

CANADA

Development challenges as investment and business opportunities: Canada's policy and practices

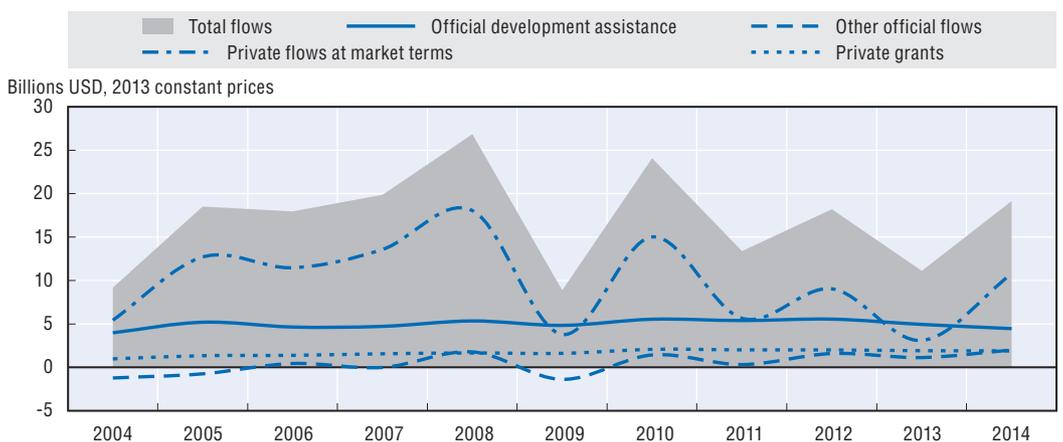
The government of Canada is committed to strengthening its engagement with private sector actors as partners to help reduce global poverty. Canada is placing a stronger emphasis on sustainable economic growth and is developing new and potentially innovative private sector approaches and partnerships. Canada's approach to partnering with the private sector in development highlights the importance of helping developing country partners create the conditions for strong and sustainable private sector-led growth through its Sustainable Economic Growth Strategy and by leveraging local, Canadian, international and multinational private sector actors of all sizes to promote private sector-led growth in developing countries.

An example of Canada's approach is the partnership with Mennonite Economic Development Associates and Sarona Asset Management, supporting a 15-year investment fund that leverages private equity investment of up to CAD 400 million to help the most promising small and medium enterprises in developing countries grow.

According to the 2015 DAC Survey on Mobilisation (Benn et al., 2016), Canada mobilised USD 47 million from the private sector through shares in collective investment vehicles in 2012-14, of which 28% targeted climate-related projects. Although Canada does not have a national development finance institution, it supports private sector development mainly through Global Affairs Canada and the Department of Finance Canada.

Financial flows from Canada to developing countries

Figure 12.1. Net resource flows to developing countries, 2004-14, Canada



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Canada uses ODA to mobilise other resources for sustainable development

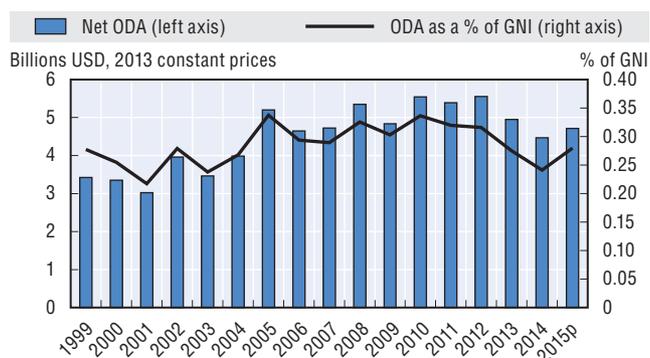
- Canada contributes to the mobilisation of domestic resources in developing countries by supporting their tax systems.**
 In 2014, it is estimated that Canada committed USD 3.4 million of its official development assistance (ODA) to tax-related activities in partner countries.
- It promotes aid for trade to improve developing countries' trade performance and integration into the world economy.**
 It committed USD 463.3 million to trade-related activities in 2014 (15.7% of its bilateral allocable ODA), a 35.8% decrease in real terms from 2013. The trend has been fluctuating over the past few years.
- Canada has pledged USD 277 million (CAD 300 million) to the Green Climate Fund,** which plays a key role in channelling resources to developing countries and catalysing climate finance at the international and national levels. In 2016/17, Canada will also contribute a total amount of USD 22.4 million (CAD 30 million) to the Least Developed Countries Fund, which addresses urgent and immediate adaptation needs and supports national adaptation planning processes to reduce medium and long-term vulnerability to the impacts of climate change.

