



2023 CANADIAN AID TRENDS: Highlights

Context

Canada has historically played a pivotal role on the world stage through its international assistance by putting forward principled action and directing resources to areas that need it most.

In order to truly understand the current status of Canadian international assistance, the 2023 Canadian Aid Trends report investigates data provided by the Government of Canada and the Organisation for Economic Co-operation and Development (OECD). The timeframe of the data is from 2015 to 2022. Discussion on Canada's 2023 Federal Budget is also included.

The analysis in this report is crucial for anyone following Canada's contributions to international assistance and a fairer, safer, and more sustainable world. It provides evidence that can support narratives, recommendations, and proposals to the Government of Canada on bold and robust Canadian engagement on international cooperation.

Through the development and implementation of the Feminist International Assistance Policy (FIAP), Canada has made bold commitments to global health and sexual and reproductive health and rights. Canada has improved its contribution to climate finance, though it is still far off its "fair share". Global Affairs Canada's (GAC) achievement of some key FIAP indicators, such as the 80% target for gender integrated bilateral projects, validates its capacity to follow through on select promises.

But there are also worrying trends, including on the predictability and transparency of the international assistance budget and disbursement mechanisms.

In addition, it is estimated that there was a 15% reduction in 2023/2024 in the budgeted International Assistance Envelope (IAE), compared to the previous fiscal year. At a time when so many around the world are experiencing the ongoing reverberations of the COVID-19 pandemic, chronic inflation and food insecurity, the devastating impacts of climate change, the erosion of women's rights, human rights and democracy, and the effects of violence, conflict, and instability, this did not demonstrate bold or principled Canadian global leadership. As we enter the second half of the 2030 Agenda, many are questioning how committed Canada is to actually achieving SDGs.

Cooperation Canada is thrilled to collaborate with AidWatch Canada on this report. While the full report goes into much more detail, providing numerous annexes and graphs to support the analysis, this summary presents twenty key observations. They are arranged in five categories:

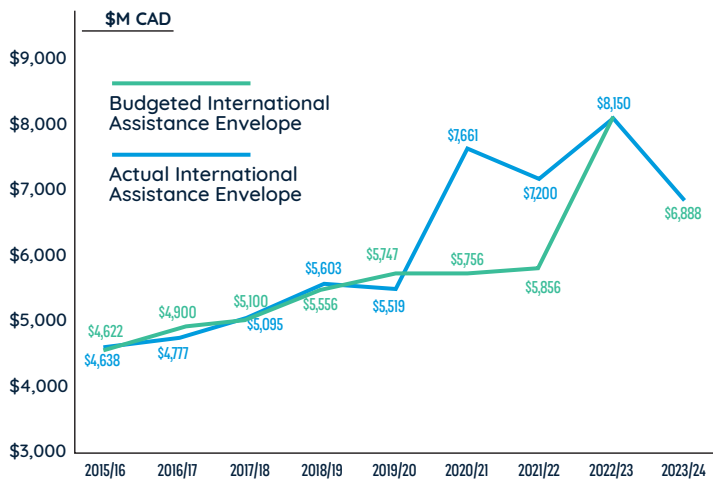
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Canada's ODA Volume

1. Canadian aid increased up to and including 2022, but 2023 may see a significant decline.

Canadian ODA increased each year since 2015/16, with a major increase in 2020/21, partially sustained in 2021/22, and another large increase in 2022/23, due mainly to support to Ukraine through major loans and in-donor refugee costs. However, *Budget 2023* raises real concern that ODA may decline sharply considering that no new initiatives were announced for Canadian international assistance, outside of Ukraine. Taking into account the impact of inflation, Real ODA¹ increased by a modest annual average of 2.5% in the eight years between 2015/16 and 2023/24.

