



CANADA'S INTERNATIONAL POLICY STATEMENT

A Role of Pride and Influence in the World DEVELOPMENT

Diplomacy

Defence

Development

Commerce

MESSAGE FROM THE MINISTER



I am pleased to present *Canada's International Policy Statement—A Role of Pride and Influence in the World: Development*. It is an ambitious but achievable plan for enhancing Canada's role in the fight against global poverty.

In recent years, the world has made significant progress in human development. The number of people living on less than a dollar a day has dropped impressively; more children, particularly girls, are in school; and democracy has continued to spread. Yet these achievements are uneven: a fifth of humanity still struggles to meet basic needs for shelter and sustenance, confronted by disease, illiteracy, oppression and environmental degradation.

Such poverty offends our most basic values of decency and fairness. There is simply no good reason why, in the twenty-first century, half a million women a year should be dying during childbirth, or why thousands of children should be killed every day by easily preventable and treatable diseases. Such poverty is a moral affront to all of us, and this reason alone compels our response.

Increasingly however, such poverty also poses a direct risk to Canada and our allies. We understand there are links between acute poverty and state failure, and between state failure and global security. We understand that the surest way to achieve peace is to build a world in which all children, girls and boys, can go to a good school, get a good job, raise a healthy family, have a voice in their community and leave their own children a better planet.

Our progress toward this vision will be clearly measured against the Millennium Development Goals, time-bound targets for reducing poverty. To best achieve them, Canada will take a strategic approach that matches developing country needs with Canadian expertise, while working in coordination with other donors. We will focus our efforts in five key sectors. Country-to-country cooperation programs will be concentrated in a limited number of developing countries—the majority in Africa—that are among the poorest but offer good opportunities for poverty reduction.

This is about much more than aid. We will ensure that our policy in other areas, such as trade negotiations, support these efforts. And at the Canadian International Development Agency, our task is nothing less than creating the world's best development agency.

I look forward to working with Parliament and all Canadians to make this vision a reality.

Aileen Carroll
Minister of International Cooperation

CANADA'S INTERNATIONAL POLICY STATEMENT

**A Role of Pride and Influence in the World
DEVELOPMENT**

Canada's International Policy Statement documents are available on-line at www.international.gc.ca, www.acdi-cida.gc.ca, and www.forces.gc.ca

Canadian International Development Agency (CIDA)

200 Promenade du Portage
Gatineau, Quebec K1A 0G4
Canada

Telephone:

(819) 997-5006 1-800-230-6349 (toll-free)

For the hearing- and speech-impaired:

(819) 953-5023 1-800-331-5018 (toll-free)

Fax: (819) 953-6088

Website: www.cida.gc.ca

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

© Her Majesty the Queen in Right of Canada,
represented by the Minister of International Cooperation, 2005

Catalogue No. CD4-22/2005E-PDF

ISBN 0-662-40202-2

Printed in Canada

ABBREVIATIONS	iv
INTRODUCTION	1
A WORLD IN TRANSITION	3
DEVELOPMENT STATUS: PROGRESS AND CHALLENGE	3
ADDRESSING THE DEVELOPMENT CHALLENGE	5
THE WAY FORWARD	7
A WHOLE-OF-GOVERNMENT APPROACH TO DEVELOPMENT	8
A MORE STRATEGIC FOCUS	11
GREATER SECTORAL FOCUS	11
Promoting Good Governance	12
Improving Health Outcomes	14
Strengthening Basic Education	15
Supporting Private Sector Development	16
Advancing Environmental Sustainability	18
Ensuring Gender Equality	21
GREATER COUNTRY CONCENTRATION	22
Development Partners	22
Other Ongoing Bilateral Relationships	23
Failed and Fragile States	24
Middle-Income Countries: Transition to Graduation	24
Other ODA-Eligible Countries	25
Transition to Greater Focus: Implications	25
Canada Fund for Local Initiatives	26
WORKING WITH MULTILATERAL INSTITUTIONS	27
ENGAGING CANADIANS IN DEVELOPMENT	28
CANADA CORPS	28
PROMOTING EFFECTIVE PARTNERSHIPS	29
LEADING-EDGE DELIVERY SYSTEM	30
CONCLUSION	31

ABBREVIATIONS

CCCDF	Canada Climate Change Development Fund
CDM	Clean Development Mechanism (Kyoto Protocol)
CIDA	Canadian International Development Agency
CFLI	Canada Fund for Local Initiatives
CPIA	Country policy and institutional assessment (World Bank)
DART	Canadian Forces Disaster Assistance Response Team
GDP	Gross Domestic Product
HIPC	Heavily indebted poor country
IDRC	International Development Research Centre
IMF	International Monetary Fund
MDG	Millennium Development Goal
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental organization
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PAMECAS	Savings and Credit Union Support Program (Senegal)
PROAGRI	National Programme for Agricultural Development (Mozambique)
PSD	Private Sector Development
R&D	Research and development
SMEs	Small and medium-sized enterprises
START	Stabilization and Reconstruction Taskforce (led by Foreign Affairs Canada)
TB	Tuberculosis
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
WHO	World Health Organization
WTO	World Trade Organization

Building on the principles set out in the *Overview of Canada's International Policy Statement*, this paper charts a new course for a whole-of-Government approach to development cooperation.

Canadians, who come from every corner of the globe, understand that the life we enjoy in Canada depends increasingly on helping to make the world a better place. Our future is intertwined with that of people around the globe struggling to secure democracy and human rights, to build effective and accountable governance, to improve standards of living, and to sustainably manage their environment. Canadians cannot be safe in an unstable world, or healthy in a sick world; nor can we expect to remain prosperous in a poor world. Failure to achieve significant political, economic, social and environmental progress in the developing world will have an impact on Canada in terms of both our long-term security and our prosperity.

Security and development are inextricably linked. This was the foundation of the analysis of the UN Secretary-General's High Level Panel on Threats, Challenges and Change, whose December 2004 report in its executive summary noted:

Development has to be the first line of defence for a collective security system that takes prevention seriously. Combatting poverty will not only save millions of lives but also strengthen States' capacity to combat terrorism, organized crime and proliferation. Development makes everyone more secure.

While there is a moral imperative to respond to the humanitarian crises that erupt when states degenerate into conflict and chaos, Canadian interests are better served if these can be prevented. This preventative action can take many forms. One of these is long-term development assistance. This assistance helps build public institutions, civil society and accountable political culture, without which peace, security, and development cannot be sustained.

Development cooperation, however, ranges far beyond assistance. The UN Commission on the Private Sector and Development, in its report *Unleashing Entrepreneurship: Making Business Work for the Poor*, noted that while the primary responsibility for achieving growth and equitable

development lies with developing countries themselves, industrialized countries such as Canada have a responsibility not only to increase the flow of development aid, but also to help expand economic opportunities for developing countries.

Canadians can also have a significant impact on the prospects of developing countries through our policies and practices in areas such as trade, investment, debt relief, intellectual property and technology transfer. The Government's development-cooperation plans therefore include a coherent approach to non-aid policies that ensures that global poverty reduction is factored into decision making across government.

In order to regain a leadership role in development cooperation, Canada can build on its international experience in supporting development that is sustainable in economic, social and environmental terms. Other donor countries and agencies have recognized and built the concept of sustainable development into their policies and programs. Canada has many years of experience to bring to the table.

Canada's role in development cooperation cannot be defined exclusively on the basis of self-interest. The needs of our development partners, first and foremost in the poorest countries, must be our starting point. Further, the generosity of Canadians, expressed so tangibly in the outpouring of contributions from Canadian individuals, organizations, communities and businesses for tsunami disaster relief in the Indian Ocean region, is one aspect of the sense of global citizenship in the Canada of the 21st century. This sense of global citizenship is reflected not only through the human ties of Canada's many diaspora communities to their countries of origin, but also through Canadians' donations of time, expertise and resources to help people and countries in need.

This paper outlines a strategy for maximizing the contribution made by Canada and Canadians toward a world which is safer, healthier, more prosperous and more equitable; a world where development gains are sustainable; a world in which Africa takes its place among the other regions benefiting from globalization; a world in which today's development does not compromise tomorrow's environment; a world in which all girls and boys go to school and can look forward to a more healthy, productive and secure life.

Canada's development cooperation policy and programs will:

- advance Canadian values of global citizenship, equity and environmental sustainability, as well as Canadian interests regarding security, prosperity and governance;
- deliver visible, durable impact on the world's key development challenges as identified in the Millennium Development Goals (MDGs);
- focus on reducing poverty through an effective and focused approach which will match Canadian niches with developing countries' needs in coordination with other donors;
- recognize and promote sustainable solutions to address the critical linkages between environmental degradation, poverty and social inequity; and
- mobilize Canadians in dialogue and participation to build our society's capacity to contribute effectively to global poverty reduction.



Workers clean the filters of a dam in Palos de Agua, Honduras, as part of the Sustainable Water and Sanitation Project.

Canadians live in a world of dynamic challenges and opportunities. Recent years have seen global trends move in both negative and positive directions. These trends are not all new, and the world is always changing. What *is* new is an unprecedented international consensus on the key problems and what must be done about them. The framework for this consensus is the MDGs, a set of time-bound goals and accompanying targets, to which developing and developed countries committed themselves in 2000. The MDGs aim to achieve tangible results by 2015 in eight basic elements of human development, and they serve as an essential yardstick against which to assess our progress and target our efforts.

DEVELOPMENT STATUS: PROGRESS AND CHALLENGE

The story of the last few decades has been, in many ways, one of impressive progress in tackling poverty, inequality and injustice.

MILLENNIUM DEVELOPMENT GOALS AND SELECTED TARGETS TO BE ACHIEVED BY 2015

1. Halving extreme poverty and hunger
2. Achieving universal primary education
3. Promoting gender equality
4. Reducing under-five mortality by two-thirds
5. Reducing maternal mortality by three-quarters
6. Reversing the spread of HIV/AIDS, malaria and TB
7. Ensuring environmental sustainability
8. Developing a global partnership for development, with targets for aid

Democracy and human rights have made great strides, propelled by an increasingly global civil society. For example, since 1980, some 81 countries have made significant gains in democratization, including the replacement of 33 military regimes by civilian governments.

Major economic and social gains have also been made. During the 1990s, the number of people living in extreme poverty—US\$1/day or less—dropped by 50 percent in East Asia, and fell by seven percent in South Asia. In the last three decades, 57 countries, with three billion people, were able to cut the prevalence of hunger in half (or are on track to do so by 2015).

