

- 5.13 The Committee recommends that Canada maintain active programs of assistance to the countries of Central and Eastern Europe, and the former Soviet Union. The Committee further recommends that funding for these programs not be at the expense of ODA priorities outlined above.**

Response

The Government agrees with the recommendation that Canada maintain active programs of assistance to Central and Eastern Europe (CEE) and the former Soviet Union (FSU), and that it ensure such programs are not funded at the expense of ODA priorities.

Canadian interests are directly engaged in ensuring the successful transformation of the region to democracy and market economies. The establishment of open and prosperous market economies in the region will generate important trade and investment opportunities for Canada, yielding direct benefits to the Canadian economy. Second, the integration of the region's economies into the global economic and trade systems will contribute to a more prosperous world economy and economic gains for all. Third, the promotion and maintenance of stability in the region contributes directly to enhanced international security and stability.

The Canadian program utilizes a combination of programming approaches to ensure that Canada's assistance can respond to rapidly changing regional circumstances and Canadian interests. In the first and most common instance, potential Canadian partners initiate project proposals. In the second, the assistance program develops projects in response to Canadian government initiatives and requests from recipient governments. In both instances program delivery is based on partnership: projects are implemented by the Canadian private sector, business and trade associations, NGOs, academic institutions, ethnic communities and all levels of government. Federal funds are a catalyst: they leverage significant project contributions from Canadian and recipient-country partners. The result is a program significantly larger than federal funding alone could sustain.

To maximize effectiveness in changing conditions, the roles of DFAIT (which now administers the program) and CIDA will be reorganized. Policy direction will remain with DFAIT while program delivery will be transferred to CIDA. This new function for CIDA corresponds well with the activities it is conducting elsewhere in the world. There will be close co-ordination between the two organizations over the continued development and execution of the program.