Unpacking the Dynamics of Canadian Aid: Reflections on recent trends and issues from 2015/16 to 2023/24[1]

Brian Tomlinson and Darron Seller-Peritz[2]

A. Introduction: A convergence of global crises for developing countries

Official Development Assistance (ODA) has been a cornerstone for the international community's commitment to global development and the achievement of critical areas for the UN Sustainable Development Goals (SDGs). But in recent years, development cooperation has been buffeted by a convergence of episodic and embedded global crises. A quarter of the poorest countries have never recovered from the impacts of the Covid-19 pandemic, with a resulting additional 100 million people falling into extreme poverty. (OECD DAC 2023, 23) The hording of vaccines and medical technologies in the north during the peak of the pandemic accentuated and deepened mistrust of northern donors' development cooperation rhetoric of common interests and partnership.

As time runs out to address a climate crisis out of control, anger and mistrust is also building as major reversals in development progress spread in vulnerable countries. An estimated 600 million people are living within zones where extreme heat and food insecurity make human life unbearable. Without transformative action, this number is expected to grow to one third of humanity later this century. (Lustgarten, 2023) The very modest US$300 billion goal for climate finance, agreed at the November 2024 UN climate summit, only to be achieved in 2035, was seen as a "betrayal" by developing countries. The latter were seeking a needs-based annual goal of US$1.3 trillion by 2035, with US$600 billion to US$900 billion of official support from developed countries governments. (Harvey, 2024)

Inequalities, both between and within countries, continue to grow, exacerbated by human-induced conflicts and disasters. Little progress has been made in reducing global hunger since 2015 and poverty in the poorest countries is increasing to rates higher than pre-pandemic levels. (Chakrabortty, 2024) According to UN data, approximately 750 million people were facing hunger in 2023, an increase of 150 million since 2019, and involving one out of every five people in Africa. (FAO, 2024)

Addressing poverty and inequalities cannot just involve governments. It requires open dialogue and full inclusion of civil society, and all of those whose rights are most affected by these compounding crises. Yet there is a well documented global shift towards shrinking civic space, particularly in the last decade. According to the latest *Democracy Report* by the Varieties of Democracy (V-Dem) project almost three-quarters, or "71% of the world's population – 5.7 billion people – live in autocracies, an increase from 48% ten years ago," where citizens have diminished influence and critics are silenced. (Marina et. al., 2024)

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[1] This chapter draws very substantially from a series of four Briefing Notes on Trends in Canadian ODA (December 2024), researched and written by Brian Tomlinson, for Cooperation Canada. The detailed Briefing Notes are available at www.aidwatchcanada.ca. Preliminary data for 2023/24 was published in December 2024 and is included where this data is complete.

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Frontline Defender reported that at least 300 human rights defenders were killed in 28 countries in 2023, with more than 1,500 violations in 105 countries. (Frontline Defenders, 2024)

Civil society prospects are also affected by rising political polarization, authoritarianism and the extreme right in major 'democratic' developed countries. Without meaningful initiatives to promote civic space and protect human rights defenders, finance alone will not achieve its goals for sustainable, resilient, and inclusive development.[3]

These compounding crises have had profound impacts on ODA budgets and their priorities over the past decade. (OECD, DAC, 2023) At the same time that ODA is being asked to deliver on multiple donor agendas, aid budgets have also been declining across the donor community (Germany, France, UK, Sweden, Finland, Canada), with few exceptions (Japan). The future of US aid, about 30% of total ODA in 2022, is highly uncertain.

Aid priorities are increasingly driven by geopolitics (e.g. confronting China's substantial engagements with the global south) and donors' immediate foreign policy preoccupations (e.g. responding to Russia's war of aggression against Ukraine). Despite promises of additionality, donor responses to the climate catastrophe have drawn upon aid resources for green house gas (GHG) mitigation, adaptation measures, and finance for loss and damage in vulnerable countries. Other global challenges such as better pandemic preparedness and rising migration from fragile and conflict-affected contexts have brought unexpected new priorities for aid allocations. With constrained public budgets for ODA, donors are increasing leveraging scarce aid resources through new (and largely unproven) aid modalities that incentivize private sector partnerships.

Development cooperation and the global financial architecture were never designed to tackle these wide ranging and interlocking crises. As a result, aid resources dedicated to its core purposes in the reduction of poverty and inequalities are stretched to their breaking point.

Canada has not been immune to these global trends. This chapter examines how its ODA allocations over the past decade have been impacted and responded to global challenges, while sustaining a focus on reducing poverty and inequalities.

- What have been the main factors influencing overall trends in Canadian ODA flows since 2015/16?
- How are these trends affecting the effectiveness of Canadian aid in reaching poor and vulnerable populations?
- Are the main modalities and channels for Canadian ODA implementing development effectiveness principles?

The purpose is to review and draw some conclusions from these key area for aid trends. A full evaluation of Canadian aid effectiveness, while certainly essential, is beyond the scope of the chapter.

[3] In the aid realm, these efforts should be guided by the 2021 OECD DAC Recommendation on Enabling Civil Society, which is a strong legal instrument and roadmap setting out 28 specific commitments to protect and promote civic space, to support and engage with civil society, and to incentivize CSO effectiveness. See file:///Users/Brian/Downloads/OECD-LEGAL-5021-en-14.pdf.

B. What have been the main factors influencing overall trends in Canadian ODA flows?

Substantial Canadian ODA increases since 2015/16 are reversed with major cuts in 2023/24

Canadian ODA had been increasing each year since 2015/16, with a large increase in 2020/21, in part due to Canada's international support for Covid-19 Control. There was another large increase in 2022/23 resulting from Russia's war of aggression against Ukraine, with unprecedented assistance to Ukraine and support for Ukrainian refugees in Canada. However, Canadian ODA declined sharply by 18% in 2023/24 and is likely to remain at these lower levels in 2024/25. Discounting support for Covid-19 Control and Ukraine, ODA for other purposes declined by 6%.

Table One and **Chart One** reveal the impacts of the pandemic and the war against Ukraine on Canadian ODA.

Table One: Trends in Canadian ODA

Millions of Canadian Dollars	2019/20	2020/21	2021/22	2022/23	2023/24
1. Canadian Net ODA	$5,990	$8,206	$7,820	$12,252	$10,098
2. Real Canadian ODA (less in-donor refugee costs)	$5,072	$7,625	$6,913	$10,106	$7,531
3. Real Canadian ODA for other purposes (less support for Covid-19 Control and Ukraine)	$5,072	$6,642	$6,168	$7,118	$6,660
4. Canadian ODA Performance (ODA to GNI)	0.26%	0.37%	0.31%	0.44%	0.35%
5. Real Canadian ODA Performance	0.22%	0.35%	0.28%	0.36%	0.26%
6. Real Canadian ODA Performance for other purposes (less Covid-19 Control & Ukraine)	0.22%	0.30%	0.25%	0.26%	0.23%

Source: GAC Historical Projects Dataset and Statistical Report on International Assistance, various years

Including In-Donor refugee costs in ODA has significantly inflate Canadian aid.