BUDGETED AND ACTUAL INTERNATIONAL ASSISTANCE ENVELOPE, 2015/16 TO 2023/24

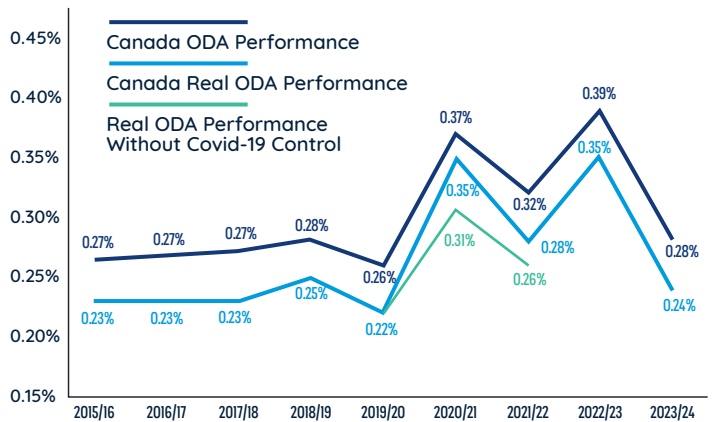


¹ Real ODA excludes in-donor refugee and imputed student costs, debt cancellation and interest paid on previous loans. Canada no longer includes imputed student costs. Currently, Canada has not cancelled debt and interest payments are unavailable.

2. Increased generosity from 2020 to 2022 while returning to stagnant levels in 2023.

Despite the increase in ODA over the past seven years, Canada's aid generosity has not kept pace with growth in its overall wealth, resulting in a continued poor performance against the UN's 0.7% ODA to gross national income (GNI) target. Real ODA to GNI averages around 0.23% for the years examined. Based on *Budget 2023*, Canada's performance ratio is expected to return to 0.24% for Real ODA.

CANADA'S ODA PERFORMANCE (ODA TO GNI RATIO), 2015/16 TO 2023/24



3. Canada is not a OECD DAC leader on ODA.

Measured against its 30 Development Assistance Committee (DAC) peers, Canada's Real ODA ranks 15th for total spending in the decade between 2010 and 2020. But in terms of the size of our economy, Canada's capacity to finance ODA ranks 7th among the 30 DAC donors. This translates to US\$143 in Real ODA per Canadian, while the top five donors (Norway, Sweden, Luxembourg, Denmark and Switzerland) provided an average of US\$483 per person.

International Assistance Envelope

4. Large increase in the actual IAE in 2020/21, beyond COVID-19 support.

The consistent but modest increases in the IAE base since 2015/16 changed in 2020/21 with a large increase in the IAE of Global Affairs Canada. The jump in the actual IAE for 2020/21 over 2019/20 was not only related to Canada's international response to COVID-19, which accounted for less than half of this increase, but also to its contributions to climate finance, humanitarian assistance, and major projects supported by the Global Issues Branch.

5. A return to earlier levels in the Budgeted IAE in 2023/24.

The very significant increase in the actual IAE in 2020/21, 2021/22 and 2022/23 have not been sustained. *Budget 2023* projects the IAE at \$6,888 million, which is at least 15% lower than the previous year's IAE of \$8,150 million. When adjusted for inflation, the 2023/24 IAE base in *Budget 2023* is only 5% higher than in 2019/20. It looks unlikely that the government is living up to its commitment to increase aid each year to 2030.

6. Poor transparency for the IAE in annual budgets.

The government has no published plan for increasing its IAE to 2030 as promised. *Budget 2023* offered a graphic that provided a snapshot of the scale of the IAE for 2023/24 and a basic breakdown of sectoral allocations. However, predictable finance for the SDGs

requires greater transparency, often provided for other Canadian government priorities, and requires additional elements in future budgets. This could include:

- a. The budgeted and estimated actual IAE for the fiscal year preceding the one presented in the budget.
- b. The IAE amount (to the millionth dollar) budgeted for the upcoming fiscal year.
- c. A running projection of the budgeted IAE for the following five years (at a minimum, ideally to 2030): the period for which the government has promised annual increases.
- d. Basic allocation of the IAE by main program areas and implementing departments for the current fiscal year and the previous year.

Disaggregating Canadian ODA

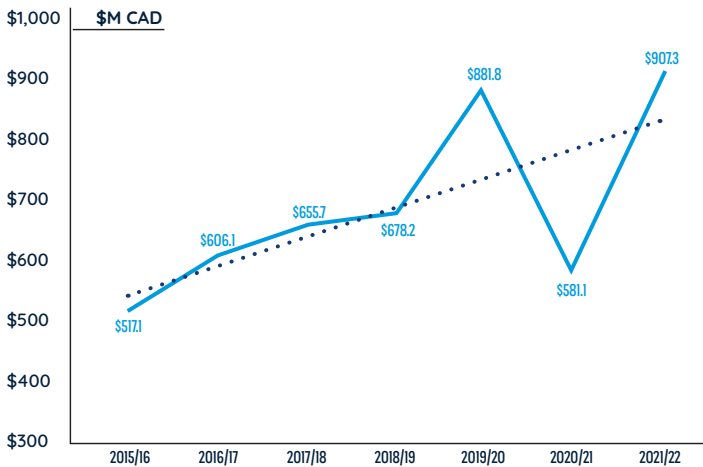
7. Beyond COVID-19, humanitarian and climate finance, aid for other purposes declined in 2020/21 and only partially recovered in 2021/22.

