

**Canada's Official Development Assistance
for Water and Sanitation in Developing Countries:
an analysis of OECD data over three decades**

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By Greg Keast for the Harbinger Foundation, June 2011

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Methodology

This analysis uses data from the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC), which tracks official development assistance (ODA) across all major sectors, including the Water and Sanitation Sector. The key advantage of the OECD dataset is it allows for comparisons of the funding patterns of all major ODA donors at the sectoral, sub-sectoral and project level. However, the dataset does have limitations: not all donors use the OECD definitions of sectors and sub-sectors, and OECD data does not fully capture sector-related expenditures from integrated development programs. The OECD database also does not yet disaggregate funds allocated to water, sanitation and hygiene.

Unless otherwise specified, the ODA figures used here are donor commitments expressed in constant 2009 US dollars, in keeping with standard practice of OECD and other reports on sectoral spending. The time period used in this analysis ranges from 30 years to two years as specified, depending on data availability.

Figures cover all ODA from Canadian government sources, not CIDA funding alone.¹ In practice, however, there is little distinction: in most years CIDA ODA accounts for 95 percent of total Canadian ODA in the sector.

A good source of information for assessing donor contributions to the Water and Sanitation Sector is the UN-Water Global Annual Assessment of Sanitation and Drinking-Water (GLAAS). GLAAS documents sector funding patterns and issues using OECD data supplemented with additional information provided by donors. Unfortunately, CIDA is one of the few bilateral donor agencies that did not provide data to GLAAS, and thus GLAAS is not used in this analysis as a data source.

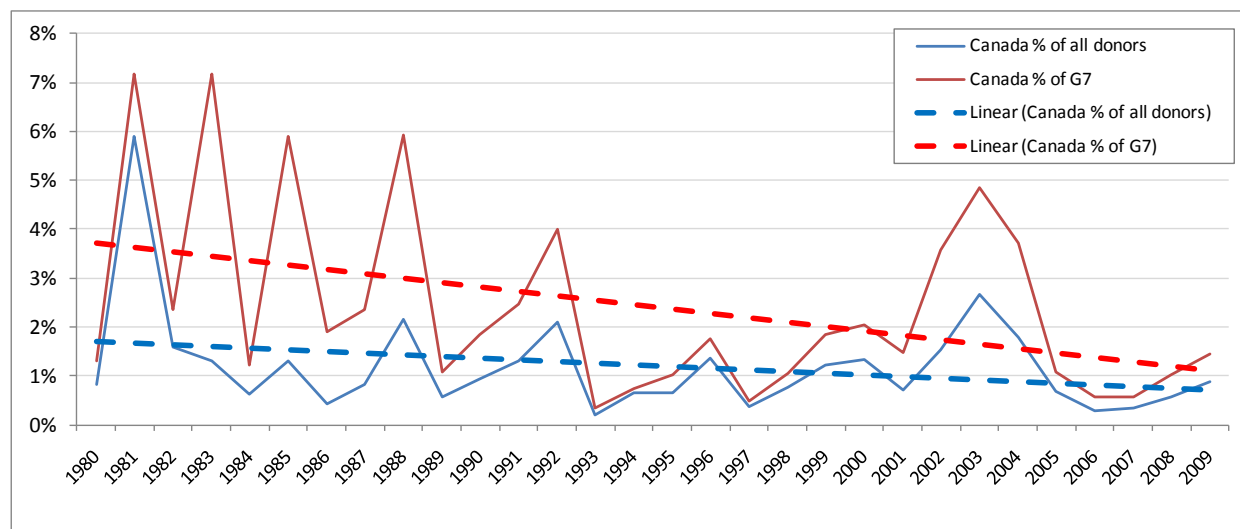
Canada's contribution is small in relation to other donors, and getting smaller

Canada is a small player in the Water and Sanitation Sector. In 2009, Canada's sectoral ODA commitments were US\$ 47 million, less than 1 percent of the total ODA commitment of US\$ 8.5 billion from all donors. Canadian annual commitments are often even smaller, amounting to less than one-half of a 1 percent of total ODA in some years.

These modest contributions from Canada are in decline. While there is fluctuation from year to year, the overall trend is negative. Over the last 30 years, Canada's contribution has trended from just under 2 percent of total ODA to the sector by all donors to just under 1 percent. There is a similar trend in Canada's share of the G7 ODA for water and sanitation, from about 4 percent 30 years ago to approximately 2 percent now (Figure 1).