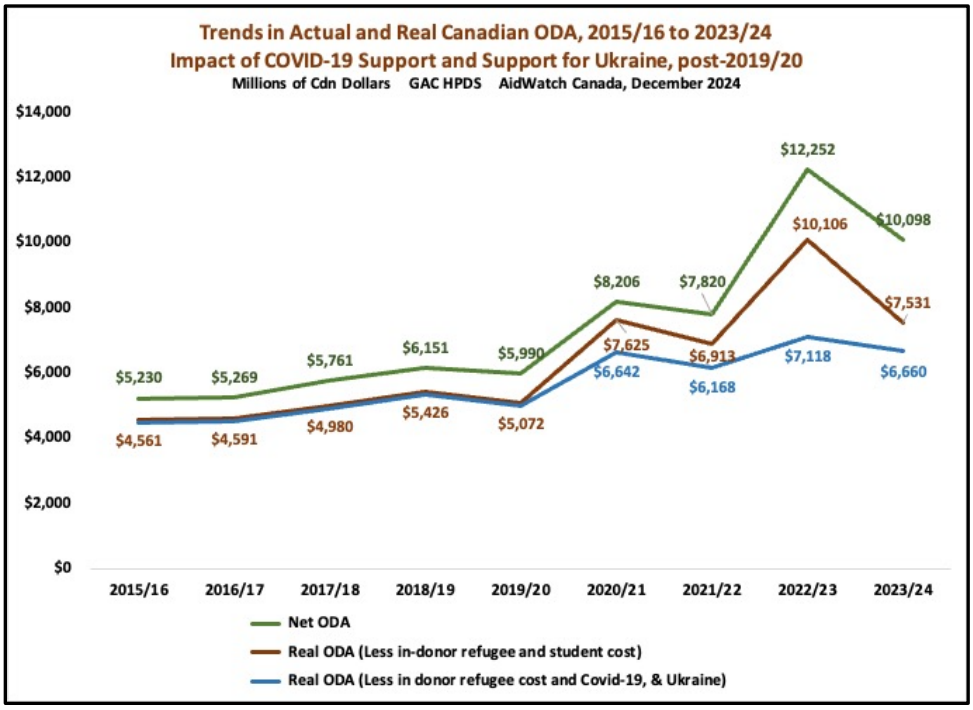
In order to fully understand the positive trends in the growth of ODA to 2022/23, it is essential to disaggregate these flows. Under the rules for ODA established by the OECD Development Assistance Committee (DAC), since 1993 Canada has included the costs for supporting refugees in Canada for their first year. The inclusion of these costs is discretionary for donors. While supporting refugees is a human rights obligation for Canada, International Civil Society Organizations (CSOs) have challenged the inclusion of these expenditures in ODA whose primary purpose is the measure of donor efforts to reduce poverty and inequalities in developing countries.[4]

Real Canadian ODA removes in-donor refugee support in order to assess aid resources that are available in principle to developing countries to program. **Chart One** demonstrates that there was very modest growth in Canadian Real ODA between 2015/15 and 2019/20, less than 3% on average per year. Remarkedly, Real ODA increased by 46% between 2019/20 and 2020/21, and again by that much between

[4] For a summary of CSOs perspectives on the inclusion of in-donor refugee costs in ODA, see https://www.dac-csoreferencegroup.com/oda-in-donor-refugee-costs-and-migr.

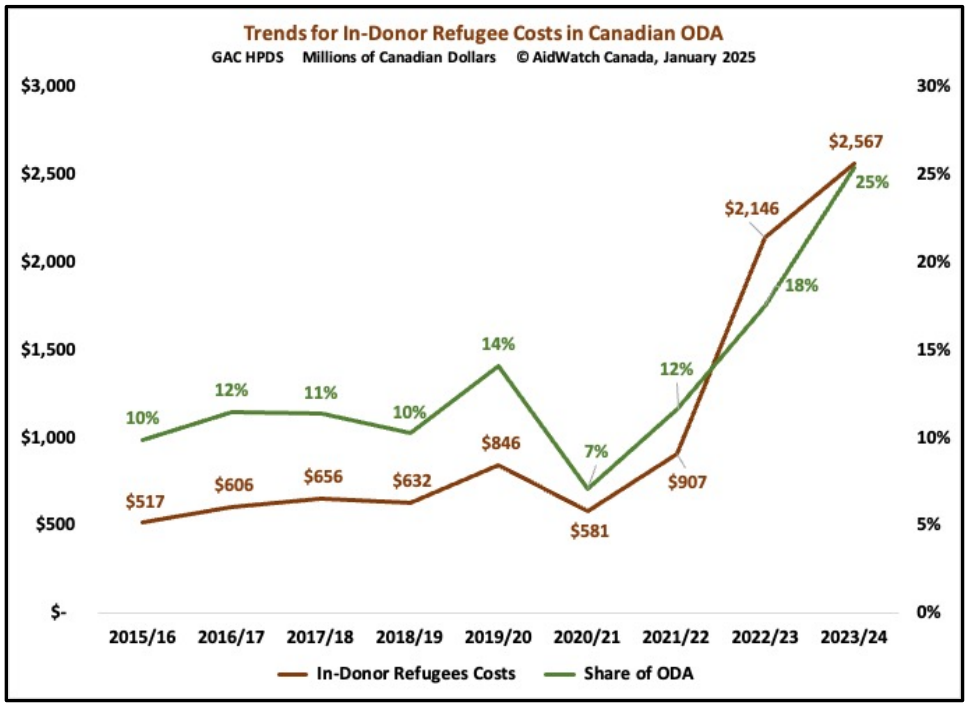
2021/22 and 2022/23. But by 2023/24, Real ODA has leveled off, declining by 1% over 2020/21. (**Table One**, **line 2**)

Chart One: Trends in Actual and Real Canadian ODA



The inclusion of in-donor refugee costs has significantly inflated Canadian ODA, particularly since 2022/23. (**Chart One**) In 2023/24 they represented one-quarter (25%) of ODA in that year! (**Chart Two**)

Chart Two: In-Donor Refugee Costs in Canadian ODA



Recent increases for in-donor refugee costs are due largely to Canada's generous reception for Ukrainian refugees. (It is not possible to disaggregate these costs by country of origin for refugees.) Given this strong support for Ukraine relative to other donors, in 2023 Canada ranked 5th among its DAC donor peers in the amount of in-donor refugee costs reported, and 6th in its share of Canada's ODA.[5] As a share of their ODA, the inclusion of in-donor refugee costs by Ireland and the United Kingdom ranked 1st and 2cd respectively.