The share of Canadian ODA for purposes other than COVID-19, humanitarian assistance and climate finance declined from 64% in 2019/20 to 54% in 2020/21. This share partially recovered to 60% in 2021/22, but this was likely due to increased support for Ukraine. Without notable growth in the IAE in coming years, including ensuring that the \$5.3 billion Principal Purpose Climate Finance commitment and the reconstruction of Ukraine are additional, ODA for other purposes is likely to be significantly constrained.

8. In-donor refugee and imputed student costs have been trending upward since 2015/16.

These in-Canada expenditures for refugees made up 11% of ODA in 2021/22. Covering these costs is an international human rights obligation, but unrelated to the purposes of ODA, which is a metric to measure donor effort for development in the Global South.

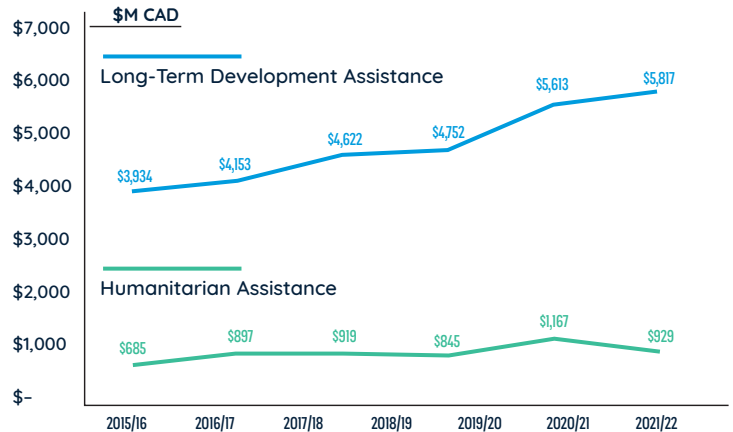
CANADA'S IN-DONOR REFUGEE COSTS, 2015/16 TO 2021/22



9. Humanitarian assistance has trended upward in the long term.

Humanitarian assistance increased by 36% from 2015/16 to 2021/22 and reached a peak of \$1,167 million in 2020/21. This growth has however not affected aid allocated to long-term development programming. In fact, this also expanded 21% between 2015/16 and 2019/20, despite an increase in humanitarian assistance of 23% over this period.

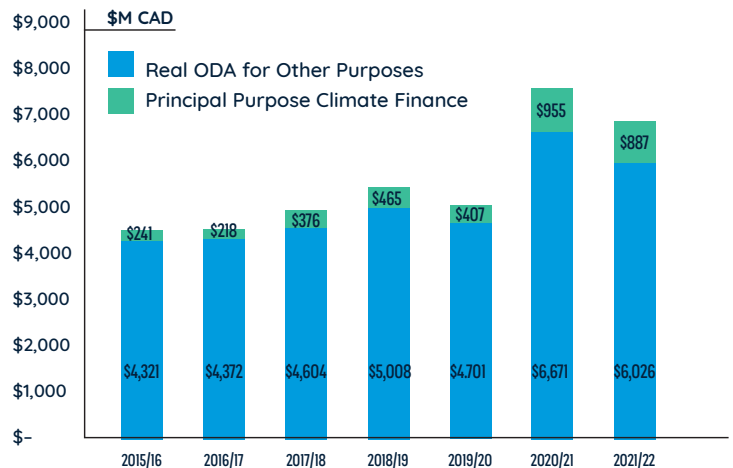
TRENDS IN CANADIAN ODA DISBURSEMENTS FOR HUMANITARIAN ASSISTANCE AND LONG-TERM DEVELOPMENT ACTIVITIES, 2015/16 TO 2021/22



10. Climate finance is occupying an increasing share of Canadian bilateral ODA.

Canada has made two five-year pledges for international climate finance: \$2.65 billion for the period 2015/16 to 2020/21, doubling to \$5.3 billion for the period 2021/22 to 2025/26. In fulfilling these pledges, Canada commits “principal purpose” climate finance for mitigation and adaptation (where the primary objective of the project is climate mitigation or adaptation). Most of Canada’s \$5.3 billion climate finance commitment up to 2025/26 will be included as bilateral ODA, reaching 13% in 2021/22.

