

## KEY QUESTIONS

### the big six

# 3



## How does Canada spend its ODA?

### Canada channels one quarter of its ODA to multilateral organizations

Canada's core funding to multilaterals stood at US\$1.2 billion or 27% of gross ODA disbursements in 2017. This is significantly below the DAC average of 40%. Canada channeled 73% of its ODA bilaterally, of which 23% (US\$999 million) was earmarked funding to multilateral organizations for a specific issue or country. Earmarked funding is reported as bilateral ODA.

Canada channels 35% of bilateral ODA through the public sector, a low share compared to the DAC average of 50%. 28% is channeled through NGOs and civil society, much higher than the DAC average of 17%.

Meanwhile, Canada is placing increasing emphasis on innovative finance. In 2018, it announced its intention to increase its use of innovative financing mechanisms by allocating CAD1.5 billion (US\$1.2 billion) over five years, starting in FY2018-2019, on a cash basis to two new measures: the International Assistance Innovation Program (CAD873 million, or US\$673 million over five years) and the Sovereign Loans Program (CAD627 million, or US\$483 million over five years). These two new measures will complement Canada's core development activities by leveraging the use of guarantees, equity, and repayable contributions, with additional authority for innovative finance granted to Global Affairs Canada (GAC), see Key Question 3, 'Who are the main actors in Canadian development cooperation?'. The government expects to double its international assistance provided through innovative tools from 2018 to 2022, with the aim of placing Canada as a leader in 'blended financing' for development assistance.

### Bilateral spending focuses on humanitarian aid

Humanitarian aid was the largest sector of Canada's bilateral ODA in 2017, at US\$644 million (20% of all bilateral ODA), an increase from US\$515 million in 2016. This is in line with Canada's increasing focus on international peace and security, as well as human dignity in humanitarian crises. Within humanitarian aid spending, 87% (US\$560 million) targeted or integrated gender equality. This is a marked increase in the share of humanitarian spending related to gender over 2016, when funding related to gender equality accounted for 46% (US\$236 million) of all bilateral humanitarian assistance. This jump highlights Canada's emphasis on gender-responsive humanitarian action under the FIAP.

The second-largest sector was health and population (US\$524 million, or 17% of total bilateral spending), also closely following Canada's demonstrated leadership in the areas of maternal, newborn, and child health (MNCH), sexual and reproductive health and rights (SRHR), and global health at large. In-country refugee costs accounted for 15% (US\$467 million) of bilateral spending, reflecting Canada's decision to welcome more than 40,000 Syrian refugees to Canada as of January 2017 (latest date for which data is available). Budget 2018 included CAD20 million (US\$15 million) over five years to support 1,000 refugees. It is a likely that this spending will be reported as ODA.

In 2017, Canada gave almost all (96%) of its bilateral ODA as grants (DAC average: 91%). Canada considers this an effective way to deliver increasing amounts of ODA while reducing administrative burden.

### Who are Canada's ODA recipients?

Following the release of the Feminist International Assistance Policy (FIAP), Canada has moved away from previously-used priority country lists. Instead, the FIAP dictates that by FY2021-2022, at least 50% of Canada's bilateral ODA will be directed to sub-Saharan African countries. With this new approach, Canada will support sustainable development through 1) more effective engagement with fragile states and countries in crisis, 2) stronger partnerships for sustainable development, and 3) productive partnerships for transition, while maintaining the ability to provide targeted and shorter-term assistance to a range of countries and regions.

The largest share of bilateral ODA goes to sub-Saharan Africa (27% in 2017, above the DAC average of 21%). Excluding unallocated funding, between 2015 and 2017, the Middle East and North Africa (MENA) was the second-largest regional recipient of Canada's bilateral funding at US\$429 million in 2017, a 33% increase in funding to the region from 2016. This is consistent with Canada's new multi-year commitments to the region and its emerging interest in the nexus of peace, security, humanitarian, and development assistance.