Since 2019/20, Canada's response to the Covid-19 pandemic and its extra-ordinary allocations for Ukraine humanitarian assistance and reconstruction has had a major influence on Canadian aid flows for the 2020/21 to 2023/24 period. Real ODA for other purposes beyond Covid-19 and support for Ukraine declined by 6% in 2023/24, and was equivalent to Real ODA for other purposes in 2020/21. But it was still 31% high than in 2019/20. (**Table One, line 3**)

Canada's support for Covid-19 Control was significant and largely additional to ODA for other purposes.

While DAC donors' response to the Covid-19 pandemic was grossly inadequate from the perspective of the poorest countries, Canada ranked 4th in its allocations among its DAC peers for Covid-19 Control (three-year average 2020 to 2022), accounting for 9.5% of these allocations. Only the United States, Germany and Japan had a larger share.

Cumulatively, in the three-year period, 2020/21 to 2022/23, Canada reported $2,332.8 million under the Covid-19 Control purpose code.[6] This amount was 10% of total Real ODA for these years, and 15% of Real Bilateral ODA (discounting support for Ukraine in 2022/23). ODA for other purposes in these years, however, did not diminish. These allocations for Covid-19 Control were mostly additional. By 2023/24 allocations for Covid-19 Control dropped to only $59 million.

Most of these funds were allocated by Global Affairs Canada through multilateral organizations such as GAVI, the Vaccine Alliance and UNICEF. However, $250 million was delivered by the Public Health Agency of Canada as in-kind contributions of vaccines, originally purchased for use in Canada. After much debate, in-kind contributions of vaccines were allowed to be included as ODA by the DAC in 2022. CSOs had argued that these vaccines should not be included as they do not reflect any donor effort for developing countries as they were purchased for use in Canada, and only belatedly donated.[7]

[5] Note that this ranking is based on OECD DAC statistics for 2023, which are collected on a calendar year basis and will differ from Canadian statistical reports, which are on a fiscal year basis.

[6] Many DAC providers, including Canada, pivoted existing projects in 2020 and 2021 to respond to a human, social and economic crisis at the peak of the pandemic. It is not possible to track and measure these initial responses. But in 2020, the OECD DAC donors agreed to report their direct support for Covid-19 Control under a new health purpose code, 12264, which can be tracked.

[7] DAC members agreed that these vaccines could be donated at a rate of US$6.72 per dose. For a discussion of the issues relating to donated vaccines see https://devinit.org/blog/counting-excess-vaccine-donations-oda-inflated-aid-2021/. ODA is a measure of financing indicating some level of donor effort for developing countries, either through grants or concessional loans.

Canada's total Covid Control contributions were mainly directed (by multilateral organizations) to Sub-Saharan Africa (53% of the three-year total), with Asia the recipient of 21% and the Americas, 17%.

While Canada's international response to the pandemic has been robust relative to other donors, the donor community largely failed developing countries, particularly as they hoarded vaccines and medical equipment in the first two years of the pandemic. Despite Canada's rhetoric about "a fair, equitable, accessible and affordable vaccine" for all, in the early phases of the pandemic Canada advance contracted a total of 11 doses of Covid-19 vaccines for each Canadian. Along with other rich countries such "vaccine apartheid" largely locked out developing countries from access to vaccines for frontline health workers in these years. (Boyd, 2023; Brown, 2022)

The Covid-19 pandemic has been global in scope with profound impacts that persist in the poorest countries around the world. The World Bank has documented that these countries remain poorer in 2024 than in 2019 prior to the pandemic, when much of the rest of the world has largely recovered. (World Bank, 2024a) Developing countries' experience of the pandemic compounded growing distrust in the motives of the donor community, which has only been accentuated by their increased vulnerability to climate change and the unequal responses to conflict demonstrated by the war in Ukraine.

Canada's unprecedented response to the war in Ukraine

In 2022/23 Canada devoted $2,181 million of its ODA in direct support for Ukraine, or 22% of its Real ODA in that year. In 2023/24, the amount was still significant but decreased to $812 million.[8] Taking these two years together, Canada allocated 17% of Real ODA to humanitarian assistance and reconstruction in Ukraine, an unprecedented country allocation of ODA.

Over the two years, more than three-quarters (78%) of this ODA for Ukraine was in the form of loans provided through the World Bank and IMF by the Department of Finance. Loans from International Financial Institutions were primarily for budget support for the Government of Ukraine. Global Affairs managed $496 million in assistance, with just over half of this amount, provided as humanitarian assistance.[9]

Canada is a major donor for Ukraine. In the context of 31 DAC donors, Canada's aid for Ukraine ranks 1st in terms of its share of ODA devoted to Ukraine in 2023, and 3rd in terms of its volume. Only the United

[8] It is important to note that preliminary GAC data for 2023/24 may not capture all country focused aid for Canada's contributions to the multilateral system.

[9] Over the two years, Canada allocated $4,919.1 million and $2,097.6 million respectively from the International Assistance Envelope for Ukraine. ODA-eligible allocations were only 42% of these total allocations. The non-ODA amounts were additional loans through the International Finance Institutions managed by the Department of Finance. These allocations do not include in-donor refugee costs noted in the previous section, which are not budgeted in the IAE. For a summary of Canada's support for Ukraine see https://www.international.gc.ca/world-monde/issues_development-enjeux_developpement/response_conflict-reponse_conflits/crisis-crises/ukraine.aspx?lang=eng.

States and Germany provided more aid for Ukraine in that year.[10]