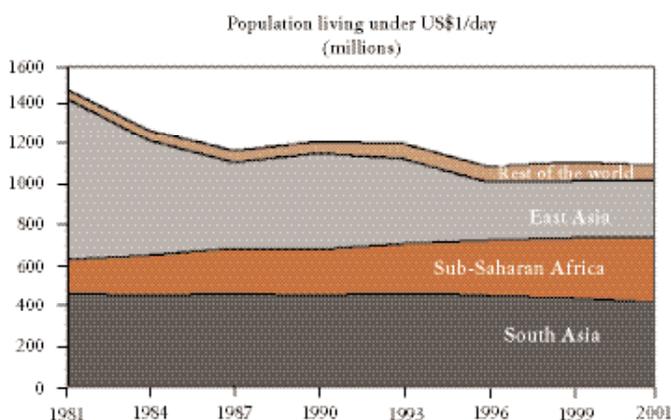
Literacy rates and access to basic education are on the rise, especially among girls and women.

Despite the progress, the challenges ahead are daunting. The following seven major, interwoven trends define the problems:

- **Uneven development.** While other parts of the world grew richer in the 1990s, the past two decades have seen the number of Africans living in extreme poverty almost double from 164 million to 314 million, most still in rural areas with minimal access to services.

There is little to suggest that this situation will improve quickly. In 2001-02, per capita GDP in sub-Saharan Africa increased a mere 0.9 percent and it is projected to grow over the next decade by only half of what is required for the region to meet the primary MDG of reducing poverty by half between 1990 and

Regional Poverty Trends



Source: World Bank, 2004

2015. Indeed, only eight sub-Saharan countries have a reasonable chance of meeting the poverty goal based on current trends.

- **Weak governance.** Many failed or fragile states are now putting millions of people at risk. There are huge demands for accountable and effective governance to provide services, security and prosperity. History has shown that democracies do this best, because they best reflect people's own local needs. However, in spite of democracy's gains, 73 countries with over 40 percent of the world's population still do not hold free elections, and over 100 governments still significantly restrict civil and political freedoms. Many of the world's states are dangerously weak or failing, providing fertile ground for conflict and extremism. More than 20 million people are either displaced within their countries or refugees in other countries. Without sound democratic governance, and the human rights that underpin it, most countries will find it extremely difficult to contend with the challenges of globalization, urbanization and demographic pressure, and so dangerous instability can result.
- **Health crises.** New global diseases are taking millions of lives, the vast majority in the developing world, especially Africa. Worldwide, some 42 million are infected with HIV/AIDS (two thirds of them in sub-Saharan Africa), and 28 million have died. In

sub-Saharan Africa, the face of this epidemic is increasingly female: 76 percent of infected young people are women. Many fear a massive new wave of the disease in East and South Asia. Infectious diseases that emerge first in developing countries also pose a growing global threat, as demonstrated by the SARS outbreak in 2003.

- **Lack of access to education.** Education is key to a brighter future for millions of people in developing countries. While progress has been made—more than 84 percent of the world's children now attend school—more needs to be done. More than 800 million people are illiterate and 115 million children, most of them girls, have never seen the inside of a school.
- **Demographic pressure—youth without work.** Although population growth is expected to level off by mid-century, two billion people—mostly in the developing world—will be added to the world's six billion in the next 25 years. With this increase, a vast number of young people will be looking for employment and a share of the benefits of the globalization process in coming years.
- **Gender inequality.** Women and girls still face significant barriers in developing countries—for example, only 60 percent of young women are literate, versus 80 percent of young men. Too often, women have fewer economic assets than men, including land, capital, credit and marketable skills. They also have less access to education and health services. These disparities may result from law or practice or both. Empowering women can drive progress in many areas, particularly poverty reduction. Indeed, as women are empowered, population growth slows, child and maternal health improves, and more members of society are able to participate fully in their communities.



Thousands of Haitians march through the streets of Port-au-Prince to demand justice.

© CIDA/Roger LeMoyne

- **Environmental stresses and pressure on the global commons.** Environmental degradation and unsustainable use of natural resources disproportionately affect the world's poorest populations, often because these groups are most directly dependent on their natural environment for daily survival. In turn, poverty contributes to environmental degradation, creating a vicious circle.

Despite the fact that they are the least responsible for initiating the threat of human-induced climate change, the poor are among those most likely to be directly and immediately affected by it. Desertification and drought, especially in Africa, have an impact on health, nutrition and agriculture, and can drive human displacement and migration. Loss of biological diversity can mean a loss of immediate livelihoods and future opportunity. Addressing these challenges through sustainable natural-resource management and the better valuation of ecosystems into decision making can reduce poverty and achieve the MDGs.

Many key environmental issues are global in nature. How well we manage the world's natural environment (including the world's biodiversity, oceans, and forests) and address climate change will influence the quality of life in Canada as well as our economic prospects.

ADDRESSING THE DEVELOPMENT CHALLENGE

A global partnership for development. Globalization has made clear that we cannot ignore the deep-rooted poverty experienced in the developing world. Recognizing this reality, the international community has united around the common development objective of poverty reduction and has come to a better understanding of the policies and practices required to achieve this objective. This begins with an appreciation that poverty reduction, if it is to be sustainable, cannot be defined solely in terms of income levels. It also encompasses inadequate and unequal social development.

The international community has set 2015, just 10 years from now, as the target for achieving the MDGs. Yet without a more concerted effort on the part of both developing and developed countries, the prospects for

achieving the MDGs are not good. Faster progress requires donors and developing countries to reshape their policies and fully embrace the partnership established at the 2002 International Conference on Financing for Development in Monterrey, Mexico.

Under the Monterrey Consensus, developing countries committed to lead and take ownership of their development policies. This includes ensuring that governance structures support the achievement of poverty reduction, by empowering citizens to guide and share in the development process. It also includes creating a better environment for the private sector development essential to generate resources for social development. Donors, for their part, undertook to support developing countries that commit to poverty reduction and put in place sound policies. Donors have also taken responsibility to enhance the volume and predictability of their official development assistance (ODA), harmonize their efforts, and bring greater coherence to their policies beyond the field of aid that affect the prospects of developing countries.

An integrated national approach to development. Canada's overall development cooperation effort includes many actors and instruments to respond to development needs; and it calls on our country's capacities well beyond the field of aid.

Canada has taken significant steps to use non-aid instruments in support of development cooperation goals. Examples include provision of debt relief, the lowering of tariffs to improve developing-country access to Canadian markets and the *Jean Chrétien Pledge to Africa Act* which allows developing countries to access affordable medicine, helping them in the struggle against HIV/AIDS and other infectious diseases.

The Canadian International Development Agency (CIDA) is the Government's lead agency for development assistance. The International Development Research Centre (IDRC) plays a leading role in supporting research capacities in developing countries. But this undertaking goes far beyond the work of these two agencies. Substantial shares of the Government's spending on international assistance are managed by the Department of Finance and by Foreign Affairs Canada; the Department of Finance plays a leading role in Canada's international efforts to alleviate developing countries' unsustainable

debt burdens. Many other federal departments and agencies also play a part in delivering Canadian development assistance.

In terms of aid, CIDA's current program includes addressing basic human needs, particularly improving health, combatting HIV/AIDS and supporting basic education, which together accounted for 46 percent of CIDA's \$2.24-billion aid-program budget in 2003-04. Governance is the second largest area of work and accounted for 18 percent of CIDA's 2003-04 budget. Geographically, Africa receives the largest portion, almost 39 percent of all Canadian assistance across all channels in 2003-04 for a total of \$1.1 billion, an increase of 60 percent since 1999-2000. In recent years, countries in crisis—Afghanistan, Haiti, Iraq—have received an increasing portion of aid resources. In 2004-05, they were three of the top four recipients of Canadian bilateral aid. Humanitarian assistance to address urgent needs normally accounts for over \$150 million per year; this figure will be much higher for 2004-05 due to the unprecedented needs and Canadian response generated by the Indian Ocean tsunami.

Enhancing Aid Effectiveness. Equally important to achieving the MDGs are policy changes designed to strengthen the effectiveness of Canada's development assistance in line with lessons learned from a critical assessment of experience. CIDA's 2002 statement, *Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness*, placed the principles of aid effectiveness—local ownership, greater partnership, donor harmonization, policy coherence and a focus on results—at the core of Canada's development cooperation program. Canada has also committed, with other donors, to increase the cost-effectiveness of assistance by reducing the “tying of aid,” the practice of specifying that a certain percentage of the money for programs and projects must be spent on goods and services from the donor country providing the funding.

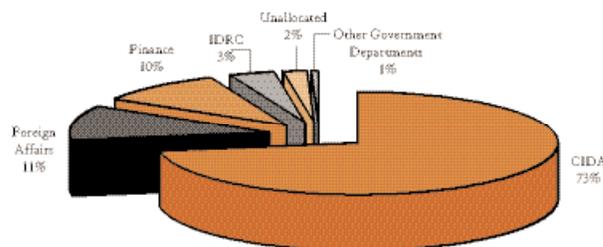
The key challenge now is putting these principles into practice. Despite progress made on programming approaches and in establishing systems for risk management and results-based management, more needs to be done to further strengthen the effectiveness of Canada's development cooperation. A central concern is the wide

dispersion of Canada's aid program, particularly of its bilateral (country-to-country) programs. Canada now provides assistance to 155 countries, a number which exceeds that of any other donor. While valid reasons lay behind the accumulation of programs (for instance, Canada's desire to support former Eastern Bloc countries), the level of bilateral assistance provided to many countries has simply become too small to have a meaningful impact on achieving the MDGs. Of these 155, only 18 receive assistance valued at more than \$10 million annually, with almost 90 at less than \$5 million annually, of which 54 were at less than \$1 million for the year 2003-04.

How does this dispersion limit our effectiveness? For one thing, more country programs mean less ability for Canadians to develop the knowledge, contacts and presence in any one place to ensure that our aid is used effectively. Development happens on the ground, in countries, each with its own unique people, institutions, and cultural and physical environment. At the same time, proliferation of small-scale programming—in terms of both sectors and countries—on the part of donors puts a greater coordination and cost burden on the recipient countries. Their already-strained institutions must deal with the coordination and administration of a huge array of projects, each with its own planning, implementation and reporting requirements. We also lose economies of scale in our own management and overhead costs. For these reasons, there has been a strong trend internationally to try to reduce duplication, ensure a more efficient division of labor, and reduce the developing countries' administrative burden, while improving the overall responsiveness of aid programs to developing countries' own priorities.

International Assistance Allocations by Department

2005-06 Budget totals \$3.6 billion



Source: Data from Department of Finance Canada

The Government is committed to making Canada a leading-edge development cooperation partner, in terms of the quality, focus, and strength of our efforts—within and beyond the field of aid. To do so, the Government will:

- fully integrate development cooperation into Canada’s international policy framework;
- ensure coherence across aid and non-aid policies that impact development;
- establish the right balance both within and among aid delivery channels—bilateral, multilateral and partnerships—to best advance our overall objectives;
- focus bilateral programming in fewer sectors and countries;
- focus greater support on those multilateral institutions that are most effective in promoting global governance and addressing the MDGs;
- intensify the engagement of Canadians and civil society as partners in development, through Canada Corps and other programs; and
- deliver effective, sustainable development cooperation through a leading-edge development cooperation agency.