On average, Afghanistan was the largest recipient of Canadian development funding between 2015 to 2017, receiving US\$106 million on average per year, followed by Ukraine (US\$105 million), and Ethiopia (US\$96 million). However, spending to all three countries decreased between 2016 and 2017, with large spending increases to

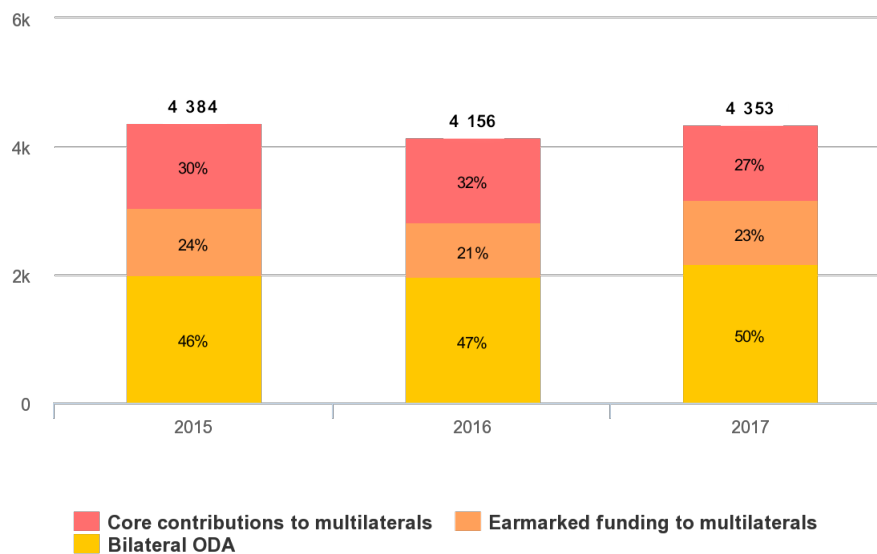
refugee-hosting and/or conflict-affected countries in the Middle East and Sahel region, reflecting Canada’s emphasis on humanitarian assistance and security. The greatest share of Canada’s bilateral ODA between 2015 and 2017 went to low-income countries (31%, or US\$989 million), while middle-income countries received 28% of funding.

For a deeper understanding of funding at the recipient level, please consult data from the International Aid Transparency Initiative (IATI). IATI is a reporting standard and platform on which organizations and governments voluntarily publish data on their development cooperation, including more recent activity than is available through OECD data. Data can be searched by recipient country, the ‘publisher’ (including funders that do not report to the OECD), and other filters. Click here for more information on IATI’s data. Click here to go directly to IATI’s ‘d-portal’, a user-friendly interface for data searches.

**Canada’s multilateral spending concentrates on the World Bank and UN agencies**

Canada’s top three multilateral recipients are the World Bank (US\$380 million, or 32% of multilateral ODA) followed by UN agencies (US\$228 million, or 19%) and regional development banks (US\$152 million, or 13%). However, Canada’s core contributions to multilaterals (27% of total ODA) in 2017 is far lower than the DAC average (40%). Meanwhile, Canada channeled 31% of its bilateral ODA (US\$989 million, or 23% of total ODA) in 2017 as earmarked funding through multilateral organizations for specific countries or issues. This is much higher than the DAC average (13%), as a result of large climate change-related disbursements in that year, as well as funding for women’s economic empowerment and women’s rights organizations that was disbursed as multilateral funding.

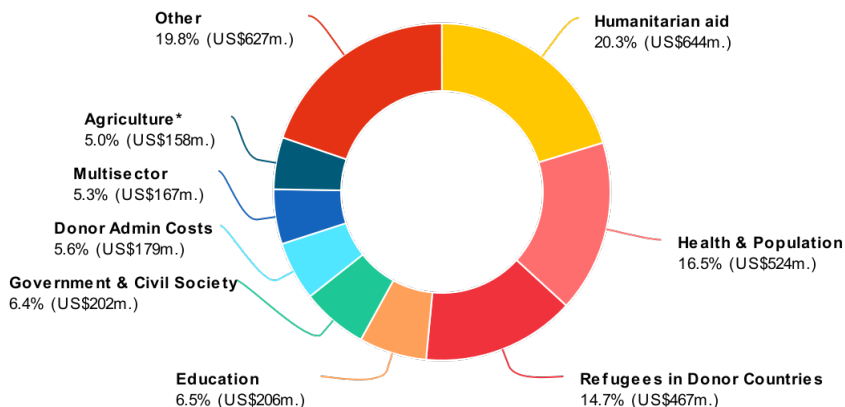
**CANADA'S BILATERAL AND MULTILATERAL ODA**  
US\$ millions