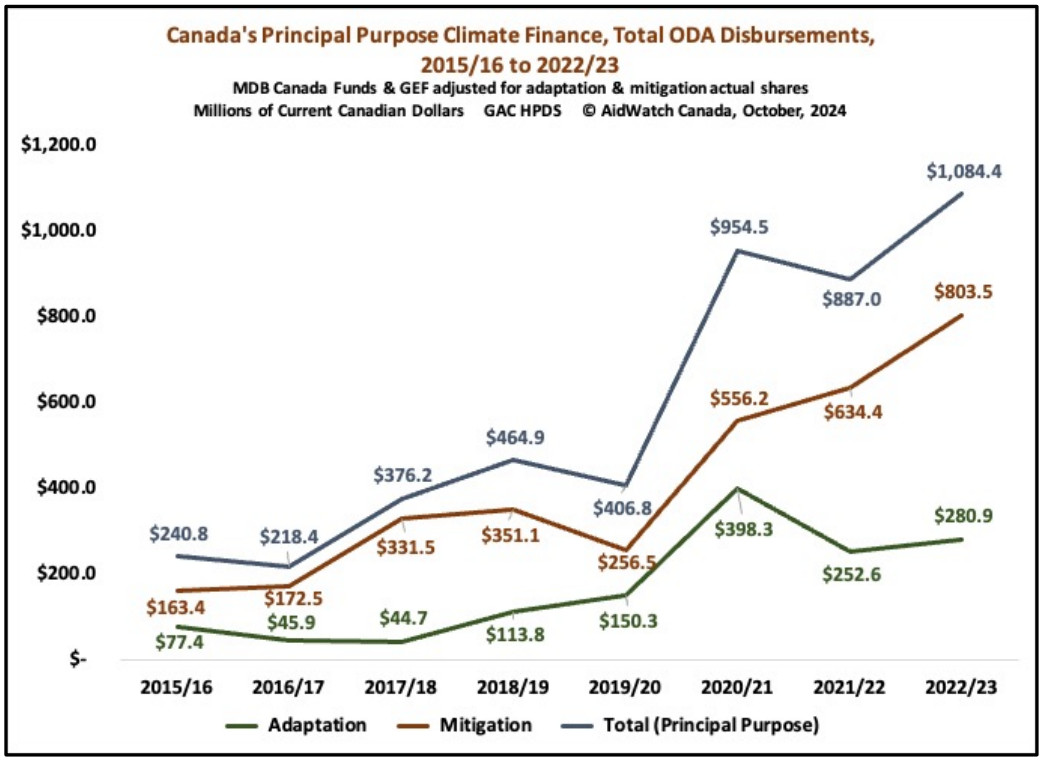
Clearly, Ukraine is a major foreign policy priority for Canada and therefore significant levels of ODA allocations are likely to continue in the years ahead. To date, this priority has not adversely affected Canadian aid for other priorities, but with the potential for a declining ODA budget in these years, its impact will likely be greater.

An increasing amount of ODA is devoted to Canada's response to the climate emergency.

Canada provides finance for climate change mitigation, adaptation and loss and damage measures within the 1992 UN Framework Convention on Climate Change (UNFCCC) and the 2015 Paris Agreement, a legally binding international treaty on climate change.

Through the Conferences of the Parties (COP) for the UNFCCC, developed country providers of climate finance promised that their principal purpose climate finance would be "additional" finance for developing countries. But unfortunately, they have never agreed on the definition of additional. Under OECD DAC rules, climate finance is eligible to be included as ODA if it is directed to ODA-eligible countries, is concessional and is advancing the economic and social development of these countries. It is therefore increasingly important to highlight the impact of increasing climate finance in response to the climate emergency in the context of ODA for other purposes.

Chart Three: Canada's Principal Purpose Climate Finance

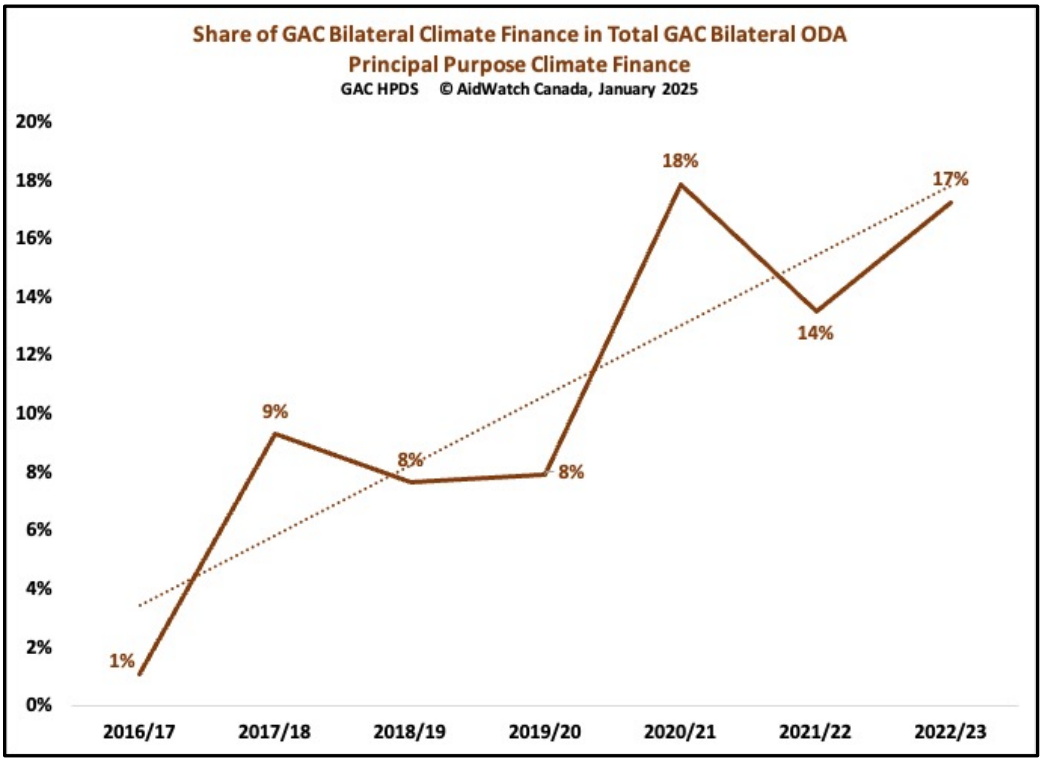


[10] Note that DAC statistics are for a calendar year, 2023, and will differ from the numbers above. Canada's aid statistics are for fiscal years (2022/23).

Since the Paris Agreement, the Government has allocated two five-year pledges -- $2.65 billion for the 2016/17 to 2020/21 period, and a doubling to $5.3 billion for the 2021/22 to 2025/26 period. The resulting ODA disbursements for projects dedicated to climate finance (principal purpose climate finance) have been increasing appreciably each year. (**Chart Three**)

Climate finance has also been increasing as a share in Canada's ODA, and particularly in bilateral ODA allocations by Global Affairs Canada. By 2022/23, the share of climate finance reached 14% of Canada's Real ODA (discounting bilateral support for Covid-19 Control and Ukraine in the period 2020/21 to 2022/23 to allow comparisons with earlier years). In this year, 2022/23, principal purpose climate finance made up 17% of GAC's bilateral ODA for that year, an increase from 8% in 2019/20. (**Chart Four**).

Chart Four: Share of GAC Bilateral Climate Finance in GAC Bilateral ODA



The Government meet and exceeded its modest commitments on ODA quantity, but future increases to 2030 are highly uncertain.