¹ Other Canadian government agencies listed as ODA contributors in the OECD DAC database include the International Development Research Centre (IDRC) and Foreign Affairs and International Trade Canada (DFAIT). ODA from CIDA is channeled through multilateral agencies, NGOs and other channels.

Figure 1: Canada's Water and Sanitation Sector ODA as a Proportion of ODA from all Donors and from G7 ODA, 30-year trend



In any given year, Canada's ODA commitments are much lower than the average bilateral commitments to the sector and often less than a tenth of the largest donors. As shown in Table 1, this also holds true in aggregate over each of the last three decades.

Table 1: Average Annual ODA Commitment, Top Five Bilaterals per Decade, Average ODA, and Canada ODA (millions of US\$)²

1980s		1990s		2000s	
Japan (1)	507	Japan (1)	1,238	Japan (1)	1,614
Germany (2)	377	Germany (2)	476	Germany (2)	594
USA (3)	227	USA (3)	343	USA (3)	574
France (4)	208	France (4)	267	France (4)	313
Italy (5)	190	Denmark (5)	130	Netherlands (5)	247
Average (all donors)	119	Average (all donors)	136	Average (all donors)	183
Canada	54	Canada	38	Canada	56

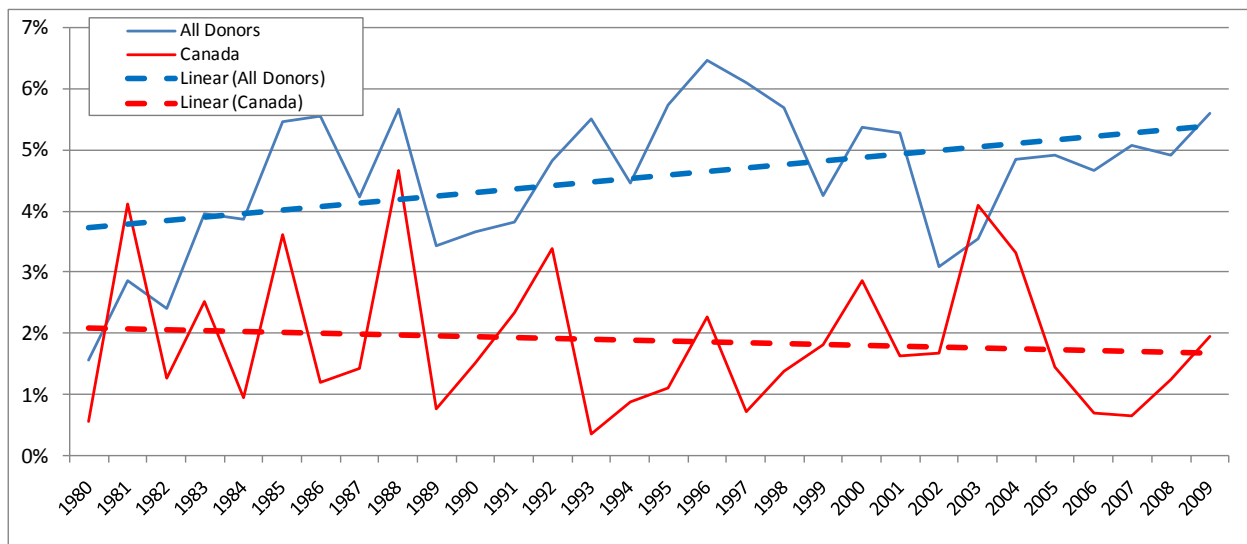
² Donor commitments expressed in constant 2009 US dollars. This table includes bilateral funding only, not funding from other major sources such as the European Community and the World Bank.

Water and sanitation is becoming less of a priority for Canadian ODA

In 2009 Canada allocated just 2 percent of its overall ODA to the Water and Sanitation Sector, down from highs of almost 5 percent in some previous years. On average over the last 30 years, 1.9 percent of overall Canadian ODA was allocated to water and sanitation. The proportion allocated to the sector by most other bilateral donors is far higher: 5.6 percent on average in 2009 and 4.6 percent over the last 30 years. G7 countries have an even higher 30-year average of 6.7 percent.

While yearly fluctuations are significant, the overall trend over 30 years is a modest increase in the proportion of ODA allocated to water and sanitation by all donors (Figure 2). However the trend for Canada is the reverse – priority for water and sanitation within the Canada ODA budget is slowly falling.

Figure 2: Water and Sanitation ODA as a Proportion of Total ODA, Canada and All Donors, 30-year Trend



Canada's Water and Sanitation Sector ODA emphasizes water resources management

The OECD-defined Water and Sanitation Sector is subdivided into seven sub-sectoral areas or “purpose codes” (see Table 2, and the Appendix for definitions). These sub-sectoral areas can be grouped into two types of activities: those that focus more on water and sanitation service delivery and related activities, and those related more to water resources management (WRM).