This strategy is based on a set of guiding principles:

- The aid-effectiveness principles of local ownership, improved donor coordination, and a results-based approach (as outlined in CIDA’s 2002 statement, *Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness*);
- Canada’s commitment to effective multilateralism as the basis for effective global engagement on key issues;
- The Government’s commitment to effective partnership, an approach that values the essential role played by civil society and the private sector in developing countries and in Canada; and
- Coherence among the Government’s aid and non-aid policies and actions, with the objective of sustainably reducing global poverty.

A new development approach that delivers significantly enhanced aid effectiveness provides a strong foundation for Canada’s contribution to achieving the MDGs. To this end, Canada’s increasing fiscal health has enabled the Government to increase its provision of Official Development Assistance and other international assistance. In 2004-05 the Government allocated \$ 3.74 billion to international assistance, including the extraordinary humanitarian relief contribution in response to the Indian Ocean tsunami. Even excluding this relief, this amount was 21 percent larger than the previous fiscal year.

In support of Canada’s long-term commitment to the internationally agreed target of devoting 0.7 percent of gross national income to ODA:

- The Government is committed at a minimum to doubling (relative to 2001) our international assistance to over \$5 billion per year by 2010, with an increasing focus on Africa. By 2008-09, Canada’s aid to Africa will be double its 2003-04 level; and
- Today we commit to ongoing increases beyond 2010 and to accelerating the projected rate of growth in international assistance as our fiscal position continues to improve.

Humanitarian assistance will remain a key part of Canada’s international engagement. To ensure that Canadian assistance is timely, appropriate, consistent with the principles and practices of good humanitarian donorship, and effective in delivering relief and stabilization to those in situations of crisis, conflict and natural disaster, the Government will:

- adopt an integrated humanitarian response strategy involving all relevant departments, including Foreign Affairs Canada, the Department of National Defence, Citizenship and Immigration Canada, and CIDA; and
- consistent with the need for effectiveness, involve and engage Canadians in order to maximize the depth and reach of Canada’s humanitarian contributions.

A WHOLE-OF-GOVERNMENT APPROACH TO DEVELOPMENT

An important aspect of increasing the effectiveness of Canada's international contribution will be to strengthen coherence among the Government's aid and non-aid policies and actions, with the objective of reducing global poverty.

Debt relief is an important, concrete form of financial assistance. It frees up developing countries' own resources for poverty reduction, social development and improved governance. Canada has taken a renewed leadership role on this issue. Through both multilateral and bilateral initiatives, we have eased the debt loads of poor countries struggling to lift themselves up—most recently in Madagascar, Ethiopia, Ghana and Senegal. In Budget 2005, the Government set aside \$172 million for a new Canadian debt-relief initiative and \$34 million targeted to the world's most heavily indebted countries. Eligible countries are those that have completed the heavily indebted poor countries (HIPC) process as well as other poor countries that have sufficiently strong public expenditure management systems to use these savings appropriately for development. Countries must also have an acceptable human rights record. In total, over \$1 billion will be forgiven.

To encourage more rapid provision of debt relief through the multilateral system and more generous debt relief to HIPCs, the Government will continue to:

- seek debt relief that results in a net increase in flows to developing countries, treats non-HIPCs in an equitable manner, and preserves incentives for economic reform and improved governance; and
- under the leadership of the Minister of Finance, press the international community, including through the G7, to extend debt relief initiatives to additional poor countries. This includes encouraging greater participation in these initiatives by international financial institutions such as the World Bank, the International Monetary Fund, and the regional development banks, while at the same time safeguarding their financial viability. There are various proposals currently being considered and Canada is working with others to reach a consensus on the most effective and appropriate approach.

To ensure coherence among aid and other non-aid policies and actions that affect developing countries, the Government will:

- ensure much stronger interaction—in both directions—between development goals and Canada's international agendas in trade, environment, health, justice, and other relevant fields. Health crises, lack of access to education, weak governance and economic stagnation remain root causes of poverty. Poverty cannot be eradicated without addressing each of these problems;
- build much stronger whole-of-Government frameworks for mature cooperation with middle-income countries where development cooperation programs as such are no longer suitable. To ensure continued Canadian engagement in key countries and emerging economies, relevant

Members of the Canadian Forces Disaster Assistance Response Team (DART) provide humanitarian assistance to Hondurans affected by Hurricane Mitch.



© CIDA/David Trattles

government departments and agencies will step up as primary points of engagement with these countries;

- pursue direct, carefully sequenced, whole-of-Government engagement in a selected number of failed and fragile states where Canada has a base for involvement and can aim to make a visible, enduring difference (e.g. Haiti, Afghanistan, and Darfur in Sudan);
- devote no less than five percent of our research and development (R&D) investment to a knowledge-based approach to the challenges faced by developing countries. Canada's National Science Advisor is working with the research community to identify additional steps we can take to bring the benefits of our R&D to bear on the challenges faced by the developing world, from technologies for learning to environmental and life sciences; and



After the Indian Ocean tsunami disaster in December 2004, representatives of CARE Indonesia show residents of an internally displaced persons camp how to purify their own water.

- better integrate best practices and policy research from the world-renowned IDRC into CIDA policies and programming.

Recognizing that enterprise and markets at all levels generate economic growth, the UN Commission on the Private Sector and Development underscored the fact that:

Developed country governments are the principal players in creating and maintaining a positive global environment... [with a responsibility to] foster a conducive international macro-economic and trade regime.

As a people whose development and prosperity have been shaped by trade, Canadians have both a responsibility and a capacity to spread the opportunities offered by a truly global marketplace. Canada has been a leader in building a rules-based international trading system.

For the poor in developing countries to take advantage of global opportunities, they require both the means to participate and an open market in which to do so.

To help make markets work for the poor in developing countries, the Government will:

- work to improve the ability of developing-country exporters to access Canadian and global markets;

- extend research and development partnerships to the developing world; and
- continue to press for an ambitious conclusion to the Doha round of trade negotiations in the World Trade Organization (WTO).

Canada has been involved in promoting an effective multilateral response to global environmental problems, recognizing the different capacities and responsibilities of nations to address issues like climate change. To help developing countries to address these issues, in addition to supporting local capacity through direct assistance programs, the Government will:

- work to ensure that global environmental considerations more effectively integrate development and poverty reduction priorities of developing countries; and
- continue to build bridges between key industrialized and developing countries in order to build a credible international regime on climate change, one that promotes sustainable economic growth, technology development and transfer, a robust and efficient international carbon market, and balances the need for adaptation to a changing climate with mitigation.

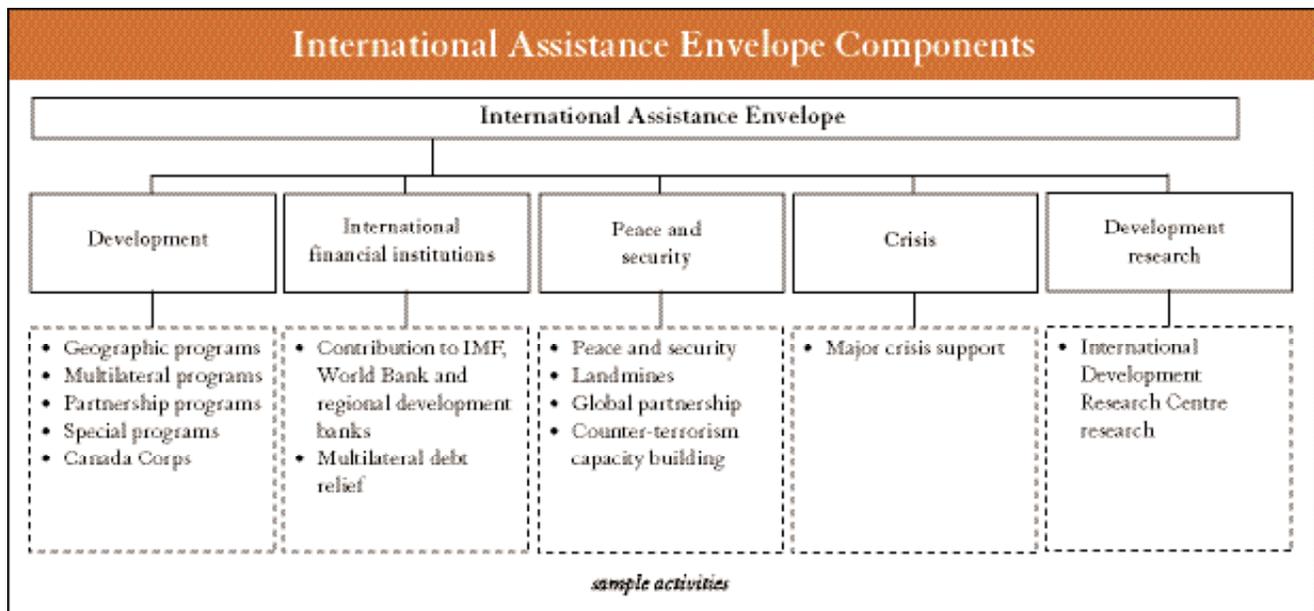
While development cooperation contributes to prosperity and security through long-term development which reduces poverty, it also provides support directly aimed at immediate needs for peace and security. As it has done in Haiti, Afghanistan and elsewhere, development cooperation will continue to be an integral part of the Government's response to crisis situations.

Different tools, however, are required for the Government to respond to its development and peace and security priorities. Long-term development requires a predictable and stable source of funding to be effective. Supporting countries in crisis requires flexible and quick-disbursing funding mechanisms.

To address such needs, Budget 2005 restructures the International Assistance Envelope into five distinct

pools, devoted to development, international financial institutions, peace and security, crises, and development research. The bulk of resources will be dedicated to a development pool.

This management framework is designed to provide a coordinated and flexible approach to Canada's international assistance and introduces a transparent process for the allocation of new resources. By recognizing that effective international assistance involves long-term relationships with development partners, this management framework also provides for greater predictability in budgeting and stability in programming while enabling Canada to respond to unforeseen crisis events such as the Indian Ocean tsunami.



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

To increase the effectiveness of Canadian assistance, the Government will ensure that Canada's aid policies and practices are well aligned with the priorities of developing countries and properly harmonized among all donors. This begins with aligning our own planning processes with the MDGs as part of a broader, coordinated international effort. Under appropriate conditions and safeguards, and in coordination with other donors we will provide greater budgetary support to general and thematic programming linked directly to the goals and priorities set by our developing-country partners.

Better targeting of Canada's aid dollars is essential to strengthening the impact and effectiveness of development cooperation. This goal means focusing our efforts and resources in fewer sectors and countries. In addition to pursuing a strategic focus within bilateral programming, the Government will seek an optimal balance both within and among various delivery channels and instruments.

