

## KEY QUESTIONS

### the big six

# 6



## How is Canada's ODA spent?

### Multilateral organizations are a key channel; World Bank's IDA is largest multilateral recipient

In 2016, Canada channeled more than half (53%, or US\$2.1 billion) of its ODA through multilateral organizations. Core contributions to multilateral organizations accounted for 32% (US\$1.3 billion) of total ODA in 2016. Key recipients were the World Bank's IDA (29%), followed by UN agencies (21%) and regional development banks (11%). In December 2016, at the 18th pledging session of the World Bank's IDA, Canada announced a total payment of CAD1.3 billion (US\$981 million) to IDA for the three-year encashment period. In addition to core contributions, Canada channeled 31% of its bilateral ODA (US\$826 million, or 21% of total ODA) in 2016 through multilateral organizations as earmarked funding for specific countries or issues. This is well above the 11% average of OECD Development Assistance Committee (DAC) countries. Canada considers this an effective way to deliver increasing amounts of ODA while reducing administrative burden.

From 1986 to 2010, Canada provided all bilateral ODA as grants. In 2011, the government began to provide loans within the framework of the 'Fast-Start Finance' climate initiative. In 2014, loans were first reported as ODA (5%), but in 2016 bilateral ODA was fully allocated through grants again (DAC average: 9%). In the FY2017/18 budget, Prime Minister (PM) Justin Trudeau's government announced plans to launch a development finance institution (DFI) – initially introduced by the Harper government in the FY2015/16 budget – which will be capped at CAD300 million (US\$226 million). The DFI, operating under the FinDev Canada brand, will be a wholly-owned subsidiary under Export Development Canada (EDC), a Crown corporation that serves as Canada's export-credit agency. Launched in January 2018, FinDev will focus on generating economic development by job creation, promotion of gender equality, and green growth, with a regional focus on Latin America and sub-Saharan Africa. Canada is the last G7 country to create such an institution, and it will, among other things, be leveraged to support companies operating in developing countries and promote investments in the local private sector.

## Who are Canada's ODA recipients?

Canada's development programs focus increasingly on low-income and fragile countries. From 2014 to 2016, one-third of Canada's bilateral ODA (33%) was channeled to low-income countries (LICs). When excluding funding not specifically allocated to one country (e.g., regional programs, administrative costs, and funding for CSOs), more than half (53%) of bilateral ODA went to LICs. PM Trudeau has pledged to refocus Canada's development-assistance program on "helping the poorest and most vulnerable and supporting fragile states". This may result in a greater share of ODA being allocated to LICs.

According to the FIAP, Canada will ensure that at least half of its bilateral ODA will be directed to sub-Saharan African countries by 2021-22. The largest share of bilateral ODA goes to sub-Saharan Africa (33% from 2014 to 2016). In addition, between 2014 to 2016 12% of bilateral ODA went to the MENA region. This is consistent with Canada's new multi-year commitments to the Syrian region and its emerging interest at the nexus of peace, security, humanitarian, and development assistance. On average, Ukraine was the largest recipient of Canadian development funding for the 2014-2016 period, with US\$156 million per year on average, followed by Afghanistan (US\$103 million), Ethiopia (US\$94 million), and Mali (US\$85 million).

## How is bilateral funding programmed?

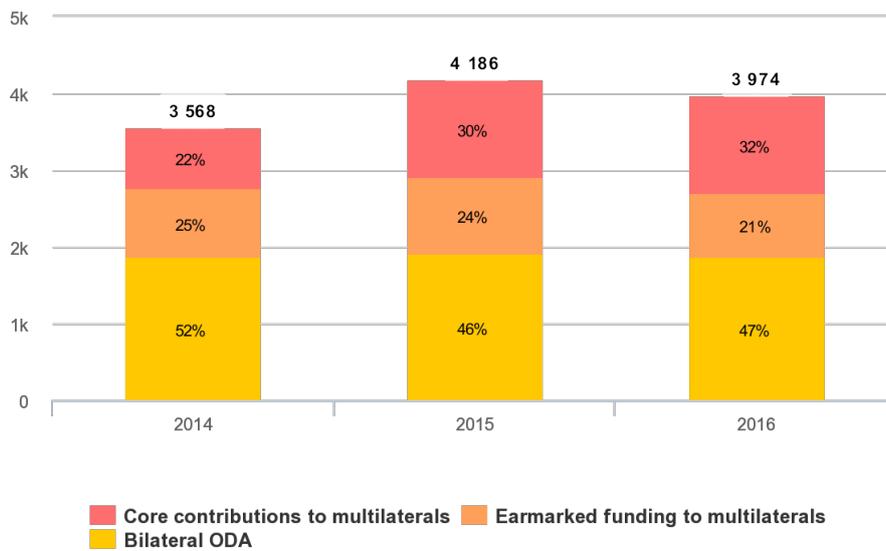
### GAC's geographic program branches share programming with input from embassies