The trends outlined in these sections above indicate that the Government did fulfill its modest 2018 commitments to increase the International Assistance Envelope by an extra $100 million each year from 2018/19 to 2023/24.[11] (See **Table Two**) It did so, even discounting unexpected expenditures for Covid-19 Control and support for Ukraine in the last two years. However, preliminary figures for 2023/24 point to

[11] See Federal Budget 2018, Chart 4.1, page 161, accessed at https://budget.canada.ca/2018/docs/plan/budget-2018-en.pdf; Federal Budget 2019, Table A2.11, page 307, accessed at https://budget.canada.ca/2019/docs/plan/budget-2019-en.pdf.

a substantial reduction in the IAE for that year. This reduction, alongside an increased focus on foreign policy priorities and climate finance in Canada's ODA going forward, does not bode well for a 2021 commitment to increase the IAE each year to 2030 (although the Government did not publish any amounts for these annual increases).[12]

Table Two, Increasing the International Assistance Envelope, 2018/19 to 2023/24
The commitment was to increase the 2017/18 IAE, $5,556 million

Millions of Dollars	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**Total**
1. Increase in IAE over 2017/18	$100	$200	$300	$400	$500	$600	$2,100
2. Actual IAE Increase	$47	-$38	$2,105	$1,652	$7,489	$3,212	$14,466
3. Covid-19 Additional			$933	$585	$807	$59	$2,384
4. Ukraine Additional					$4,919	$2,098	$7,017
5. Additional for Other Purposes (2 less 3, less 4)							$5,065
6. Additional compared to 2017/18 (5 less 1)							$2,965

The 2018 budgetary commitments would have amounted to a cumulative additional $2.1 billion in the IAE by 2023/24 over the IAE of $5.6 billion in 2017/18, the reference year for the commitment. (**Table Two**, **line 1**) However, the actual IAE increases accumulated over each of these fiscal years, amounted to a total of $14.5 billion in additional IAE disbursements over 2017/18 (**line 2**). Most of these additions occurred in years 2020/21 to 2023/24, in part due to large investments in Covid-19 Control and for Ukraine that could not be predicted in 2018 (**lines 3 and 4**). Discounting these extra-ordinary priorities (i.e. comparable to years prior to 2020/21), the accumulated addition was $5.1 billion rather than $14.5 billion (**line 5**). As a result, the Government invested just under $3 billion in the IAE over and above its intended $2.1 billion, excluding Covid-19 Control and extra-ordinary expenditures for Ukraine (**line 6)**.

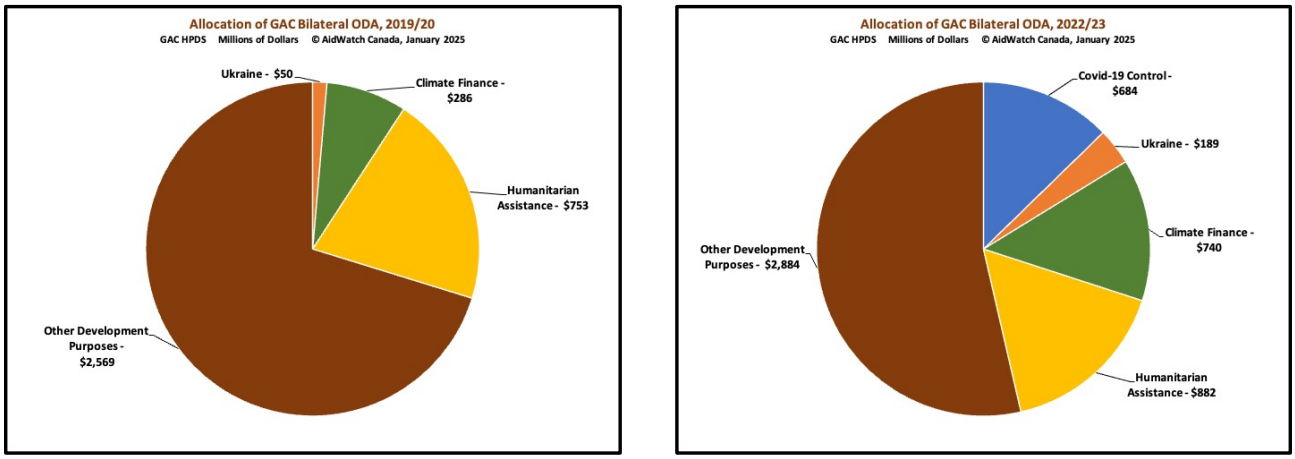
Looking more closely at the choices for bilateral ODA administered by Global Affairs Canada, it is clear that the Government chose to add resources to ODA for Covid-19 Control and for Ukraine, rather than diverting bilateral allocations for other development and humanitarian purposes.

GAC bilateral allocations for these other purposes, however, were a much smaller share of GAC's total bilateral ODA in 2022/23 compared to 2019/20 (**Chart Five**). GAC bilateral aid for all purposes increased by 47% between these years. Most of these additional resources went to increases in humanitarian assistance (including $221 million for Ukraine in 2022/23), climate finance, Covid-19 Control and development support for Ukraine. GAC bilateral disbursements available for other development purposes increased by 12% (from $2,569 million in 2019/20 to $2,884 million in 2022/23) in this period. Preliminary data for 2023/24 (January 2025) indicate that total GAC bilateral resources were much lower in that year,

[12] "Increase Canada's international development assistance every year towards 2030 to realize the United Nations' (UN) Sustainable Development Goals" in Justin Trudeau, Minister of International Development and Minister responsible for the Pacific Economic Development Agency of Canada Mandate Letter, December 16, 2021, accessed at https://www.pm.gc.ca/en/mandate-letters/2021/12/16/minister-international-development-and-minister-responsible-pacific.

suggesting an increase over 2019/20 of only 5%.

Chart Five: GAC Bilateral ODA Allocations, 2019/20 compared to 2022/23

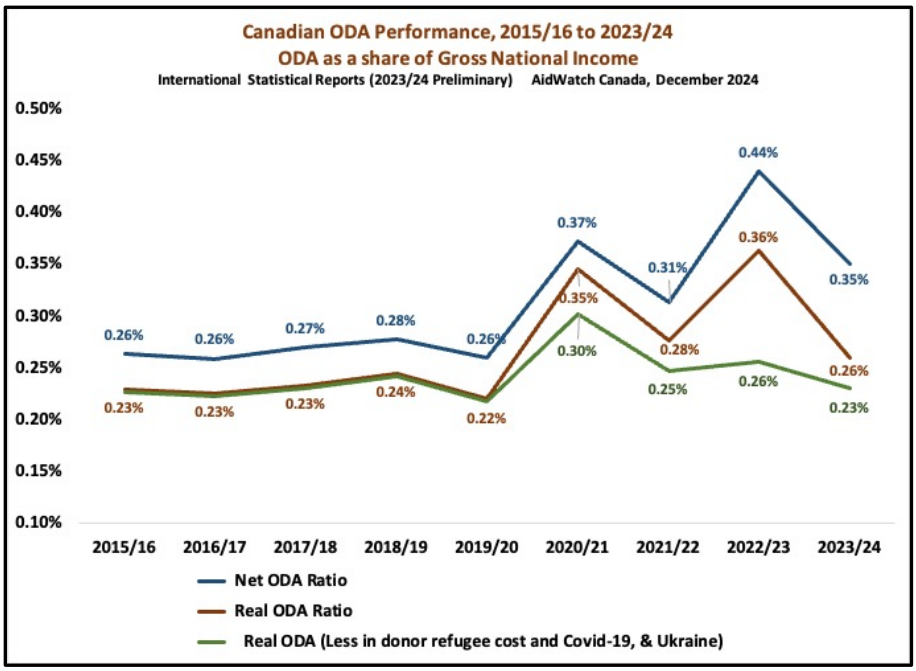


Canada's ODA performance is declining to pre-pandemic levels, far off the UN target of 0.7% of GNI.