GREATER SECTORAL FOCUS

Canada's development assistance takes many forms, ranging from urgent disaster relief to the provision of constitutional advice. More specialization among donors will make our combined development efforts more effective.

While continuing to come in a variety of forms, Canadian assistance will target and concentrate programming in five sectors directly related to achieving the MDGs, specifically: good governance, health (with a focus on HIV/AIDS), basic education, private sector development, and environmental sustainability. Gender equality will be a crosscutting theme, to be addressed systematically in all of our programming in these five sectors in direct support of the MDGs. Gender equality as a theme will also help us to further focus as we select and shape specific initiatives. Within each of the five sectors, Canadian programming will focus on specific areas chosen in light of

CRITERIA FOR SECTORAL FOCUS

The following criteria were used in designating five programming sectors and one crosscutting theme as the main areas of focus for Canadian development cooperation:

- **Potential for advancing the achievement of the Millennium Development Goals.** Greatest importance was attached to identifying potential programming areas that would make the strongest contribution to achieving the MDGs. Halving the proportion of people living in extreme poverty cannot be realized without durable, sustainable and broadly based economic growth, which depends on a vibrant private sector and on environmental stewardship. Health and basic education, in addition to relating directly to specific MDGs, are also critical preconditions for sustained economic growth. At the same time, experience has shown that durable economic and social development does not happen in societies that are poorly governed—hence the focus on governance to help build the capacity of public institutions. Experience has also shown that for development initiatives to succeed in addressing larger goals, gender equality must be designed into all programs and projects.
- **Developing countries' expressed needs and priorities.** Potential programming areas were mapped against local priorities, as expressed in the national poverty reduction strategies of a large number of Canada's main partner developing countries. They were also reviewed in light of country needs expressed in ongoing dialogues between developing-country representatives (including civil society) and CIDA field staff. For the sectors and themes proposed above, a strong convergence was found with developing-country needs and priorities. These are areas that are important to people in developing countries and in which they look to Canada as a cooperation partner.
- **Potential for Canada and Canadians to add value.** In order to maximize effectiveness and coordinate the efforts of different players, programming should be concentrated in sectors in which Canada has some comparative advantage and has the capacity to play a useful role relative to local needs and harmonized with the contributions of other donors. Specific examples of these Canadian niches are described in the sections on each of the proposed sectors and themes.

countries' priority needs and Canada's ability to make the greatest difference. This will be done in close coordination with other partners, including donor agencies.

Promoting Good Governance

Particularly through Canada Corps, and through other programming channels, Canada will assist countries to build the conditions for secure, equitable development by promoting good governance, focusing Canadian efforts on democratization, human rights, the rule of law, public-sector capacity building, and conflict prevention.

Sustainable poverty reduction requires security and sound governance structures and processes. Well-governed societies establish the legal and regulatory frameworks and norms required for private sector investment and economic growth. They also establish the institutions, systems and practices that ensure that basic services such as health and education are truly responsive to local needs and accountable to local people for their performance. Sound governance is a fundamental prerequisite for any of the MDGs to be achieved in a sustainable manner.

An important feature of the Monterrey Consensus, and of emerging trends in development more generally, has been the increased focus that developing countries themselves have put on the importance of clean, transparent and accountable governance. For example, the African Union's New Partnership for Africa's Development (NEPAD) lists as the first of its eight founding principles,

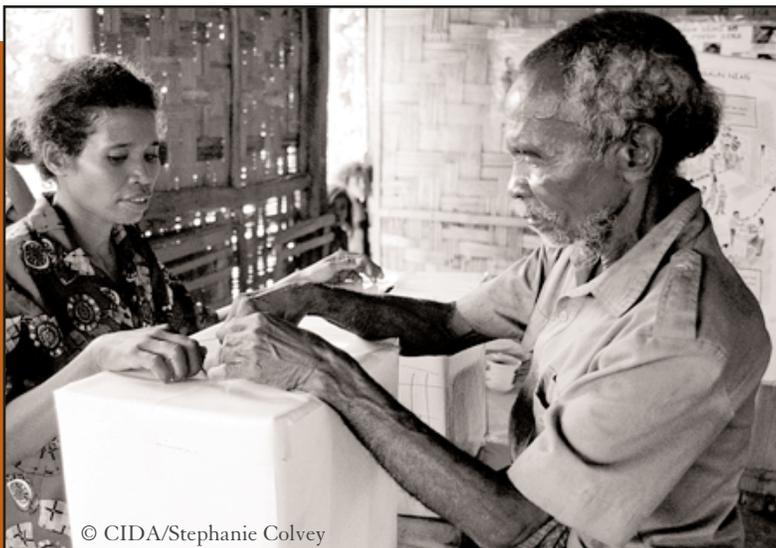
"The best protection for human security is . . . the building of national justice systems as part of the building of an international justice system for the 21st century organized around democratic institutions and rights-protecting instruments, including Charters of Rights, protection of minorities, an independent judiciary, a free press, protection of human rights monitors, transparency, accountability, and responsible government . . ."

– The Honourable Irwin Cotler,
Minister of Justice, January 17, 2005

"Good governance as a basic requirement for peace, security and sustainable political and socio-economic development." In most of the developing countries which could be considered as potential long-term development partners for Canada (criteria for which are listed in the ensuing section on country concentration), governance-related programming has been identified as one of a limited number of high-priority sectors for development cooperation.

Canada's commitment to tolerance and multiculturalism, to a federal system that accommodates diversity, to strong public institutions and to a vibrant civil society, makes Canadians well suited to supporting developing countries' efforts to improve their governance. In particular, Canada has the following: a broad base of experience with democratic parties, elections and legislatures; a demonstrated commitment to international human rights norms and standards; credible human rights institutions and non-governmental organizations (NGOs); gender equality expertise in the formulation of laws and policies; experience and capacity in child protection; a dual common-law/civil-code legal system, with a strong international reputation for work in legal and judicial reform; strong experience and reputation in peacebuilding and conflict prevention; and environmental and natural resource expertise in the formulation of laws, policies and environmental assessment practices.

A villager in Bocoledo, Timor-Leste, takes part in a mock election set up to reassure voters that, on election day, their ballots will be cast in secret without fear of reprisals.



© CIDA/Stephanie Colvey

With Canadian support, developing countries have been working to build stable and effective institutions, improve public sector management, reform their legal and judicial systems, protect human rights including the rights of children, strengthen local civil society and carry out post-conflict peacebuilding. The 2004 elections in Ukraine demonstrated the difference that international participation can make, helping to tip the balance when democracy is contested.

Governance is a broad field. We will focus our efforts, taking into account the criteria of contribution to the MDGs, country needs and priorities, and an effective role for Canada.

Canada Corps will mobilize Canadians to promote good governance on two substantive levels. The first is at the level of statehood—such as governments, courts, and elections. The second involves those institutions that underpin any successful society—systems for health, education, justice, social development and environmental sustainability, as well as the relationship between the State and citizens. (For more details on Canada Corps, please see page 28.)

Through Canada Corps and other channels, the Government will build programming in governance around five main pillars:

- **Democratization.** Canada has been a visible supporter of electoral democracy internationally over the past decade, most recently in Ukraine and Iraq. Future democratization programming will include strengthening democratic institutions and practices, including electoral and legislative systems, citizen engagement (particularly by women) and the role of civil society in the political process.
- **Human rights.** Effectively tackling poverty reduction requires an understanding of issues of discrimination and exclusion. Future programming will include support for the promotion and implementation of human rights, including the rights of women and of children, particularly those affected by conflict, gender-based violence and natural disasters. Canada has a long history of targeting efforts to reach marginalized children, those who often cannot be reached through regular development programming. The Government will build on and integrate the child-

protection experience, research, and tools developed in recent years.

- **Rule of law.** Based on strong Canadian capacity and an international reputation for work in this area, programming will support legal/judicial reform with a focus on institutions, including strengthening the judiciary, the Bar and legal-aid systems.
- **Public sector institution and capacity building.** Development success depends on an effective public sector, as Canada's own experience has demonstrated. Canadian-supported programming will help build core institutions and technical and managerial competencies, including oversight, accountability and anti-corruption measures.
- **Conflict prevention, peacebuilding, and security-sector reform.** The Government recognizes that the costs of rebuilding after conflict are much greater than the investment of effective development cooperation programs that reduce poverty, inequality, exclusion and environmental degradation. As a result, we are already engaged in conflict prevention, post-conflict reconciliation and peacebuilding around the world. Canadian expertise in these areas has been widely sought for decades, based on Canada's founding role and long experience in peacekeeping. Future programming will include integrating conflict indicators and early warning systems; demobilization of former combatants; truth and reconciliation commissions, small-arms collection programs; and policing, transparency and oversight of security organs.

Improving governance is one of the essential cornerstones of development progress, and thus of good development cooperation. It must stand on firm foundations, built up over time in each society. But it cannot stand alone. All experience shows that basic education and health are not only crucial goals in their own right, but they are also vital pre-conditions for effective participation in governance and the economy, especially by the disadvantaged. Building durable development thus means working on these key social pillars, together with an environment for expanding economic opportunities and better governance. The Canadian program will focus on strengthening each of these in specific areas where Canada has proven capacities to respond to developing countries' needs.

Improving Health Outcomes

Canada will assist countries to improve health outcomes, particularly among the poorest, through a focus on: preventing and controlling high-burden, communicable, poverty-linked diseases (especially HIV/AIDS); strengthening the capacity of health systems; improving infant and child health; strengthening sexual and reproductive health; and improving food security.

The MDGs represent a strong international consensus on the importance of reducing child and maternal mortality and combatting HIV/AIDS, malaria and other major diseases. It is also internationally recognized that progress in health outcomes has important multiplier effects for other MDGs.

The demand for assistance for basic health systems and programs is strongest from the poorest countries, especially those faced with endemic and pandemic infectious diseases. In addition to the general societal burden resulting from the diminished labour capacity of those who are ill and those who must care for the ill, without addressing fundamental health issues such as the HIV/AIDS pandemic in sub-Saharan Africa, there is little hope of making progress in areas such as education (without local teachers), governance (without local leaders) and private sector development (without local business people). Focusing on high-burden and high-mortality diseases such as HIV/AIDS is the most urgent priority of many of these countries, with the greatest potential impact on lives and livelihoods.

Canada has demonstrated expertise in health systems, particularly in the promotion of equitable, universal and accessible health care for all citizens. Internationally, Canada has played a leadership role by, for example: chairing the governing body of the Joint United Nations Program on HIV/AIDS (UNAIDS); providing additional support to the UN Fund for Population Activities, and giving \$342 million in additional funding in 2004-05 to global programs to combat infectious diseases including HIV/AIDS, tuberculosis, malaria and polio. Canada also was the lead donor in providing \$100 million to the WHO 3 by 5 Initiative, which seeks to provide anti-retroviral treatment to three million people living with HIV/AIDS in developing countries by 2005. In addition, Canada has supported innovative approaches to protecting women and girls from HIV—with measures they themselves can control—as the leading donor to the International Partnership for Microbicides, which aims to develop safe and effective topical anti-HIV microbicides. Canadian capacities in health information and early warning can be key assets in protecting populations in developing countries and also in preventing the global spread of infectious diseases.