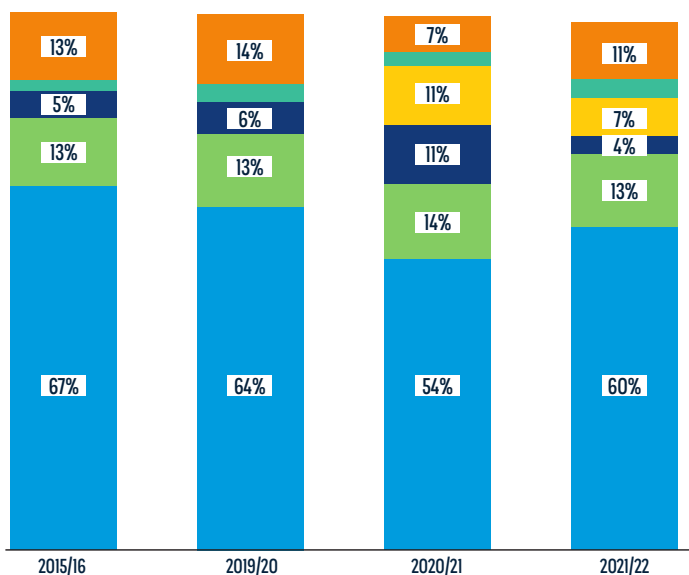
IMPACT OF CLIMATE FINANCE ON REAL CANADIAN ODA



11. Canada’s support for COVID-19 Control amounted to \$1,518 million for the years 2020/21 and 2021/22.

Support for COVID-19 Control represents 10% of Real ODA and 15% of Real Bilateral ODA for these years. Of this amount, \$130 million (9%) resulted from in-kind donations of vaccines originally purchased for use in Canada (at a rate of US\$6.72 per dose).

CANADIAN ODA COMPONENTS 2015/16 TO 2021/22

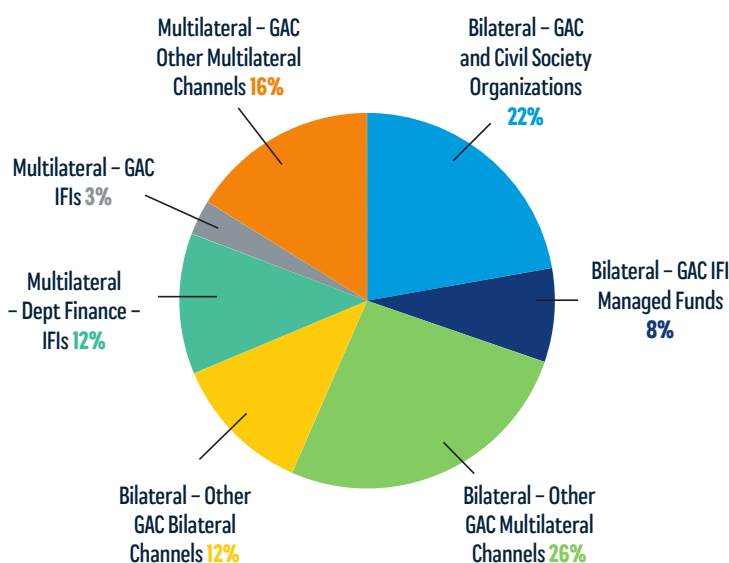


Channels for Delivering Canadian ODA

12. Multilateral institutions, including International Financial Institutions (IFIs), are the largest channel for delivering Canadian ODA.

Canadian ODA delivered by multilaterals represent almost two-thirds of aid from GAC and the Department of Finance. While 19% of GAC’s Real ODA was core multilateral funding, an additional 34% of bilateral aid was delivered through multilateral channels (8% in IFI-managed dedicated funds and 26% in other multilateral organizations). These are termed “multi/bi funds”, which are increasingly common for many medium-sized donors but can result in fragmented programming by multilateral organizations. Canada ranks 2nd globally when it comes to earmarking its ODA in multilateral organizations.