Donor aid performance is measured by ODA's share in the donor's Gross National Income (GNI). Canada acknowledges the UN target of 0.7% for its ODA, but has never achieved this goal. Nor has any government had any plan to do so.

Between 2015/16 and 2019/20, Canada's ODA performance ratio hovered between 0.26% and 0.28% of its GNI, about 40% of the UN 0.7% target. The ratio jumped to 0.37% in 2020/21 and then declined to 0.31% in 2021/22, rising again to a recent record of 0.44% in 2022/23, before falling back to 0.35% in 2023/24. (**Chart Six**)

Chart Six: Canadian ODA Performance (ODA to GNI Ratio), 2015/16 to 2023/24



These improved post-2019/20 performance ratios are somewhat misleading. When in-donor refugee costs are factored out, which many CSOs argue should be left out of this calculation, the performance ratio for Real ODA in 2023/24 drops to 0.26% from 0.35%. When extra-ordinary circumstances (i.e. Covid-19 and support for Ukraine) in that year is also factored out, the ratio drops again to 0.23%, equal to the pre-2020/21 period, when these special allocations did not exist.

Achieving the 0.7% UN target would make a marked difference for our fair share in development finance and in realizing Canada's potential for achieving the SDGs. Between 2015/16 and 2023/24, Canada contributed a total of $57 billion in Real ODA. If this country had achieved the 0.7% target in this period, alongside countries such as Denmark, Sweden or Norway, Canada would have allocated almost triple this amount, disbursing a total of $147 billion towards the SDGs, making a real difference with $90 billion in additional aid.

C. How are these trends affecting the effectiveness of Canadian aid in reaching poor and vulnerable populations?

The international community is not on track to achieve the ambitious goals of Agenda 2030 for eliminating poverty and substantially reducing inequalities. Poverty and inequalities are growing. According to the annual UN report on the Sustainable Development Goals (SDGs, "an additional 23 million people were pushed into extreme poverty and over 100 million more suffered from hunger in 2022 compared to 2019." (United Nations, 2024a, page 3) The UNDP's Multi-dimensional Poverty Index shows that 1.1 billion out of 6.3 billion people (17%) still live in acute multi-dimensional poverty, half of them children. (UNDP, 2024)

The Feminist International Assistance Policy (FIAP) commits Canada to "concentrate Canada's international assistance in a way that will significantly improve the lives of the poorest and most vulnerable, including those living in fragile states." (Government of Canada, 2017, page vii) The FIAP sets out some specific targets for Canadian ODA with respect to gender equality and aid to Sub-Saharan Africa. While these are critical areas for tackling poverty and inequalities, this section also looks at Canada's performance in key metrics for ODA concentration on the poorest countries and for its support directed to sectors important for reducing poverty and inequalities.

The analysis of the Government's commitments is primarily focused on Canada's bilateral ODA, over which the Government has full decision-making powers. Multilateral flows are governed by the allocations of these institutions, which are imputed back to Canada's ODA. Through core support and assessed contributions, Canada plays a role in influencing these institutions but does not directing their flows.

The FIAP has had a major impact on bilateral allocations promoting gender equality and the empowerment of women and girls, but much less so on geographic allocations to Sub-Saharan Africa, or the poorest countries, and to the range of sectors (beyond gender equality) that strongly correlated with the reduction of poverty and inequalities.

Gender equality and women's empowerment has been a growing aid priority with significant allocations.

Supporting gender equality and empowering women and girls in development is a key catalyst for reducing poverty and inequalities. According to UN Women, "women's poverty is fuelled by discrimination in the world of work, limited access to resources and financial assets, and deep-rooted stereotypes that limit women's participation in education, decent employment, and decision-making, while burdening them with a larger share of unpaid care and domestic work." (UN Women, 2024)

The Feminist International Assistance Policy has had a very positive and growing impact on Canada's aid priorities and approaches towards gender equality. (Equality Fund, 2023) Gender integrated bilateral projects, where gender equality is one of several project objectives, approached or achieved GAC's FIAP target of 80% of bilateral disbursements for the years between 2017/18 and 2022/23. While the six-year average has been 79%, the share of these gender integrated bilateral projects has been growing from 76% in 2020/21 to 83% in 2022/23.[13]

Despite improvements, GAC has not reached its 15% target for principal purpose gender equality (or gender specific projects), with a six-year average of 9%, and only half the target, 8%, in 2022/23. Canadian Civil Society Organizations (CSOs) have been essential in implementing these gender specific projects. CSOs share in these project disbursements has almost doubled, increasing from 43% in 2017/18 to 80% in 2022/23. Two important initiatives account for the strong CSO performance – the Women's Voice and Leadership Program and the Equality Fund.

Both programs have made a major contribution to closing the funding gap for women's rights organizations (WROs) at a time when the rights of women, girls and gender-diverse people are under threat. GAC has exceeded by more than four times its FIAP target of $150 million over five years for women's rights organizations. Between 2018/19 and 2022/23, $640.9 million has been dedicated in support of these organizations.

A recent GAC evaluation of the Equality Fund noted "a conscious effort to shift power to women's rights and feminist organizations in the Global South" and that its "grant-making model reflected many good practices for locally led development." These grant making initiatives allowed WRO partners to set their own priorities, informed by local realities, with no imposed themes, including the use of local languages in application and reporting. But it also notes that this initiative has had little impact on GAC's own modalities of programming, nor has it been consistent with a feminist approach. (Global Affairs Canada, 2024, page 21)

While GAC needs to focus much more on expanding support for gender specific projects, Canada's performance on gender equality overall has ranked very high among its DAC peers. This performance was

[13] The measure of these commitments is the OECD DAC gender marker, which identifies project disbursements that are principal purpose gender equality (the main objectives are gender equality) and significant purpose gender equality (gender equality is one objective among others, and not the main one).

second (2nd) among DAC donors, after the Netherlands, for the share of total gender integrated and gender specific projects in its bilateral ODA (2021/2022 average). However, at 8% of its bilateral disbursements, Canada ranks only 7th when isolated for gender specific projects, behind the Netherlands at 27%, Spain at 18%, and Sweden at 13%.[14]

Focusing on Sub-Saharan Africa and Least Developed Countries has not advanced.