The Government's efforts to improve health and combat HIV/AIDS will focus on issues in five areas:

- **Prevention and control of high-burden, communicable, poverty-linked diseases**, including HIV/AIDS, malaria, tuberculosis, co-infections and river blindness. These diseases are both a crippling burden on poor societies and a preventable one. Canada will support



© CIDA/Greg Kinch

A tuberculosis patient takes her medicine under the supervision of a nurse at the Ica Regional Health Centre in Ica, Peru.

comprehensive, integrated approaches that address the root causes and risk factors that lead to the catastrophic impact of these diseases (for example, unsafe sex, underweight births, micronutrient deficiencies, lack of contraception, unsafe water).

- **Strengthening the capacity of health systems** through improvements in: health training and staffing; surveillance and public health capacity to address new and emerging issues (particularly those affecting women and children); health promotion and applied research; water and sanitation, medical supply chains; and sustainable health-systems financing. Canada will build its assistance on considerable Canadian expertise in rights-based, evidence-based public-health initiatives.
- **Improving infant and child health** in areas related to immunization, development of new vaccines, acute respiratory infections, diarrhea, malnutrition, and related illnesses. Proven technologies and interventions such as micronutrient supplements and immunization can prevent millions of childhood deaths. Canada will continue to assist in these areas through support to targeted interventions as well as through broader health-system support and surveillance to target vulnerable children.
- **Strengthening sexual and reproductive health and reducing maternal mortality** through access to quality services in the following: family planning; skilled birth attendants and emergency obstetric care; surveillance and treatment of sexually transmitted infections; and adolescent sexual and reproductive health. The MDGs cannot be achieved without due attention to sexual and reproductive health. In many parts of the world the most basic reproductive health needs of women and adolescents, such as access to qualified practitioners, are not met. Canada will promote improved access to information and services to remove barriers to achieving health outcomes, such as gender inequality, violence, stigma and discrimination. Canada will also be at the forefront of global efforts to promote sexual and reproductive rights and health.

- **Improving food security.** For the poorest people living in the poorest countries, hunger is the greatest development challenge. Hunger afflicts those facing chronic shortfalls in food supplies and broader groups who lack secure access to adequate food. Based on its established reputation as a leader in agricultural production, in nutrition programs and in adapting technologies to address food-security issues, Canada will continue to provide assistance to develop and sustainably manage local resources to improve the nutrition and health of the poorest and most vulnerable.

Strengthening Basic Education

Canada will assist countries to accelerate progress toward ensuring that every girl and boy is able to access and complete free, compulsory, quality basic education.

Universal primary education and equal access to education are key elements of the MDGs, both in their own right and in support of other goals. Many developing countries have identified strengthening of basic education as a top priority for donor engagement. This has been recognized and is being supported through international initiatives such as the Education for All Fast-Track Initiative. This supports universal primary education through



Boys and girls in Zambia have access to basic education for their first nine years of schooling.

efforts by donors and low-income countries to enhance the overall financing, harmonization, coordination, and acceleration of successful programs.

Canada has well-established expertise in learner-centred educational approaches, teacher training, curriculum development, and the creation of child-friendly, girl-friendly schools. Canada also has experience in using distance education and information technology for the professional development of educators, and to expand access to educational information and resources.

Canadian efforts will focus on the following four areas:

- **Improving the quality, safety and relevance of basic education, including life-skills training,** so that parents will want to keep their children in school and students will be motivated to stay. Programming will focus on the areas of Canadian comparative advantage listed above, such as teacher training and curriculum development.
- **Removing barriers that prevent closing the gender gap in education.** Canada will build on the strength of its programming in girls' education to support specific initiatives and systemic reforms to remedy gender inequality in education.

- **Providing education for prevention of HIV/AIDS.** Canada will strengthen action against HIV/AIDS by supporting better integration of educational efforts of local communities and NGOs within the reforms undertaken by the formal education system.
- **Providing education for girls and boys in conflict, post-conflict and/or emergency situations.** In situations of crisis and conflict, it is now better understood that once immediate concerns are addressed—safety, security, nutrition—one of the best ways to introduce stability and protection in emergency settings, including addressing the problems of trauma for children, their parents and the entire community, is to get schools functioning and get pupils into them. Canadian assistance in post-conflict or post-disaster situations will take this into account.

Supporting Private Sector Development

Consistent with the recommendations of the UN Commission on the Private Sector and Development, Canada will support developing countries' own efforts to strengthen their private sector as the engine of economic growth through creating an enabling environment, including through "smarter" regulation; promoting entrepreneurship; and supporting connection to markets (economic integration).

Giving priority to private sector development (PSD) is consistent with the international consensus on the role of the private sector in helping to halve extreme poverty and hunger. The UN Commission on the Private Sector and Development based its work on "the realization that the savings, investment, and innovation that lead to development are undertaken largely by private individuals, corporations and communities."

No country has met the material needs of its citizens or financed social and other key roles of government on an ongoing basis without a dynamic private sector to mobilize savings and investment, create meaningful jobs, meet consumer demand and generate tax revenues. PSD programming also directly promotes the development of an open, rules-based trading system and builds the capacity of developing countries to provide employment for youth and spread the benefits of new technologies. Finally, with effective taxation systems, PSD provides essential resources for vital public services and generates savings and investment.



The Savings and Credit Union Support Program (PAMECAS) in Senegal gives entrepreneurs access to financial support services at a lower cost.

THE UN PRIVATE SECTOR AND DEVELOPMENT COMMISSION REPORT

In July 2003, UN Secretary-General Kofi Annan convened the Commission on the Private Sector and Development to find ways to unleash the potential of the private sector in the world's poorest communities and regions, and to mobilize the global private sector in poverty reduction efforts. The Commission was co-chaired by Paul Martin of Canada and Ernesto Zedillo, former President of Mexico.

Released on March 1, 2004, the Commission's final report, *Unleashing Entrepreneurship: Making Business Work for the Poor*, recognized that

- small and medium-sized enterprises (SMEs) in developing countries can drive job creation, innovation and growth.
- in many countries, however, entrepreneurs operate at the margins of the formal economy without access to the legal system, or to financial and other resources needed to become more productive, innovate, or expand.

The Report recommended that

- developing and developed country governments reform public laws, regulations and other barriers to growth, particularly through measures to reduce informality, and to reform the overall private sector enabling environment in developing countries;
- the public and the private sector cooperate and form partnerships to help entrepreneurs access key inputs such as financing, skills and basic services; and
- the global private sector, including multinational corporations, develop commercially sustainable business models for contributing to poverty reduction.

The Commission's recommendations have been endorsed by Secretary-General Annan, and also by the G8 leaders in the *G8 Action Plan: Applying the Power of Entrepreneurship to the Eradication of Poverty*, at the Sea Island summit.

Canada's Follow-up

Canada will do more to enable developing countries, particularly those in Africa, to build their private sectors, make markets work for the poor, and compete globally. Work already underway, in addition to the Canada Investment Fund for Africa to be launched in 2005 (see page 18), includes:

Egypt: One-Stop Shop for Small Business

As part of CIDA's Small Business Support Project in Egypt, the fee-based One-Stop Shop facilitates the issuance of business licences in the Governorate of Dakahlia and has reduced approval times from one year in 1999 to just 14 days. This model has proven to be effective and sustainable and is now being replicated across Egypt.

Bangladesh: Local Enterprise Investment Centre

CIDA is providing funding to establish a Local Enterprise Investment Centre in Dhaka, Bangladesh. The Centre will help SMEs invest in partnership arrangements with domestic or foreign companies that will provide local SMEs with new technologies, knowledge and skills needed to grow and expand their operations and products.

Mozambique: Supporting Smallholder Farmers

Canada is one of the largest contributors (\$20 million over five years) to the multidonor pooled fund supporting Mozambique's agricultural sector public expenditure program, known as PROAGRI. The program supports the efforts of smallholder farmers and the private sector to increase agricultural productivity, agro-industry, rural entrepreneurship and rural finance. In Mozambique, the agriculture sector involves 75 percent of the workforce and 26 percent of economic activity.

Many developing countries have identified PSD as a priority sector for development cooperation, based on the recognition that countries such as Canada can offer experience and assistance in building the legal and regulatory frameworks that underpin successful economies.

Canada can bring a variety of resources to bear in support of PSD, such as: recognized experience and capacity in reform of taxation and financial-sector regulation; experience and capacity in supporting micro-finance; a good track record in capacity building for cooperatives, based on the rich experience of the Canadian cooperatives movement; skills and knowledge related to environmentally and socially sustainable business practices; experience in facilitating investment linkages; and widely recognized competence in trade negotiations, implementation of trade agreements and trade-related capacity building.

Resources will be targeted in countries and in programming areas where Canada can demonstrate expertise and sufficient critical mass to have a meaningful impact on poverty reduction.

In response to specific African requests for increased investment in commercial ventures that contribute to development, the Government has already launched the Canada Investment Fund for Africa, which will start operating in 2005. This Fund will have a minimum targeted aggregate capital of \$200 million, half of which has been provided by Canada, and will provide risk capital to support growth-generating private investments.

Consistent with the recommendations of the UN Commission on the Private Sector and Development, Canada will focus PSD assistance in three main programming areas:

- **Creating an enabling environment.** Through Canada Corps and other initiatives, Canada will support smart policy, legal and regulatory reforms to address constraints to doing business faced by entrepreneurs, especially micro, small and medium-sized enterprises, in development partner countries. Canada will particularly focus on helping entrepreneurs operating in the informal economy, especially women, to start up formal enterprises, and on fostering a level playing field for small enterprises through

improved enterprise registration and incorporation procedures, and reform of contract, property; and tax, laws and other government-created barriers to growth.

- **Promoting entrepreneurship.** Based on strong Canadian historical experience in rural development, including the cooperative movement, Canada will support access by micro, small and medium-sized enterprises to the finance, skills and knowledge needed, especially women entrepreneurs, to drive innovation and growth. This was highlighted as a critical gap by the UN Commission on the Private Sector and Development.
- **Supporting connection to markets.** Canada will help developing countries integrate into the global trading system, and promote fair economic opportunities for entrepreneurs. Canada will focus on helping development partner countries to implement trade agreements—an area of particularly rich Canadian experience— and on helping women and men who are entrepreneurs, especially in rural areas, to supply goods and services to local, regional and international markets (for example, by encouraging multinational corporations and international agencies to source more goods and services from developing country entrepreneurs).