The basis for programming of Canada's bilateral programs are multi-year country strategies and mutual accountability frameworks, in which sector priorities, expected results, shared principles, and high-level indicative funding for bilateral assistance are outlined. The most recent country strategies were developed for the former 20 focus countries, for 2009 to 2013. The recent FIAP moves away from priority country lists, and it is expected that GAC will renew its country strategies. The country strategy review process, led by GAC's geographic program branches, offers an opportunity to shape country programming, including sector priorities in each country. GAC's geographic branches also take the lead on designing concrete projects and programs and allocating funding.

Canada’s embassies provide input on project development and assist in monitoring projects. Under PM Trudeau, ambassadors and high commissioners (consulars) enjoy a certain degree of autonomy. However, major projects usually require approval by the Office of the Minister of International Development and La Francophonie, who can approve programs up to CAD20 million at her own discretion. Programs with a budget beyond this limit require approval from the Cabinet’s Treasury Board.

### CANADA'S BILATERAL AND MULTILATERAL ODA

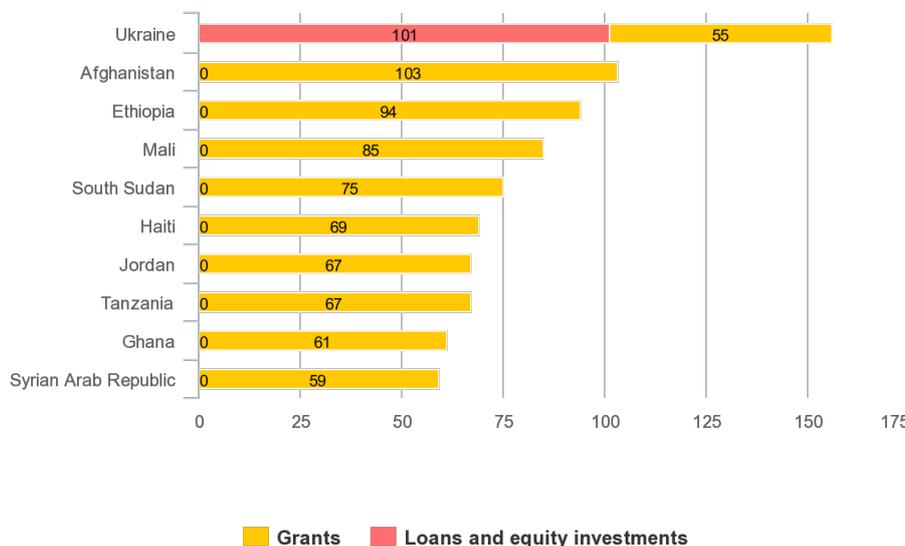
US\$ millions



OECD DAC 1 table. Gross disbursements; in 2016 prices.

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

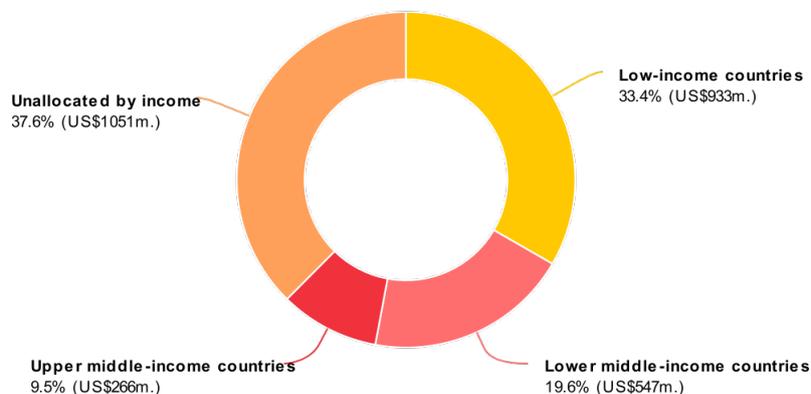
average 2014-2016, excluding debt relief; US\$ millions.



OECD CRS. Gross disbursements; in 2016 prices.

### CANADA'S BILATERAL ODA BY INCOME-GROUP, 2014-2016

Average 2014-2016: US\$2.8 billion



OECD CRS. Gross disbursements, in 2016 prices.