More than 460 million people in Sub-Saharan Africa are still living in extreme poverty in 2024 and the World Bank estimates that 9 in 10 people living in extreme poverty will be found in Sub-Saharan Africa in 2030. (World Bank, 2024b, World Bank, 2018) The FIAP commits "that no less than 50 percent of its bilateral international development assistance is directed to sub-Saharan African countries by 2021-22." It also proposes to "increase its support for least-developed countries." While it is not clear whether these commitments apply to only bilateral assistance delivered through GAC or to bilateral assistance by all government departments, on each measurement, there has been little progress, using 2017/18 as the benchmark year.

For Sub-Saharan Africa, Canada's performance increased marginally from 43% of Real Bilateral ODA in 2017/18 to 45% in 2021/22. But then this performance dropped back to 42% in 2022/23, no different than Sub-Saharan Africa's share in 2018/19.[15] In 2022, Canada ranked 12th among DAC donors for the share of Sub-Saharan Africa in their total bilateral ODA.

Taking into account multilateral and other country-allocated modalities for Canadian ODA, beyond the FIAP commitment for bilateral assistance, Canada did deliver close to 50% of its total ODA to Sub-Saharan Africa in recent years. This aid has grown from 37% in in 2017/18 to 49% in 2022/23. Canada's increases to Sub-Saharan Africa have been driven by multilateral allocations through the Department of Finance Canada (mainly reflecting Canada's share of disbursements by the World Bank's International Development Association (IDA) window for the poorest countries).

It is often difficult to determine Canada's actual aid allocations to the poorest countries, where the performance is mixed. Measured by the UN-acknowledged target for DAC donor aid to Least Developed Countries (LDCs) of 0.15% to 0.20% of donor Gross National Income (GNI), Canada is a relatively poor performer. Averaged over the four-year period, 2019 to 2022, Canada provided only 0.06% of its GNI to LDCs and ranked 15th among DAC donors. This performance is far short of the minimum 0.15% target.

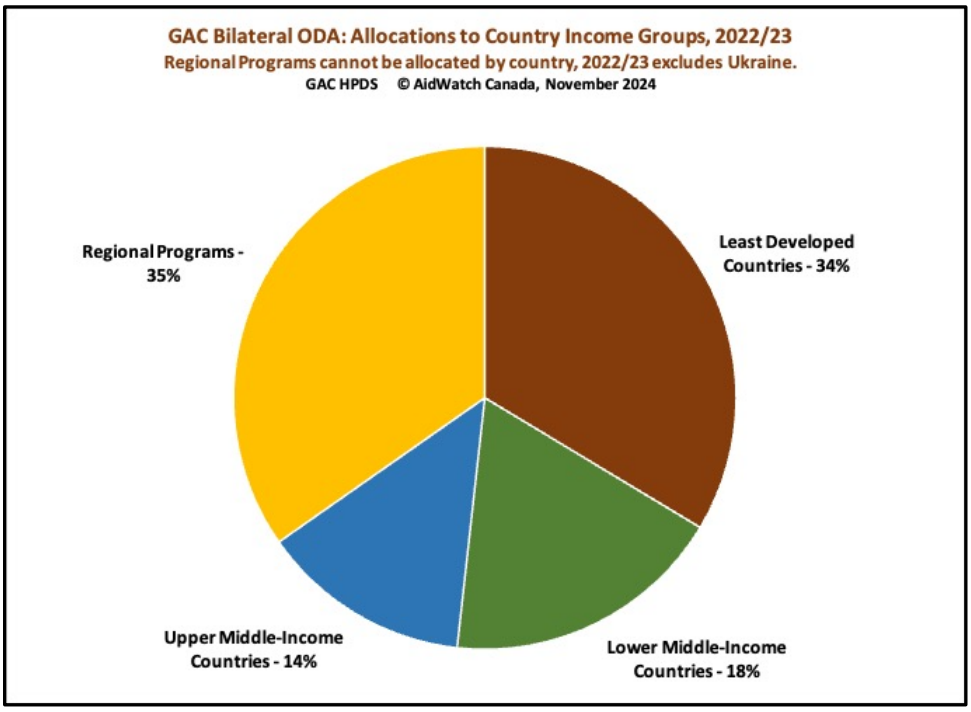
[14] For a critique of the inclusion of sexual orientation and gender identity in Canada's feminist assistance, see Stephen Brown, "Sexual orientation and gender identity in Canada's "feminist" international assistance," International Journal, Volume 75, Issue 3, September 2020, accessed at https://journals.sagepub.com/doi/full/10.1177/0020702020953425.

[15] Real Bilateral ODA discounts in-donor refugee costs in the calculation of bilateral aid relevant to country allocations. For the purposes of comparison with previous years, bilateral aid in 2022/23 discounts extra-ordinary bilateral aid to Ukraine.

Canada's performance is affected by the overall poor performance of its ODA relative to its GNI wealth (see above) as well as by its strong reliance on regional programming, which often cannot be allocated to countries. In 2022/23, GAC allocated only 34% of its bilateral ODA to Least Developed Countries, but a larger large proportion (35%) of bilateral ODA was programmed at the regional level. (**Chart Seven**) Excluding regional programming, GAC allocated 54% of country-allocated aid to Least Developed Countries.

LDCs are strongly represented among the top 20 country recipients of Canadian aid, making up 12 of the 20 countries and 62% of the top 20 countries disbursements of total ODA in 2022/23 (discounting the extra-ordinary allocations for Ukraine), but down from 76% in 2021/22.

Chart Seven: Allocations of GAC Bilateral ODA by Country Income Group, 2022/23 (Excluding Ukraine)



Canada has a mixed record in its focus on sectors important for reducing poverty and inequalities compared to DAC peers.

A history of empirical evidence suggests that several sectors are critical to the capacities for people to move out of poverty – education, basic health, agriculture, water and sanitation, and empowering women and girls. (World Vision, 2023; Mahembe et al, 2019) These sectors cumulatively accounted for approximately 35% of sector allocations of GAC ODA between 2017/18 and 2022/23.

The FIAP has influenced Canada's focus on sectors important for poverty reduction. Health related investments (12%), including population and reproductive health (7%), and accentuated by Covid-19 Control (9%), have been a consistent and growing priority for GAC. The dollar value of GAC support for

health sectors increased significantly by 80% by 2022/23, when compared to the average for the 2017/18 to 2019/20 period. When Covid-19 Control support is discounted this increase is nevertheless still 13%.