As infrastructure has been identified as a critical element of the private sector enabling environment in development partner countries, Canada will continue to support investments in basic infrastructure through multilateral channels and viable new financing approaches, while promoting transparent access to competitive procurement opportunities for interested Canadian firms.

Advancing Environmental Sustainability

Environmental sustainability will be a priority in Canada's development cooperation. It will also be systematically integrated into decision making across all programming. Canada will assist countries to create, maintain and enhance environmental sustainability, particularly in relation to climate change, land degradation, freshwater and sanitation, and urbanization. Canada will also work to strengthen global environmental agreements, capacity development and multi-lateral funding institutions.

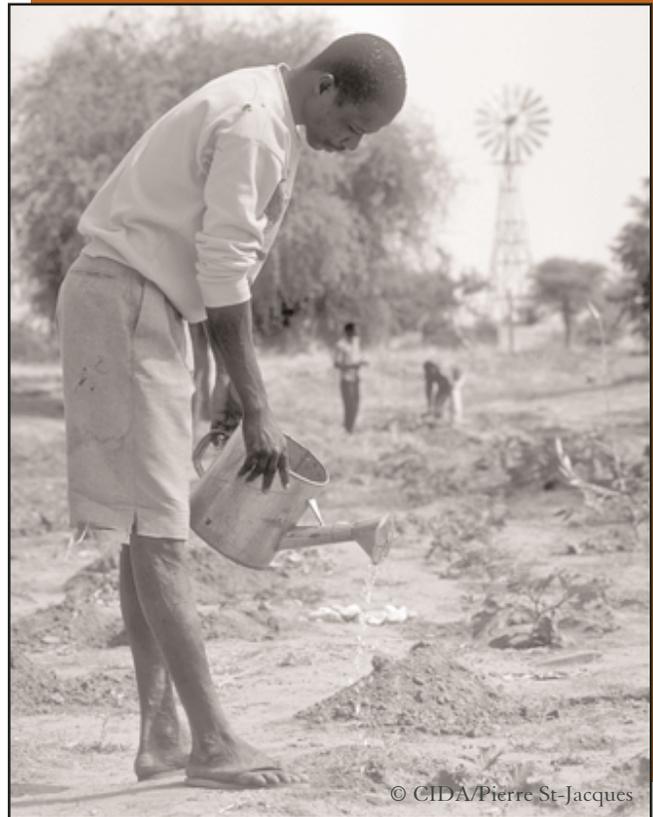
As noted in the Millennium Ecosystem Assessment Report, healthy ecosystems are essential to long-term, meaningful development. They underpin multiple aspects of human health, economic livelihood, biodiversity, security, science and culture. Millennium Development Goal 7—to ensure environmental sustainability—underlines the fact that environmental degradation has impacts worldwide, many of which are most severe in the poorest developing countries. Country-driven, community-based approaches to the management of natural resources and ecosystems are an essential element for poverty reduction. Without adequate water, land and other resources to live on and off, the cycle of poverty can be impossible to break. Yet, improved environmental outcomes will only be achieved if strengthening environmentally targeted investment is an essential component of better and more equitable development.

Canada has well-established and wide-ranging expertise in the research, development and deployment of environmentally sound technologies, including clean energy. Canada is also a leader in environmental know-how, including areas in environmental science and natural resource management such as dryland agriculture, soil conservation, watershed management, and sustainable forest management. As such, Canada will invest in environmentally sound technology as well as active adaptive management in developing countries.

Improvements will continue to be made to integrate environmental factors into all aspects of analysis, programming and decision making related to the full range of development assistance. To this end, the Government will take steps to further integrate environmental analysis and Strategic Environmental Assessment with all aspects of its development work and will continue to comply with the *Canadian Environmental Assessment Act* for all international development projects.

Specific areas of environmental programming and Canadian initiatives will include the following:

- **Reducing the impact of climate change.** In 2005, Canada is hosting an historic meeting of the Parties to the United Nations Framework Convention on Climate Change and its Kyoto Protocol. Based on specific country circumstances and needs, Canada



A wind pump provides farmers in Niore, Mali, with water for their gardens.

will help set low-income developing countries on a path to a low-carbon future that provides social, economic and ecosystem benefits locally and globally.

As the climate changes and its impacts grow, Canada will work with developing country partners to protect their livelihoods and reduce vulnerability through two types of measures. Adaptation will be addressed through capacity building and incorporating climate impact assessments into decision making processes and emergency preparedness. Mitigation measures will include those that promote low-carbon economic growth through sustainable community development, sustainable energy systems, and better land-use management.

In addition, there may be increasing opportunities for participation in the emerging international carbon emissions market, especially the Clean Development

Mechanism. Canada is committed to capacity building and exploring opportunities that support efforts by least developed countries that offer both mitigation and adaptation benefits, including sustainable agriculture and forestry, watershed management and bioenergy systems.

- **Addressing land degradation.** Land degradation is a cross-boundary challenge that threatens the basic livelihoods of vulnerable rural populations, undermines large-scale ecosystems, is exacerbated by global climate change and is frequently a root cause of societal conflict. Many of the most severe impacts of land degradation are manifested in Africa and upon those whose very subsistence is dependent upon the land. Land degradation can also impact general biodiversity by undermining ecosystem integrity and reducing habitat. Canada will support sustainable land and natural resource management through both bilateral and multilateral activities. These efforts could include, for example, support for drought-resistant crops and cultivation techniques and promoting practices and policies to sustainably manage biological diversity.
- **Assisting freshwater supply and sanitation.** Protecting water supply, including through ecosystem-based approaches to watershed management, is fundamental

to providing access to safe water and maintaining a healthy population. To this end, Canada will use development assistance mechanisms to promote an integrated water resource management approach through bilateral and multilateral activities, with a focus on water and sanitation needs in low-income countries.

- **Addressing environmental impacts of urbanization.** Canada will host the World Urban Forum in 2006. Urban development often puts stress on water and air quality, waste processing and many other qualities of the ambient environment that contribute to human well-being, and this degradation is particularly threatening to vulnerable groups such as poor people. Canada will work to help address water and sanitation and air-quality needs of urban areas in low-income countries. These will include, for example, efforts to reduce the impacts of indoor air pollution from cooking fuels, which can have negative health effects, particularly on women and children.
- **Promoting global environmental agreements.** Canada will continue to work with developing countries and donor partners as well as through multilateral institutions (such as the Global Environment Facility) and global agreements such as the United Nations Convention to Combat Desertification, the United Nations

MECHANISMS ADDRESSING CLIMATE CHANGE IN DEVELOPING COUNTRIES

The Clean Development Mechanism (CDM) is a Kyoto Protocol mechanism that promotes greenhouse-gas emissions reduction by directing new sources of green investment to developing countries. Properly designed and implemented, the CDM will offer developed countries access to more cost-effective reduction measures while developing countries can further their national sustainable development and poverty reduction objectives. The Canada Emissions Reduction and Incentives Agency (commonly referred to as the Climate/Clean Fund) established in Budget 2005 will be a source of funding for purchasing internationally tradable emission reduction credits coming from CDM projects in developing countries that will help Canada reach its Kyoto target and contribute to the development priorities in the South. Canada will position itself as a leader in developing clean technologies that could eventually be transferred to developing countries.

Canada will continue to work very closely with developing countries, to overcome these barriers through the renewal of Canada's Climate Change Development Fund (CCCDF). The CCCDF provides support to developing countries in four program areas: core capacity building for CDM participation, emission reduction, carbon sequestration, and adaptation. We will also work with developing countries in determining how we could more effectively improve components of the CDM. Canada is also committed to working with other multilateral financing agencies, including the World Bank's portfolio of Carbon Funds, to help leverage additional private sector investments. Our capacity building efforts will help to increase foreign direct investments from private sources.

Framework Convention on Climate Change, and the Convention on Biological Diversity. Through these mechanisms, Canada will continue to help build developing countries' capacity to actively participate in the implementation of their international environmental commitments and other global environmental priorities.

Ensuring Gender Equality

Gender equality will be a crosscutting theme throughout Canada's development cooperation. Gender equality results will be systematically and explicitly integrated across all programming within each of the five sectors of focus. This integration will be achieved through the identification of these results as well as specific programming that targets gender-equality outcomes jointly with outcomes related to the sector in question. Explicit gender-equality results in the sectoral areas will be related to women as decision makers, the human rights of women and girls, and access to and control over resources.

Gender equality means that women and men have equal conditions for realizing their full human rights and potential to contribute to national, political, economic, social, and cultural development, and to benefit from the results. Gender equality is therefore the equal valuing by society of both the similarities and differences between women and men, and the varying roles they play. Decisions made in planning development initiatives are not neutral with respect to gender equality, even where gender equality is not considered. Thus, the Government of Canada requires explicit considerations of gender equality issues in the planning and decision making process that supports progress toward gender equality. As such,

The advancement of women and the achievement of equality between women and men are...the only way to build a sustainable, just and developed society. Empowerment of women and gender equality are prerequisites for achieving political, social, economic, cultural and environmental security among all peoples.

– Beijing Platform for Action, 1995
Reaffirmed at the 49th session of the
UN Commission on the Status of Women, March 2005



© CIDA/Pierre St-Jacques

The Tamale Intermediate Technology Transfer Unit in Ghana produces small and medium-sized replacement parts for machinery and provides a range of training and support services to small-scale artisans and entrepreneurs.

gender equality contributes substantially to improving the well-being of women, men, girls and boys in our partner countries.

Emphasis on gender equality is based on Canadian values of equality and social justice, as well as respect for human rights, and builds on Canada's long-standing international commitments to advance gender equality. Canada strongly supports and advocates for the Convention on the Elimination of All Forms of Discrimination against Women, the Beijing Platform for Action, and the MDGs, which also converge around the notion that addressing inequality between women and men is fundamental to achieving poverty reduction and sustainable development. Gender equality and women's empowerment is the third MDG and is internationally recognized as fundamental to achieving all MDGs. Other donors and partners in developing countries look to Canada for leadership in this area.

Canada has demonstrated expertise and has established an international reputation for leadership in gender equality and development, including significant expertise in the area of analysis and programming. Canadian government agencies and departments have demonstrated a

clear comparative advantage for working in this area. Canada has significant experience in gender-sensitive education and legal reform, the promotion of sexual and reproductive health and rights, and ensuring equitable access for women to credit and other financial services. CIDA, in particular, has been a leader among donors in promoting gender equality, both as a global issue and as a practical matter in implementing programs and projects.

Canada has identified gender equality as a crosscutting theme in the sectoral areas of governance, private sector development, health, basic education and environmental sustainability. As the Government's lead in implementing commitments to gender equality and development, CIDA will pursue gender equality results in these sectoral areas in relation to: more equal participation of women with men as decision makers in shaping the sustainable development of their societies; the enhanced ability of women and girls to realize their full human rights; and reduced inequalities between women and men in access to and control over the resources and benefits of development.