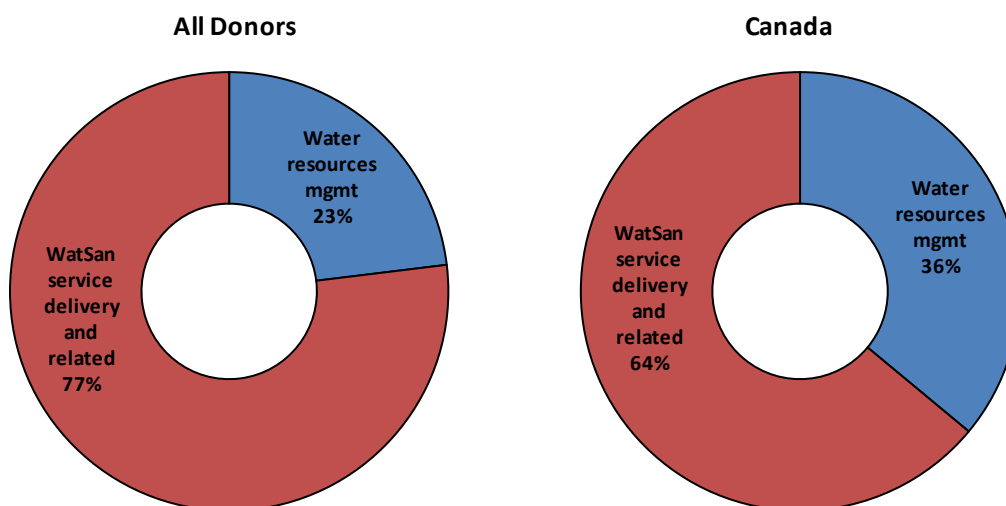
Over the 15 years that sub-sectoral allocations have been tracked (1995-2009), most Water and Sanitation Sector donors have allocated less than a quarter of ODA for WRM. Canada, on the other hand, allocated more than a third on support for WRM (Figure 3).

In recent years, there is a trend in the sector as a whole to focus more resources on water and sanitation service delivery in order to directly contribute to the global effort to fulfil the MDG water and sanitation targets by 2015. Consequently, the proportion of funds allocated to water and sanitation service delivery has been steadily increasing. This trend also holds for Canadian sectoral ODA, but to a lesser extent.³

Table 2: OECD Water and Sanitation Sector Purpose Codes

Purpose Codes with a service delivery and related focus	Purpose Codes with a WRM focus.
<ul style="list-style-type: none"> • Water supply & sanitation - large systems (14020) • Basic drinking water supply & basic sanitation (14030) • Waste management/ disposal (14050) • Education & training in water supply & sanitation (14081) 	<ul style="list-style-type: none"> • Water resources policy & administrative management (14010) • Water resources protection (14015) • River development (14040)

Figure 3: Emphasis on Water Resource Management, All Donors vs. Canada, 1995 to 2009



³ WRM is an important component of the sector, especially in the context of climate change. If Canadian sectoral ODA is intentionally focused on WRM to complement the contributions of other donors that focus more on water and sanitation service delivery, then this may very well be a viable strategy. It is beyond the scope of this paper to assess this further using only the OECD DAC data.

OECD purpose codes currently do not distinguish between sanitation and water allocations and thus it is impossible to determine their relative emphasis within Canada sectoral ODA. However, the purpose codes are changing: a new set of codes that disaggregate between aid flows for water supply and aid flows for sanitation comes into effect in 2011 for 2010 expenditures (see the Cotton 2011 reference for details).

Canada’s sectoral ODA is concentrated in relatively few countries

In the latest available two-year period – 2008 and 2009 – country-specific Water and Sanitation Sector funding from Canada was allocated to a total of 60 recipient countries. However, more than half of those funds were concentrated in just four countries: Mozambique, Bolivia, Haiti and Sudan (Table 3).

This concentration is more pronounced if the definition of the sector is broadened to include agricultural water resources in addition to water and sanitation service delivery and WRM.⁴ In two-year commitments within this broader water sector, the allocation for Afghanistan alone accounts for almost half of all country-specific commitments (Table 4). The vast majority of this Afghanistan allocation is for a single project: the Dahla Dam Arghandab Irrigation Project.