GAC AND DEPARTMENT OF FINANCE, REAL CANADIAN ODA DELIVERY CHANNELS FIVE-YEAR AVERAGE, 2017/18 TO 2021/22



13. Civil society organizations (CSO) share in the delivery of Real Bilateral ODA has grown significantly.

Starting from 30% in 2015/16 to reach a peak of 40% in 2019/20, this share subsequently declined to 32% and 33% in 2020/21 and 2021/22 if we exclude COVID-19 Control. Interestingly, ODA to and through foreign-based CSOs (mostly International NGOs or CSOs based in other donor countries) has outpaced disbursements to and through Canadian-based CSOs. According to the DAC, CSOs based in Global South partner countries received only 7% of Canadian ODA channelled to and through CSOs in 2020, albeit up from 5% in 2015.

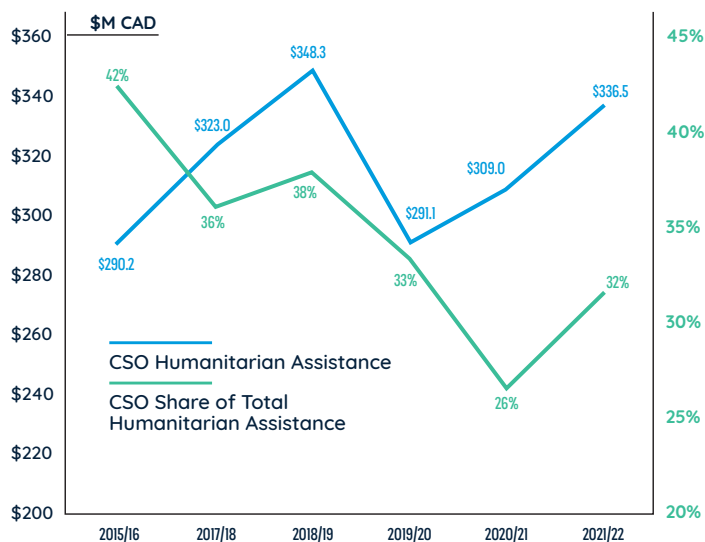
TRENDS IN DISBURSEMENTS WITH CSOS, 2015/16 TO 2021/22



14. While the amount channeled to and through CSOs has increased since 2019/20, the CSO share in implementing humanitarian assistance has been in decline.

GAC humanitarian assistance channeled through CSOs reached a high of 40% in 2015/16 and a low of 26% in 2020/21. Also, humanitarian assistance disbursements have been a much greater focus for foreign CSOs (39% of their total GAC disbursements) than for Canadian CSOs (24%) since 2015/16.

GAC HUMANITARIAN ODA CHANNELED THROUGH ALL CSOS (CANADIAN AND FOREIGN)



Assessing the Quality of Canadian ODA

15. GAC has approached or achieved FIAP’s 80% target for gender integrated bilateral projects every year between 2017/18 and 2021/22.

The five-year average is 78%. However, GAC has not reached FIAP’s 15% target for gender specific projects, with a five-year average of 9%, but has achieved significant growth since 2018/19. CSOs have been essential in the delivery of gender specific projects in these five years, delivering 70% of these project disbursements in 2021/22.

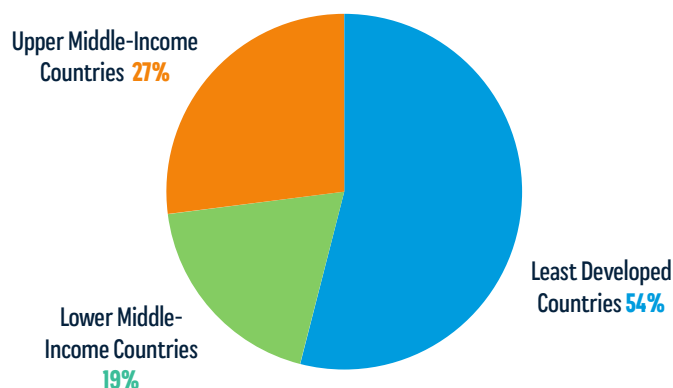
16. GAC did not achieve its FIAP goal to devote 50% of bilateral ODA to Sub-Saharan Africa by 2021/22.

In 2021/22, Sub-Saharan Africa received 38% of Real ODA and 45% of Real Bilateral ODA. Canada ranked 11th among 30 DAC donors in the share of gross bilateral disbursements for Sub-Saharan Africa.

17. GAC has been focused on Least Developed Countries (LDCs) but fell far short of the UN target.

Even though support to LDCs accounted for 54% of GAC’s bilateral ODA and even 59% of its long-term development-oriented ODA, it falls short of the UN target of 0.15% to 0.20% of its GNI for LDCs. Coming in at 0.09% in 2021/22 places Canada 11th among 30 DAC donors.