Examples of the kinds of results for both integrated and specific programming that might be expected for gender equality as a crosscutting theme include:

- **Governance.** Promoting women's equal participation in all levels of decision making, including government; combatting gender-specific human rights violations such as sexual violence; and building the institutional and technical capacity of government and civil-society institutions to promote gender equality.
 - **Health.** Improving access to and affordability of sexual and reproductive health services; strengthening preventive programs that promote women's health; supporting gender-sensitive initiatives that address HIV/AIDS; monitoring and follow-up for women's health; and eliminating discrimination against girls in health and nutrition;
 - **Basic education.** Supporting both specific initiatives and systemic reforms to remedy gender inequality in education, particularly girl's access; developing non-discriminatory education, skills development and training; and supporting education in the area of sexual and reproductive health.
- **Private sector development.** Increasing control by women over productive assets (land, capital/credit, technology, skill), and increasing access to decent work; and increasing capacity of partner institutions to design and implement policies, programs and projects related to private sector development that reflect the priorities and interests of both women and men.
 - **Environmental sustainability.** Integrating gender equality concerns and perspectives in policies and programs for sustainable development; strengthening or establishing mechanisms at local, national, regional and international levels to assess the differential impact of development and environmental policies on women and men.

GREATER COUNTRY CONCENTRATION

The Government will reorient overall bilateral programming at the country level by placing enhanced focus on long-term bilateral programs with a core group of Development Partners. These countries are selected from among the poorest countries, irrespective of their size, where effective programming to address the MDGs is possible and where Canada can add real value.

Over time, and in consultation with our partners, there will be a shift in resources as some bilateral programs wind down and others are expanded. While Canada's relationship with each country is unique, broadly speaking, country programs will evolve into five different categories, as described in the following section.

Development Partners

Canada has identified a core group of countries to be its main bilateral development partners from among the poorest developing countries. These are countries that have demonstrated they can use aid effectively and the Government can be confident that programs which make effective and prudent use of taxpayers' dollars are possible. They are countries in which Canada is able to bring to bear the resources and expertise necessary to contribute significantly to their development priorities.

DEVELOPMENT PARTNERS: POOR COUNTRIES WHERE CANADA CAN MAKE A DIFFERENCE

The following criteria have been used to select Development Partners:

- **Level of poverty.** To ensure that aid resources focus where the need is greatest, CIDA's Development Partners were identified from among the poorest countries. The *UNDP Human Development Index*, which ranks countries based on life expectancy at birth, adult literacy, school enrolment, and standard of living measured by GDP per capita, is one of the tools used to identify Development Partners. Another is income; only countries below US\$1,000 in average per-capita annual income (measured at current exchange rates) would be considered for designation as Development Partners.
- **Ability to use aid effectively.** Criteria for assessment includes economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions. The World Bank's *Country Policy and Institutional Assessment (CPIA)*, which assesses a country's policies and institutional framework to support poverty reduction, sustainable growth, and effective use of development assistance, offers one international tool which is used to assist in making a Canadian judgment. Countries ranking at the bottom of the CPIA (5 on a scale of 1-5) would not normally be considered as Development Partners.
- **Sufficient Canadian presence to add value.** Canada's current rank relative to other donors and the scale of our current aid effort will be factors in assessing Canada's potential for impact in a developing country. It is recognized that Canada's presence is further enhanced through a strong contribution to our priority sectors, and where we have a particularly effective and privileged policy dialogue. Canada's value-added is further strengthened through its own historical and people-to-people ties with these countries.

Twenty-five countries have been identified as potential development partners, based on an assessment of current data and circumstances against the outlined criteria. The majority of these countries are in sub-Saharan Africa and the rest are in Asia, the Americas, and Central and Eastern Europe.* The Government will periodically review this list of core development partners in relation to the selection criteria and the effectiveness of our programs.

This focus will mean that over time, bilateral assistance will be increasingly concentrated in sub-Saharan Africa, consistent with the Government's Budget 2005 commitment to double aid to Africa from its 2003-04 levels by 2008-09. Canada has played an important role in bringing African issues onto the global agenda, within the G8 and other forums. We will continue to press forward, in close collaboration with other partners in Africa and other donors, to support regional initiatives such as NEPAD. New and ongoing Canadian initiatives focused on Africa

as a region include the \$500-million Canada Fund for Africa, launched at the Kananaskis G8 summit in 2002.

Bringing greater strategic focus to our development program means both human and financial resources will shift to reflect our priorities, including in the field. Within bilateral assistance programming (which currently accounts for roughly 40 percent of the overall international assistance budget), **the goal will be to concentrate at least two thirds of bilateral aid on Development Partner countries by 2010**, with all other bilateral assistance coming from within a maximum remaining 33 percent of the bilateral program's budget.

Other Ongoing Bilateral Relationships

There will be a limited number of countries for which a case can be made for continuing with targeted bilateral programming (within the up to one third of bilateral

* The list of twenty-five countries will be released separately, once their respective governments have been formally notified.

resources not earmarked for Development Partners). These countries would be chosen, irrespective of their size, based on their continuing strategic importance to Canada and/or in their own region, or where Canada can continue to make a difference based on strong people-to-people ties, especially with diaspora communities in Canada. Some of these countries will be middle-income countries, where programming will be geared toward eventual graduation; others will be low-income countries in which a modest level of bilateral programming would continue to be pursued in connection with Canada's regional and global priorities in governance, PSD, health, basic education and environmental sustainability.

Failed and Fragile States

Our interests and capacity to contribute to poverty reduction are not limited to so-called “good performers”. To help states under stress from becoming failed states—at tremendous human and material cost to their own citizens and others—Canada must consider how it can, in a coordinated fashion with other donors, support countries where the need is great but the capacity to use aid effectively is weak. With our focus in the area of governance, we have the capacity to strengthen the ability of poor performing countries to use aid more effectively. We will, therefore, provide targeted bilateral support directly

aimed at improving governance in a limited number of strategically significant poor-performing countries (from within the up-to-one-third of bilateral resources not earmarked for Development Partners).

We cannot ignore countries in crisis or at risk of crisis: the failed and fragile states. We will, therefore, reserve a special type of bilateral programming for a manageable number of “failed and fragile state” situations—countries in or emerging from crisis and of overriding strategic importance—where we will provide humanitarian and reconstruction assistance, including through the Global Peace and Security Fund. Such interventions will be coordinated in a whole-of-Government manner involving Foreign Affairs Canada, the Department of National Defence, CIDA, and other relevant agencies. In recent years we have done so in countries such as Iraq, Afghanistan, and Haiti. We will continue to do so in future, in selected situations and in close coordination with allies and other major donors. This will include, for example, a concerted, government-wide initiative aimed at helping with nation-building in Sudan, in the wake of that country's North-South civil war and the Darfur crisis.

Middle-Income Countries: Transition to Graduation

In conjunction with an increased focus on Development Partners, the Government will over time transform its relationships with a number of more advanced developing countries that have less need for aid. Such an approach is already being applied in the case of middle-income countries such as Thailand, Malaysia, and the countries of Central and Eastern Europe that have recently joined the European Union.

There is little doubt that middle-income countries face development challenges. Some have per capita income levels at or close to US\$1,000 per year, a mere 4.5 percent of the average annual per capita income of Canadians. While some such countries may benefit from and welcome ongoing Canadian support, the challenge we face in strengthening aid effectiveness is summed up in the need to make choices if we are to target our assistance to where it is needed most.



© CIDA/Patricio Baeza

Technicians with the Agricultural and Livestock Service are collecting water samples in Peumo, Chile, to test for pesticide residue.

Middle-income countries will be supported through targeted interventions during a transition period (durations will differ by circumstances), which will assist the bilateral relationship with Canada to graduate from one based on development assistance to one that reflects broader Canadian interests and engagement, based on trade, investment, culture, tourism, a shared history or other factors. The future of these relationships will depend on the engagement of relevant parts of government and Canadian society, based on shared interests.

Other ODA-Eligible Countries

In a number of poor countries (those with per capita annual incomes below US\$1,000), where there is only a very modest Canadian presence, or limited capacity to use Canadian assistance effectively, Canada will wind down bilateral assistance programs. These countries will continue to be eligible to receive humanitarian assistance and ongoing Canadian support through multilateral channels such as UN agencies, the World Bank, and regional development banks, which are increasingly focused on the poorest countries. They will also be eligible to receive support through CIDA's voluntary and private sector programs. This approach represents the most effective use of Canadian aid resources in these countries.

Transition to Greater Focus: Implications

In the longer term, targeting Canadian aid dollars more effectively will mean reallocating bilateral program resources toward Development Partner countries. The result will be that the overall country program picture of the future will look different from that of today. In terms of full-scale country programs, increased bilateral resources will be focused on a smaller number of countries than is the case today, mainly in Africa, and these programs will require greater attention on poverty reduction, on average, than Canada's current top cooperation partners.

In the course of this transition, the Government will honour Canada's existing contractual commitments in all countries. It is also important to note that programs involving support for Canadian partners will be increasingly concerned overall with addressing the MDGs in the poorest countries, including those in which a full bilateral program is not practical for Canada. Furthermore, our contributions to multilateral institutions will continue to respond to the needs of a wide variety of developing countries. For example:

COUNTRY CATEGORIES FOR FUTURE BILATERAL PROGRAMMING

Summary

Development partners. Full-scale poverty reduction programs in these countries are to be allocated **at least two-thirds of bilateral resources** by 2010.

Other ongoing bilateral relationships. Some continuing, targeted bilateral programming, based on relationships with Canada, to be funded **within the remaining one-third** of bilateral resources.

Failed and fragile states. Some bilateral programming, and multilateral assistance based on Canadian and international strategic interests, also to be funded **within the remaining one-third** of bilateral resources.

Graduating middle-income countries. Bilateral programming to wind down over a transitional period.

Other ODA-eligible countries. Bilateral programming to wind down, with future assistance available through other channels.

- for middle-income countries: financing for development through the World Bank and regional development banks, as countries make the transition from aid to market-based financing;
- for stable but poor countries: development financing through the grant and concessional-loan facilities of the World Bank and regional banks; and
- for failed and fragile states: support from the specialized UN agencies and regional organizations involved in peace and security, targeted capacity building and humanitarian assistance.

projects. In recent years, funding has been provided through embassies for programs in about 120 countries. These programs have a development mandate, and enable Canadian representatives abroad to engage directly with local communities. Foreign Affairs will strategically manage a refocused CFLI program to support Canada's local presence in countries where this is important to Canadian foreign policy interests. This could include some countries where substantial bilateral programs will be wound down.