Canada's official development assistance

In 2015, Canada provided USD 4.3 billion in net ODA (preliminary data). This represented 0.28% of gross national income (GNI) and an increase of 17.1% in real terms from 2014, the first since 2012. Canada is the 14th largest Development Assistance Committee (DAC) provider in terms of ODA as a percentage of GNI, and the 8th largest in terms of volume. Canada's share of untied ODA (excluding administrative costs and in-donor refugee costs) was 93% in 2014 (slightly up from 92.8% in 2013), which is well above the DAC average of 80.6%. The grant element of total ODA was 97.2% in 2014.

Canada reported USD 216.4 million of its in-donor refugee costs as ODA in 2014. These costs represented 5.1% of its total net ODA.

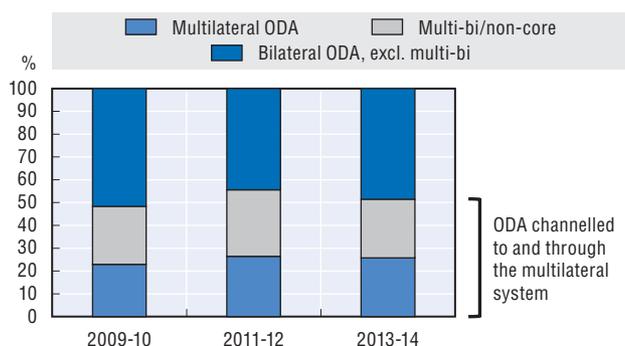
Figure 12.2. Net ODA: Trends in volume and as a share of GNI, 1999-2015, Canada



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In 2014, 77.6% of ODA was provided bilaterally. In 2014, Canada allocated 22.4% of total ODA as core contributions to multilateral organisations, compared with the DAC country average of 28.3%. In addition, it channelled 32.5% of its bilateral ODA for specific projects implemented by multilateral organisations (multi-bi/non-core).

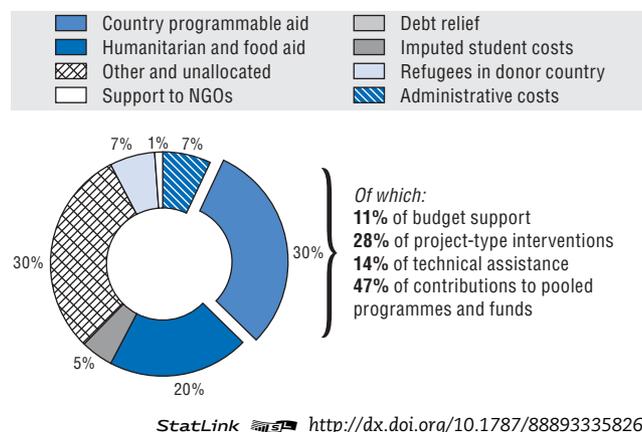
Figure 12.3. Share of ODA channelled to and through the multilateral system, two year averages, gross disbursements, Canada



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In 2014, 30.3% of bilateral ODA was programmed at partner country level. Canada's share of country programmable aid (CPA) was lower than the DAC country average (52.9%) in 2014. Contributions to pooled programmes and funds accounted for 47% of CPA. Thirty per cent of Canada's bilateral ODA was categorised as "other and unallocated".

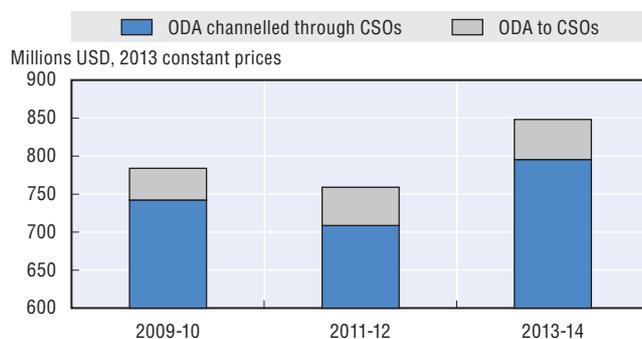
Figure 12.4. Composition of bilateral ODA, 2014, gross disbursements, Canada



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In 2014, USD 815.4 million of bilateral ODA was channelled to and through civil society organisations (CSOs). Aid channelled to and through CSOs increased between 2013 and 2014, both in terms of volume (+2.6%) and as a share of bilateral ODA (from 23.6% to 24.5%). This share was higher than the DAC country average of 17.4%.