Table 3: Top Five Recipient Countries over a Two-year Period (2008 and 2009), Water and Sanitation Sector as defined by OECD DAC

Recipient	Millions US\$ (08 and 09)	% of Total Country-specific ODA
Mozambique	15.2	28%
Bolivia	5.2	10%
Haiti	4.6	8%
Sudan	4.3	8%
Peru	2.8	5%

Table 4: Top Five Recipient Countries over a Two-year Period (2008 and 2009), Broader Water Sector including Irrigation-related Funding

Recipient	Millions US\$ (08 and 09)	% of Total Country-specific ODA
Afghanistan	47.9	41%
Mozambique	15.2	13%
Mali	14.2	12%
Bolivia	5.2	5%
Haiti	4.6	4%

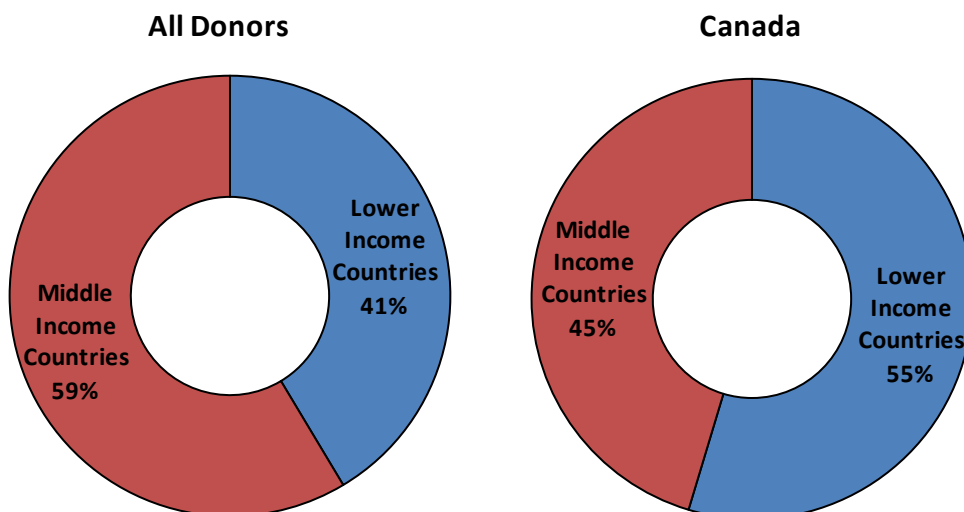
As is the case with many other external support agencies, Canada’s ODA country targeting decisions are likely not made on a sectoral basis. They are made instead on the basis of defined overall ODA priorities, as well as in support of external affairs policies. This is likely also the case for the targeting of aid on the basis of the poverty level of recipient countries, discussed below.

⁴ Many external support agencies, such as USAID and the World Bank, define the ‘Water Sector’ more broadly than does the OECD DAC, including agricultural water resources and other water-related funding.

Canada's Water and Sanitation Sector ODA targets poor countries

According to OECD DAC figures, Canada has a better record of targeting aid to lower income countries than does the sector as a whole. Over the last five years, the donor community as a whole channelled only 41 percent of total water and sanitation ODA to low income countries, while in the same period Canada committed 55 percent of its sector funding to such countries.

Figure 4: Sector ODA Targeting by Recipient Country Income Status, All Donors vs. Canada, 2005 to 2009⁵



The majority of Canada's Water and Sanitation ODA is channelled through multilateral agencies and allocated to regional programming

In the latest available two-year period (2008 and 2009), over 60 percent of Canada's water and sanitation ODA was channelled through multilateral agencies (Figure 5). The largest recipient of these funds was the African Development Bank (AfDB). Other multilateral partners include UNDP, UNICEF, the World Bank and the Asian Development Bank.

Much of the ODA channelled through multilateral partners is for regional programming, a notable example being funding for the AfDB Rural Water Supply and Sanitation Initiative (US\$ 31.6 million over the two-year period). These and other regional initiatives accounted for more ODA sectoral funding in 2008 and 2009 than all country-specific allocations combined (Figure 6).

⁵ Lower Income includes Least Developed Countries (LDCs) and Other Low Income Countries (OLICs) as defined by OECD. Middle Income includes Lower and Upper Middle Income Countries (LMICs and UMICs).