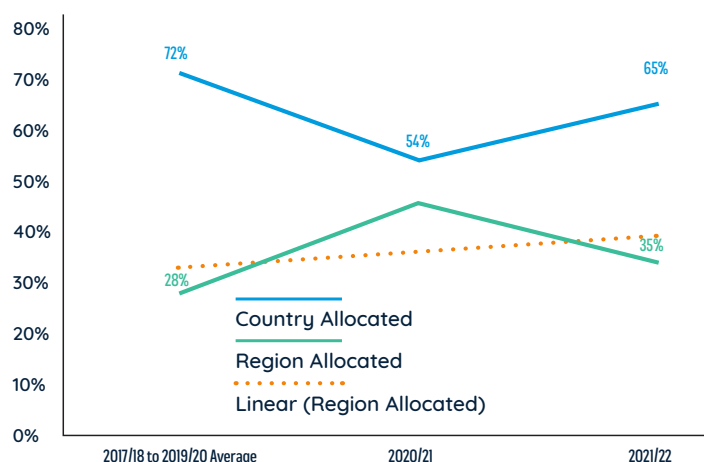
ALLOCATION OF GAC BILATERAL ODA BY COUNTRY INCOME GROUP — SHARE OF TOTAL GAC BILATERAL ODA ALLOCATED BY COUNTRY



18. Canada has increased its allocations to regional programming, focusing less on country programming with long-term partners.

Regional programming rose from 28% in 2017/18 to 35% in 2021/22. The top 20 countries received approximately 60% of country-allocated aid in the period from 2017/18 to 2021/22, with LDCs strongly represented at 76% in 2021/22 in aid.

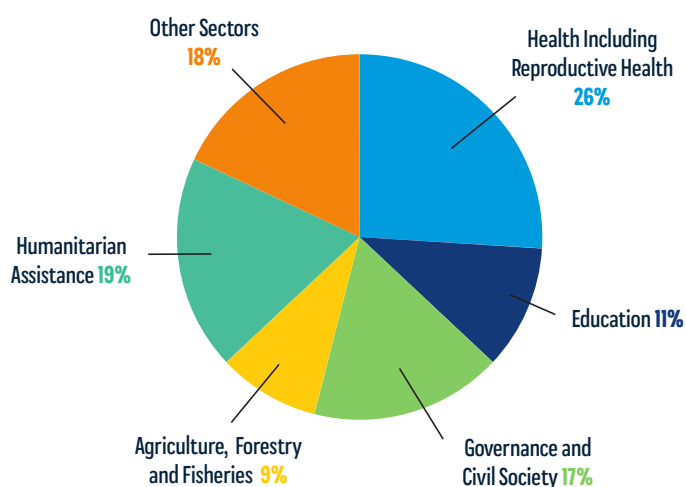
GROWTH IN REGIONAL PROGRAMMING IN CANADA’S REAL ODA — SHARE OF TOTAL REAL ODA



19. Health sectors were a major focus for Canadian ODA from 2017/18 to 2021/22.

These sectors received 31% of sector allocated disbursements during this period. GAC support for health sectors increased by 79% when comparing the 2017/18 to 2019/20 and 2020/21 to 2021/22 periods. When COVID-19 Control support is discounted, this increase is nevertheless still 13%. CSOs accounted for 49% of disbursements for the Population and Reproductive Health sector. In terms of ranking against its DAC peers, Canada ranked 5th and 4th, respectively, for total volume of ODA for the Health and Population & Reproductive Health sectors in 2020 and 2021 combined. For COVID-19 Control, Canada ranked 3rd, behind only Switzerland and Ireland.

GAC DISBURSEMENTS TO CANADIAN CSOS: ALLOCATION TO SECTORS, 2015/16 TO 2021/22, SEVEN-YEAR AVERAGE



20. Loans have become an increasingly larger share of Canada's ODA.

From 2015/16 to 2021/22, loans grew from \$255.5 million to \$963.7 million, an almost 300% increase. For 2021/22, loans were close to 14% of Real ODA, with just under a third directed to Sub-Saharan Africa. Given the current debt sustainability issues faced by many LDCs, increasing the share of loans places additional pressure on these countries. Two thirds of loans in this period were dedicated to climate mitigation or adaptation, mainly through Multilateral Development Banks, the International Fund for Agricultural Development and the Green Climate Fund.

CANADIAN REAL ODA: TREND IN VALUE OF GROSS LOANS, 2017/18 TO 2021/22