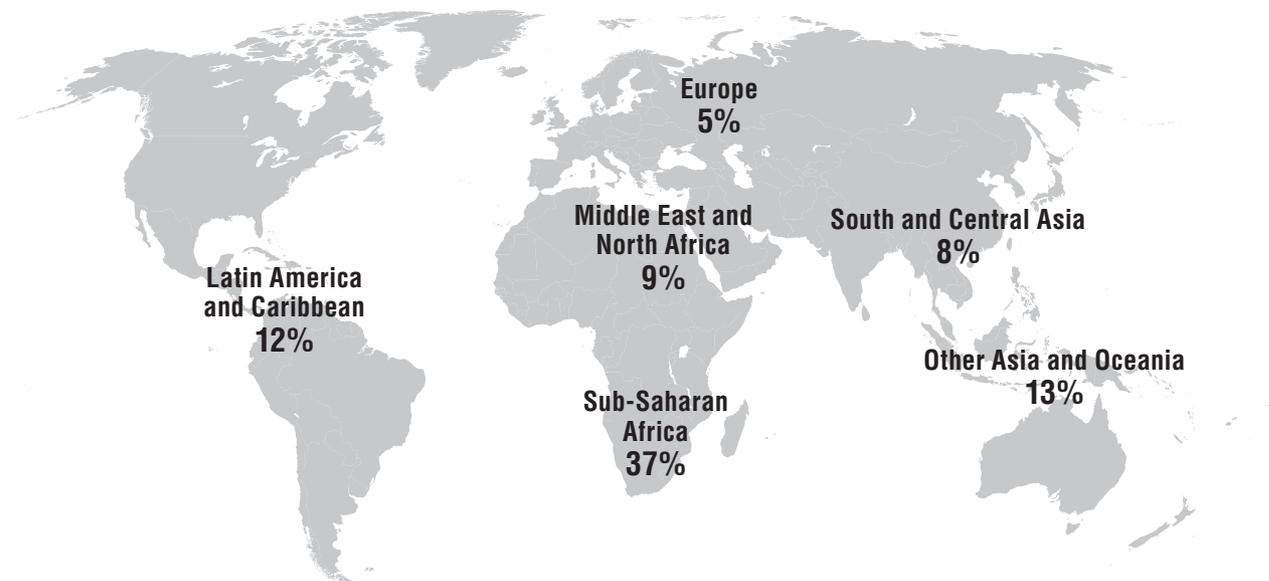
Figure 12.5. Bilateral ODA to and through CSOs, two year averages, gross disbursements, Canada



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In 2014, bilateral ODA primarily focused on sub-Saharan Africa. USD 1.1 billion of bilateral ODA was allocated to sub-Saharan Africa, and USD 409.6 million to Latin America and the Caribbean.

Figure 12.6. Share of bilateral ODA by region, 2013-14 average, gross disbursements, Canada

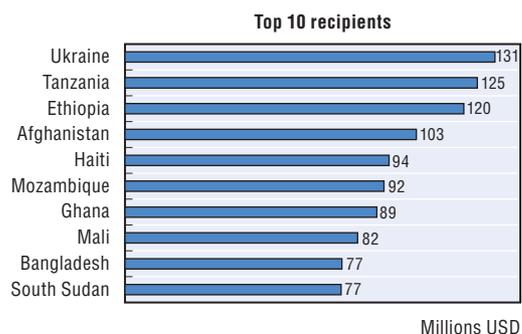


Note: 16% of bilateral ODA allocated was unspecified by region in 2013-14. This share is not represented on the map.

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In 2014, 30.6% of bilateral ODA went to Canada’s top 10 recipients. All of the top 10 recipients of Canadian aid were “countries of focus” – Canada has a total of 20 priority countries. Its support to fragile states reached USD 1.1 billion (30.8% of gross bilateral ODA) in 2014.

Figure 12.7. Bilateral ODA to top recipients, 2013-14 average, gross disbursements, Canada

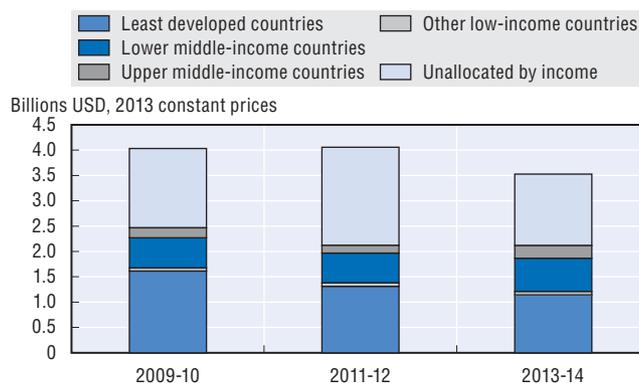


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In 2014, 31.3% of bilateral ODA was allocated to least developed countries (LDCs), amounting to USD 1 billion. The share has decreased from 33.6% in 2013, but remains higher than the 2014 DAC average of 25.6%. LDCs received the highest share of bilateral ODA in 2014.