Canada Fund for Local Initiatives

The Canada Fund for Local Initiatives (CFLI) is a flexible and responsive aid mechanism for Canadian embassies and high commissions to make direct contributions to local organizations for small-scale development

Canada remains committed to multilateral cooperation. Effective multilateral organizations and mechanisms can and must be important instruments in supporting Canadian values and interests. Multilateral systems, while strained by the changing global environment and demanding persistent hard work, provide the best prospects for an inclusive process to set the rules of international conduct and a forum to promote values important to Canada, including democracy, human development and social justice.

MULTILATERAL INSTITUTIONS: ENHANCED SUPPORT WHERE THEY CAN MAKE A DIFFERENCE

The criteria for greater selectivity—and ongoing, rigorous review—in allocating Canadian resources among multilateral institutions will be:

- **Ability to address the MDGs, globally and regionally.** These are institutions that are critical to global efforts to achieve the MDGs, either because of the role they play in global governance or because of their ability to mobilize large-scale resources for MDG-related investments.
- **Specialized ability to respond to humanitarian demands.** Other international institutions play a critical role in delivering humanitarian assistance, particularly in situations where multiple bilateral initiatives are unfeasible for logistical and/or political reasons.
- **Specialized functions related to particular Canadian priorities for MDGs.** Another set of institutions is sectorally or thematically based. These are agencies that would be supported by Canada based on their unique ability to undertake global and regional programs in Canada's priority and crosscutting sectors.
- **Effectiveness of the institution.** In all of the above categories, institutions will be assessed on an ongoing basis as to their organizational effectiveness and ability to deliver development results on the ground.

We rely on multilateral organizations to deliver more than 40 percent of Canada's aid program. They are essential in supporting crisis states and indeed are the primary instrument of the global community to respond to the needs of these states, as well as to emergencies and humanitarian crisis. Multilateral organizations also play a central role in achieving the MDGs. They enable us to extend our reach beyond what is possible through bilateral programs in areas such as HIV/AIDS and education. These organizations are also the coordinators of major global initiatives such as Global Alliance for Vaccines and Immunization and the Global Environment Facility that address critical global public goods concerns. These coordination roles encompass broader contexts such as donor coordination and harmonization under the auspices of the OECD. Multilateral organizations have been major players in resolving issues related to the provision of debt relief to developing countries. Our core contributions to these organizations also enable Canada to remain engaged in countries without a full-scale bilateral program.

As is the case for sectors and countries, the Government will pursue a more strategic approach to supporting multilateral institutions. Canada will:

- continue to promote reforms aimed at improved effectiveness as well as transparency in procurement across the multilateral system and within organizations that play an especially important role in advancing poverty reduction;
- work with other member countries and with the institutions themselves to ensure that performance shortfalls are addressed and that resources are allocated where they can have the greatest impact;
- focus greater support on those institutions that are most effective in promoting global governance and contributing to the MDGs and review Canada's contributions to those that are less effective; and
- encourage greater participation by international financial institutions, such as the World Bank, the International Monetary Fund and the regional development banks, in debt relief initiatives, in ways that safeguard their financial viability.

ENGAGING CANADIANS IN DEVELOPMENT

Canada's development cooperation program will work with Canadian organizations that can effectively contribute to the goal of poverty reduction. Through initiatives such as Canada Corps and other elements of the development cooperation program, the Government will devote significantly more resources and creative effort to encourage Canadians to join this endeavour and will leverage their expertise and skills to maximize the benefits of Canadian aid dollars.

CANADA CORPS

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

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

Canada Corps will:

- **mobilize Canadians of all ages and backgrounds**, channelling the experience and expertise of a wide variety of governance experts from the private, public and not-for-profit sectors, combined with the energy, enthusiasm and new ideas of younger generations. Building on the excellent foundation laid by Canada's

organizations active in this field, and working with these organizations, this approach will allow for partnerships with countries while allowing Canadians to experience the richness of global experiences;

- **transform existing programming**, by drawing together the many private and public sector actors to promote greater coherence in governance projects;
- **engage and communicate with Canadians**, by establishing outreach programs to promote dialogue and awareness, as well as a single point of contact for Canadians looking for information or opportunities to work or volunteer abroad on governance-related projects; Canada Corps participants will be encouraged on their return to be domestic ambassadors, using their experience to stimulate interest in Canada's global citizenship;
- **expand the base of knowledge** and best practices in governance, through research, analysis and sharing of knowledge among Canadians working in and interested in governance; and
- **brand a common identity** for Canadian excellence in governance.

In coordination with the Stabilization and Reconstruction Taskforce ("START" led by Foreign Affairs), Canada Corps will enhance its capacity to deploy governance expertise from within and outside of government. This



© CIDA/Patrick Doyle

Members of the Canada Corps election observer mission toss their hats in support of democracy in Ukraine.

expertise will be deployed at a time, and in close coordination with other instruments of Canadian international policy, to ensure the maximum effect of our governance programming. To this end, Canada Corps will work closely with partners including CANADEM, a successful not-for-profit organization dedicated to the recruitment and mobilization of Canadian expertise abroad.

PROMOTING EFFECTIVE PARTNERSHIPS

Partnerships with civil society and the private sector in Canada and overseas have been distinctive elements of Canada's approach to development cooperation. The Government works with hundreds of partners representing non-governmental organizations, educational institutes, cooperatives, businesses, associations, unions and individuals contributing as volunteers overseas.

These partners have a demonstrated ability to contribute to the achievement of sustainable and equitable development through innovative approaches to development programming. Their programming can directly support poverty reduction and social service delivery, respond to humanitarian crises, provide policy advocacy and formulation, and transfer technology and know-how. For example, universities and colleges, both in Canada and overseas, can help build specialized capacity in developing countries in the areas of governance, health, basic education, private sector development, environmental sustainability and ensuring gender equality.

With the help of a panel of respected voluntary and private sector leaders from Canada and developing countries, CIDA will review its partnership programs with a view to promoting excellence and innovation in development cooperation.

For many Canadians, the voluntary sector is the face of Canada's development effort. Private donations for disaster relief, long-term development programs, research and volunteer-sending organizations are an important part of Canada's overall international development effort.

The Government will:

- engage Canadian civil society in its efforts to build support and capacity for international development across the country; and
- working with partners through Canada Corps and other programs, pursue a renewed and more vigorous strategy that will better define and target both programming and public engagement initiatives in order to increase aid effectiveness and deepen and broaden the scope of Canada's efforts to address the MDGs.

To engage Canadians in a genuine and ongoing dialogue on development cooperation, the Government will:

- transform the development cooperation program (both whole-of-Government activities and assistance programs) into a model of transparent reporting to Parliament and the public, with an integrated annual report and parliamentary debate, and the highest standards of public information and performance reporting;
- leverage our whole-of-Government commitment through all relevant federal departments (including Justice, Health, Heritage, Immigration, Environment) to achieve a more ambitious, whole-of-Canada engagement of all regions and parts of Canadian society; and
- significantly expand public engagement efforts. The Government will build on CIDA's Development Information Program, which supports the production of print media, radio, television and film material, as well as programs for journalists and teachers, to increase Canadians' awareness and understanding of international development issues.

LEADING-EDGE DELIVERY SYSTEM

The delivery of Canada's international cooperation program is a formidable management challenge, and the Government is firmly committed to ensuring that the Canadian delivery system is structured and organized to achieve leading-edge results in line with the strategic directions set out in this Statement. Internationally donors have agreed to harmonize their planning, monitoring and reporting with the capacities and systems of their development partners. This is essential to reduce administrative burdens while helping them to improve their capacity to manage and account for the use of resources.

From the Canadian perspective, the Government is committed to achieving and demonstrating results, in a transparent manner that meets Canadian expectations and accountability processes. This requires adherence to government contracting and other regulations, and demonstrating due diligence and responsible management of the significant resources devoted to international cooperation. CIDA will further streamline administrative procedures to support more efficient and transparent operations.

Canada has been recognized internationally as a leader in results-based development, and will build on this capacity to fully meet these management challenges. In fulfilment of commitments made by over 90 countries and over 20 international organizations in the Paris Declaration on Aid Effectiveness in March 2005, the Government of Canada will:

- ensure transparency, accountability and a results focus in its activities through all funding mechanisms including those involving national and international partners; and
- ensure fair access for Canadian expertise through transparent processes including competitive bidding. This will be closely monitored by the Government's network of Offices for Liaison with International Financial Institutions, located in Canadian missions in cities where the major international development banks are headquartered.

CIDA will intensify its work to improve the way it does business and sets service standards to guide its relations with colleagues and partners, domestic and international. These improvements will address issues from greater transparency and streamlined program and project approval processes, to response times to calls and correspondence – all with a much stronger service orientation. CIDA will not only provide an Agency-wide response and perspective on service standards and business processes, it will also engage other government departments in preparing responses as appropriate. In line with best practices in modern management, monitoring and reporting requirements will be reviewed with partners to ensure they impose the minimum burden required to meet accountability requirements and strengthen reporting against results in conformity with government-wide accountability processes.

Finally, the Government will strengthen Canada's development presence on the ground. In so doing, it will strengthen our institutional learning and memory, our flexibility and our accountability. Our system must attract, deploy and support the requisite CIDA skills, capacities and authorities where we do business. Greater focus will help ensure that overheads are kept reasonable.

Canada is poised to reclaim its rightful place in the world. As Prime Minister Martin has said, “We must seize this moment to reassert ourselves in the world stage—to speak up with a persuasive voice for equality, human rights and a fairer globalization.”

The development cooperation program will be a vital instrument in making this vision a living reality for Canadians as global citizens. Canada has the capacity and the history to be among the best in the world in development, and Canadians support this priority.

The global conditions are now right for a significant breakthrough in the attempts to reduce poverty. There is now an unprecedented consensus among the developed and developing nations—centred around the Millennium Development Goals—on what needs to be done and how.

This paper sets out a new vision for Canada’s development cooperation program in the new millennium, focused on reducing poverty. It calls for a national endeavour that harnesses our capacities and advances Canadian values of global citizenship.

In order to increase the effectiveness of the development cooperation program, we will focus our efforts in a few priority sectors and in a small group of countries and will engage in value-added, selective partnerships with Canadians and with the most effective multilateral institutions. To achieve our goals, we will ensure that Canada has a world-class development cooperation program, with a delivery system that is focused, flexible, transparent and accountable.

This strategy is designed to ensure that Canada’s development cooperation program will be:

- clearly recognized by Canadians as representing our values and interests, drawing on what we do well while working with others;
- respected by our developing-country partners, other donors and the international community for excellence consistent with Canada’s place in the world;
- delivered within the discipline of the resources that Canada can make available in meeting international commitments and Canadians’ expectations; and
- a model of transparent reporting to Parliament and the public, with an annual report to Parliament and the highest standards of public information and performance reporting.

Reducing global poverty represents one of the most important and difficult challenges the world will confront between now, 2015 and beyond, but we are the first generation in human history to have the means to eliminate global poverty. Canada is prepared to act. With the energy, skills and resources of Canadians, effectively marshalled in pursuit of this goal, we *can* make a difference.