OECD DAC 1 table. Gross disbursements; in 2017 prices.

### CANADA'S BILATERAL ODA BY SECTOR, 2017

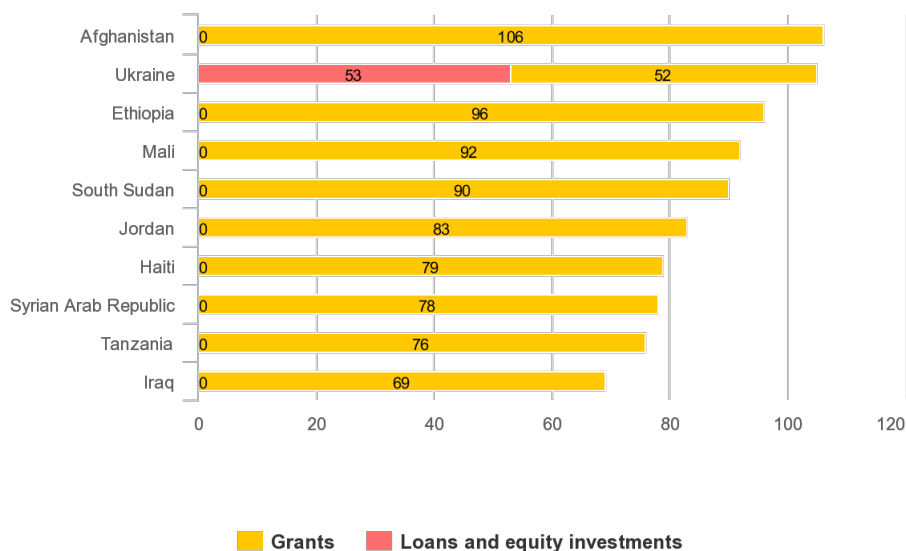
Total: US\$ 3173 million



OECD CRS. Gross disbursements. \*Includes agriculture, forestry, fishing, and rural development. In 2017 prices.

### THE TOP 10 RECIPIENTS OF CANADA'S ODA

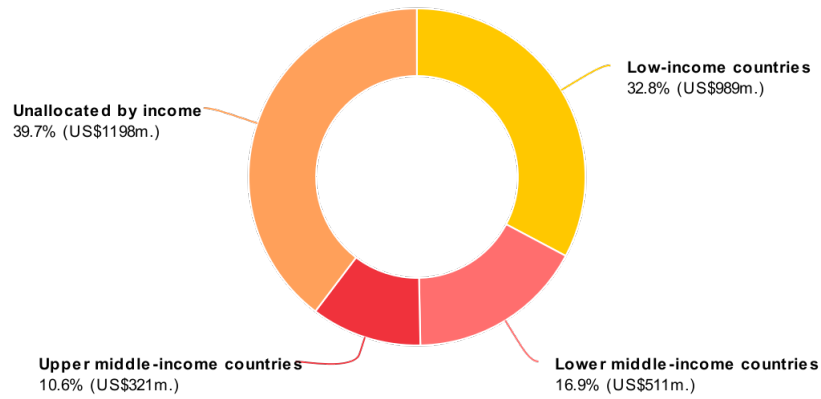
Average 2015-2017, excluding debt relief; US\$ millions.



OECD CRS. Gross disbursements; in 2017 prices.

### CANADA'S BILATERAL ODA BY INCOME-GROUP, 2015-2017

Average 2015-2017: US\$2.6 billion



OECD CRS. Gross disbursements; in 2017 prices.