At 0.08% of GNI in 2014, total ODA to LDCs was lower than the UN target of 0.15% of GNI.

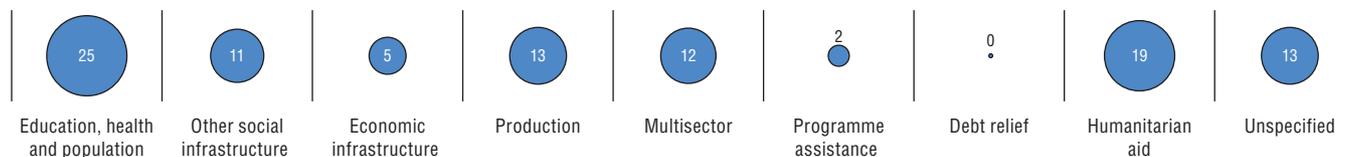
Figure 12.8. Bilateral ODA by income group, two year averages, gross disbursements, Canada



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In 2014, 37.2% of bilateral ODA was allocated to social infrastructure and services, amounting to USD 1.3 billion. There was a strong focus on support to health (USD 444.3 million), education (USD 409.4 million), and government and civil society (USD 328.4 million). Humanitarian aid amounted to USD 708.5 million.

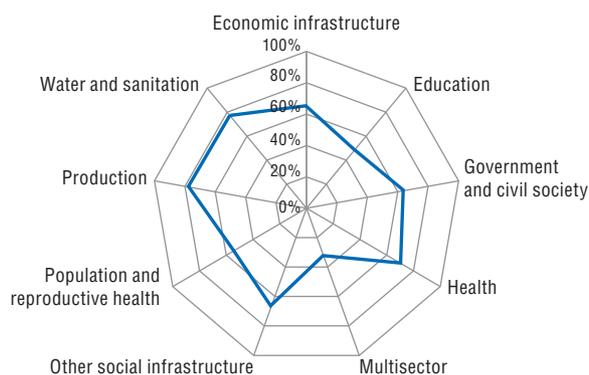
Figure 12.9. Share of bilateral ODA by sector, 2013-14 average, commitments, Canada



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USD 1.8 billion of bilateral ODA supported gender equality in 2014. Canada has made a long-term effort to mainstream gender equality across its programmes and to bring gender equality into its policy dialogue with partners (OECD, 2013). In 2014, 60.2% of its bilateral allocable aid had gender equality and women's empowerment as a principal or significant objective, compared with the DAC country average of 34.7%. Canada's aid to the productive sector and water and sanitation focuses mainly on gender.

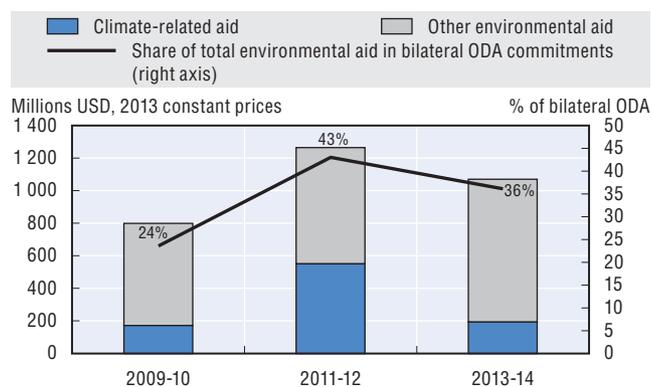
Figure 12.10. Share of bilateral allocable ODA in support of gender equality by sector, 2014, commitments, Canada



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USD 867.9 million of bilateral ODA supported the environment in 2014. Environmental sustainability is a cross-cutting priority for Canada. In 2014, 29.5% of Canadian bilateral allocable aid supported the environment and 4.5% (USD 133.4 million) focused particularly on climate change, compared with the respective DAC country averages of 32.2% and 23.9%.

Figure 12.11. Bilateral allocable ODA in support of global and local environment objectives, two year averages, commitments, Canada



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Note to reader: Annex B provides "Methodological notes on definitions and measurement for the Profiles of Development Assistance Committee members".

Reference

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