority for gender equality in the CDPF can be used to focus and to link achievements in the area across projects and contribute to a stronger movement for change at a national level. For crosscutting themes such as environmental management and gender equality, combining the use of targeted investments with a strategy of mainstreaming seems to produce much stronger results when there is a substantial and visible commitment to significant targeted investments. A relative over-reliance on mainstreaming, without significant targeted investments in the overall country-program seems to produce a much lower level of results.

Response: Asia Branch agrees with these conclusions, and believes that evolving experience and capacity with RBM practices and a continued focus on the MDGs and the Principles of Aid Effectiveness will help to strengthen CIDA's performance in these areas. We note that although GE continues to be viewed as a crosscutting theme, CIDA's Strategic Directions Paper supports GE-specific projects as part of an overall country strategy.

Lesson: For countries where the CIDA bilateral program is wound down (for whatever reason) but programming by Multilateral Programs Branch and Canadian Partnership Branch continues, there will be a significant loss of strategic direction and focus if the continuing branches are not able to develop their own approaches to defining the goals and key characteristics of continued Canadian development cooperation.

Response: Asia Branch agrees in principle with this observation, especially if the conditions attached to the phasing-out of the bilateral program restrict the development of a transition strategy (see below).

The Evaluation also made several key recommendations that are appropriate for Agency and Government consideration:

Recommendation: In the absence of a bilateral development program it will be essential for Multilateral Programs Branch and Canadian Partnership Branch to develop a strategic approach to their support so that some of the key linkages can be sustained.

Response (from MULTI): Multilateral Programs Branch welcomes this evaluation and supports its findings. In terms of the proposal for a country-specific strategy on India, however, Multilateral Programs Branch does not allocate funding on a country basis; rather it will continue to support priority sectors and institutions which work in these sectors. The Branch will continue to channel significant resources to India through its support for multilateral organizations working in the areas of nutrition and disease, its contributions to UN organizations and the IFIs principally the World Bank and the Asian Development Bank, and, if required, through its support for humanitarian assistance organizations. It is expected that, given the Branch's focus on health and nutrition, co-operation with India through Multilateral Institutions will continue to be extensive.

Response (from CPB): As one of its IPS commitments, CIDA has embarked on the review and renewal of its partnership programming carried out within Canadian Partnership Branch (CPB) and across the Agency. This review will lead to the development of a Framework for Effective Partnerships that will help clarify how the Agency can best optimize its different delivery channels. CPB will build on the broad and deep partnerships with Canadian civil society and the private sector that the Branch has cultivated over the past twenty some years and will explore a range of potential programming options which could include south-south partnerships and engaging the Indo-Canadian Diaspora. CPB will pay particular attention to strengthening efforts to address the MDGs through a mix of programming in the five key IPS sectors.

Recommendation: It will also be essential for other departments and agencies of the Government of Canada, which have so strongly benefited from CIDA bilateral program support in the past in India, to invest time, effort and financial resources in sustaining and deepening relationships.

Response: The need for OGDs to mobilize resources for international engagement reflects the reality of a whole-of-government approach. OGDs should engage with CIDA in order to identify the basis of existing relationships, to take advantage of our experience and council, and to capitalize on the existing good will that flows from successful bilateral program partnerships.

Ongoing Indo-Canadian Engagement in the Absence of Bilateral Programming:

CIDA's bilateral exit from India came about under unique circumstances. The decision to phase out the program was taken at the suggestion of the Indian authorities, who were looking to streamline their own development assistance relationships while at the same time pursuing political and economic partnerships as equals with countries such as Canada. From a Whole of Government perspective, that Indian initiative was welcome, as Canada was already seeking to deepen its larger relationship with India. CIDA's response, which was to phase out the ongoing \$28 million/year bilateral program over a very tight 30 month time frame during which there could be no new initiatives

undertaken (an explicit part of CIDA's decision), meant that there was only limited opportunity to develop an exit strategy that might have been used to either consolidate existing program objectives or kick-start other dimensions of a renewed Indo-Canadian relationship.

The Evaluation comments that the rapid phase out did not have significant negative consequences at the project level, and this view was supported in the future linkages paper, "Building on Our Strengths". That latter paper does however comment on what Canada has lost in terms of operational tools that might have been used to more effectively support a renewed Indo-Canadian relationship, particularly in terms of support for the activities of OGDs and new two-way partnerships in education, science and technology. To that list could be added support for bilateral partnerships in such global issues as HIV-AIDS prevention (and now Avian flu) and support for elements of new internationalism through such initiatives as South-South partnerships and multilateral institutional reform. CIDA's potential ability to contribute to those objectives was curtailed, not so much by the decision as by the conditions attached to that decision.

Annex B: CIDA Making a Difference in India

Both the “Evaluation of India-Canada Development Co-operation” and “Building on Our Strengths” demonstrate that CIDA’s bilateral program has delivered durable developmental results with benefits for both India and Canada. Over time and through sustained investment, India has gained directly through its relationship with CIDA. The two studies observe the following tangible results:

- 1. Energy/power sector:** CIDA has worked progressively to build productive infrastructure (for example, 80% of Kerala State’s installed generation capacity); policy influence and reform (de-linking of service providers, demand-side management); and has served as a bridge for Canadian private sector commercial engagement on globally competitive terms.
- 2. Environmental management:** CIDA worked successfully in a programmatic way over time and in co-ordination with leading Indian governmental and non-governmental organizations to improve capacity and practice at the community, government and industry levels. Community-led natural resource management and advocacy initiatives have helped shape government policy and practice, and are being complemented by industry-led and CIDA-supported efforts to develop an Indian approach to Corporate Sustainability Management.
- 3. Governance:** Canada’s federal structure, its regulatory frameworks and its public-private partnerships have been attractive models for Indian adaptation. Governmental revenue administration and telecommunication regulation, environmental codes and practices as well as private sector co-operation in the design and development of India’s technical colleges and vocational schools, all serve as concrete examples of this influence.
- 4. Engagement with civil society:** In this vast area of initiative and diversity (India is said to have over 1 million NGOs of various kinds), positive results have been achieved by all of CIDA’s operational Branches:
5. CPB continues to invest more in India through all of its channels than in any other single country. That concentration reflects the interests of Canadians and their organizations, and represents a continuing source of Canadian engagement and influence.
6. MULTI, through its Program Against Hunger, Malnutrition and Disease (PAHMD), has supported strategic partnerships linking Canadian and Indian NGOs with local operational health administrations, State Ministries, and International Health Organizations, resulting in sustained relationships and new accountability systems.
7. ASIA contributed to policy development through systematic support to selected Indian applied research and private sector organizations such as the Confederation of Indian Industries. To cite one example, support for child rights advocacy organizations has directly resulted in progressive federal child protection legislation.