Figure 5: Canadian Sectoral ODA by Channel, 2008 and 2009

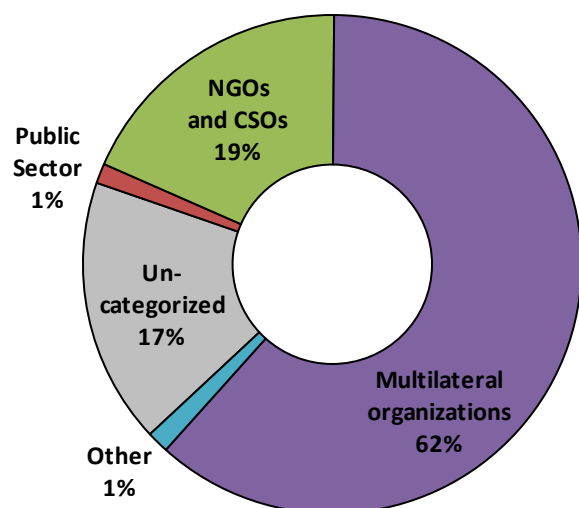
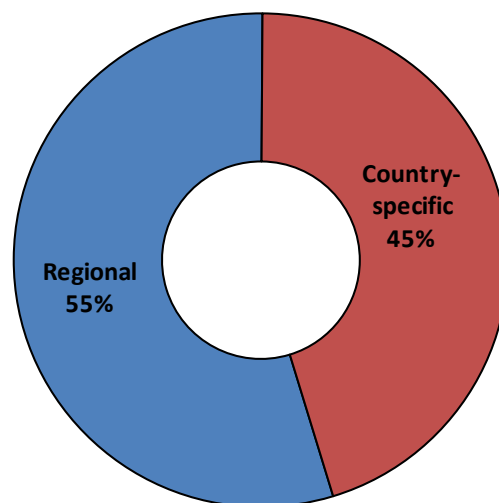


Figure 6: Canadian Sectoral ODA, Regional vs. Country Specific Allocations, 2008 and 2009



Recommendations for further study

OECD-DAC figures are useful for comparing ODA patterns and trends of the different donors in the Water and Sanitation Sector. However, the analysis would be enriched with additional data and information from CIDA. Such information would help contextualize ODA within Canada and CIDA's sectoral ODA policies, and it would help to clarify and extend sub-sectoral allocation patterns and trends beyond the OECD categories (such as determining the ratio of sanitation to water funding). Supplementary data could also help to assess the relative emphasis of water and sanitation aid flows from Canada for 2009 and earlier.

A more detailed study using CIDA data would thus be a useful exercise.

More useful still would be the participation of Canada in the Global Annual Assessment of Sanitation and Drinking-Water (GLAAS). Canada's submission of information through the standardized GLAAS survey mechanism would result in a more comprehensive picture of its contributions and role in the global Water and Sanitation Sector.

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Appendix: OECD Purpose Codes used in this Analysis (current)

OECD DAC Purpose Code	Definition
Water resources policy & administrative management (14010)	Water sector policy, planning and programmes; water legislation and management; institution capacity building and advice; water supply assessments and studies; groundwater, water quality and watershed studies; hydrogeology; excluding agricultural water resources (31140).
Water resources protection (14015)	Inland surface waters (rivers, lakes, etc.); conservation and rehabilitation of ground water; prevention of water contamination from agro-chemicals, industrial effluents.
Water supply & sanitation - large systems (14020)	Water desalination plants; intakes, storage, treatment, pumping stations, conveyance and distribution systems; sewerage; domestic and industrial waste water treatment plants (see also explanatory note below).
Basic drinking water supply & basic sanitation (14030)	Water supply and sanitation through low-cost technologies such as handpumps, spring catchment, gravity-fed systems, rain water collection, storage tanks, small distribution systems; latrines, small-bore sewers, on-site disposal (septic tanks) (see also explanatory note below).
River development (14040)	Integrated river basin projects; river flow control; dams and reservoirs [excluding dams primarily for irrigation (31140) and hydropower (23065) and activities related to river transport (21040)].
Waste management/disposal (14050)	Municipal and industrial solid waste management, including hazardous and toxic waste; collection, disposal and treatment; landfill areas; composting and reuse.
Education & training in water supply & sanitation (14081)	(no definition)
Agricultural water resources (31140) (not part of OECD definition of Water and Sanitation Sector)	Irrigation, reservoirs, hydraulic structures, ground water exploitation for agricultural use.

OECD DAC explanatory note on basic vs. large water and sanitation systems:

To assist in distinguishing between “basic drinking water supply and basic sanitation” on the one hand and “water supply and sanitation – large systems” on the other, consider the number of people to be served and the per capita cost of provision of services. Large systems provide water and sanitation to a community through a network to which individual households are connected. Basic systems are generally shared between several households. Water supply and sanitation in urban areas usually necessitates a network installation. To classify such projects consider the per capita cost of services. The per capita cost of water supply and sanitation through large systems is several times higher than that of basic services.