Growing support for women's rights organizations has been noted above. Education (6%) and agriculture (6%) are notable but lesser priorities. There has been no priority for water and sanitation.

There is no precise measurement for the degree to which ODA is being allocated to initiatives that reduce poverty and inequalities. In 2024, the OECD DAC published a proxy measure based on selected DAC sector codes for ODA allocations that directly address reducing poverty and inequalities.[16] This DAC analysis looks at four areas – support for food security, justice, basic social services, and support for social protection.[17]

By this measure, the poverty reduction orientation of Canadian ODA has increased from 28% of Real Canadian ODA in 2017/18 to 34% in 2022/23 (excluding Ukraine). But the latter reflects the impact of disbursements for Covid-19 Control. Removing Covid-19 and Ukraine from 2022/23 Real ODA puts the share of poverty-oriented sectors at 26%, a share similar to 2019/20, prior to the Covid-19 pandemic.

Almost two-thirds of Canada's poverty focused ODA was disbursed to regions with very high levels of extreme poverty – Sub-Saharan Africa (53%) and South-Central Asia (11%).

Given the importance of tackling poverty and inequalities in Canada's stated purposes for its ODA, these proxy shares seem quite modest. Canada's ODA Accountability Act directs the government to confirm that all eligible ODA "contributes to poverty reduction, takes into account the perspectives of the poor, and is consistent with international human rights standards." (Government of Canada, 2008) A somewhat wider sectoral proxy developed by the author for poverty reduction suggested that between 45% to 50% of GAC's ODA was focused on reducing poverty and inequalities in the early 2020s. (Tomlinson, 2023, pages 54-55)

But despite this modest performance, Canada ranked very high in 2022 at 3rd in comparison to its DAC peers for efforts directed to poverty reduction indicated by the DAC proxy sector codes (excluding Ukraine and in-donor refugee costs), and substantially above the average DAC share for these proxy sectors.

[16] This DAC report focuses on four sectors considered critical for poverty and inequalities reduction: food security (11250,12240,31161,32161, 43071, 43072, 43073, 52010, and 72040 and activities targeting nutrition outside these codes), justice (15130, 15160, 15180, and 16070), basic social services (11220, 11230, 11231, 11232, 11240, 11250, 11260, 12220, 12230, 12250, 12261, 12262, 12263, 12264, 12281, 14010, 14015, 14020, 14021, 14022, 14030, 14031, and 14032, 16050), and social protection (16010). This assessment of Canadian ODA and their direct focus on reducing poverty and inequalities use these DAC sector codes. See OECD DAC, 2024a, Chapter 14.

[17] These sectors only indicate a trend and should not be treated as an absolute measurement. Other sectors may also have poverty oriented direct impacts.

Canadian humanitarian assistance has increased in value, but has diminished as a share of Real ODA.

According to OCHA, in 2025, humanitarian partners are appealing for over US$47 billion to assist nearly 190 million people facing life-threatening and urgent needs across 72 countries. The humanitarian system is failing people in need. As of November 2024, the UN system had received a mere $21.2 billion in the face of financial requirements of $49.6 billion for 2024. (OCHA, 2024)

The dollar value of Canadian humanitarian assistance has been increasing by 38% since 2018/19 from $919 million in that year to $1,265 million in 2022/23. Much of this increase, however, is accounted for by large allocations of humanitarian assistance in 2022/23 for Ukraine ($222 million). Meanwhile OCHA's humanitarian appeals increased by more than 100% from US$25 billion in 2018 to $51.6 billion in 2022.

Discounting support for Ukraine each year, humanitarian assistance increased by a more modest 13% over the five years. But as a share of Canada's Real ODA, humanitarian assistance has been declining each year from 15% in 2019/20 to 12% in 2022/23. Aid to Ukraine is a big factor. Excluding Ukraine, humanitarian assistance for other countries increased from 15% in 2019/20 to 17% of Real ODA in 2020/21, but then declined to 15% in 2022/23.

Canada is a relatively good humanitarian donor in terms of volume. In recent years, Canada ranks 4th among DAC providers in its annual gross commitments to humanitarian assistance and has provided approximately 4% of all DAC humanitarian assistance between 2018 and 2022. The United States and Germany are the main humanitarian donors, accounting for 71% of bilateral humanitarian assistance over these five years.

But the humanitarian system is in urgent need of reform. A key dimension of this reform is much greater attention to implementing the humanitarian, development, peace (triple) nexus in protracted fragile and conflict contexts. The Triple Nexus is an overarching approach that links humanitarian and development action with the inclusion of peace initiatives for more sustainable outcomes. The focus is on coordinated, collective outcomes for better programming and flexible financing, with a strong emphasis on inclusion and gender equality as well as shifting power to local actors. This approach emphasizes the importance of engaging local actors in leading coordinated action in protracted crises.

A 2024 DAC five-year review of the implementation of the triple nexus concluded that overall progress remains very uneven, with few examples of effective nexus coordination at the country level. OECD DAC, 2024b)

In 2022/23, 87% of Canadian humanitarian assistance was directed to the 20 UN OCHA designated protracted crisis countries. Canada's experience parallels its DAC peers. Following a period of coordinated efforts within the GAC, since late 2022, GAC's engagement has been characterized by a weak "decentralized approach", in which the triple nexus has been largely invisible. Development, humanitarian and peace silos with different funding modalities, have been significant barriers to progress. The September 2024 reorganization of GAC, bringing together seven Bureaus under a new International Assistance Partnerships and Programming Branch, including Peace and Security Programming, may be an opportunity to reinvigorate cross departmental processes to advance the Triple Nexus approach, not only in programming but also in appropriate financing modalities for partners. (der Heyer and Tomlinson, 2024)

D. Are the main modalities and channels for Canadian ODA implementing development effectiveness principles?

In June/July 2025 the international community is gathering in Seville, Spain, for the UN Fourth International Conference on Financing for Development (FfD4) with the purpose of reforming the current global financial architecture, including development cooperation, to better achieve the Sustainable Development Goals (SDGs). Whatever the outcomes, the FfD4 process has brought renewed attention to the critical importance of development effectiveness. Inclusive partnerships, a focus on results, and enhanced transparency and accountability remain key development effectiveness principles. The FfD4 emphasis, however, has been on strengthening developing country ownership and leadership in development cooperation as a critical dimension for its effectiveness. (United Nations, 2024b)

Canada has been a consistent advocate for development effectiveness principles in the implementation of ODA since their adoption at the Busan High Level Forum in Busan, Korea, in 2011. In its contribution to initial discussions of key issues for FfD4, Canada proposed,

> "Alongside the mobilization of additional resources, enhancing the effectiveness of all forms of development cooperation is equally important. This includes addressing fragmentation by improving coordination between development stakeholders and fostering local ownership of the development agenda. … [E]fforts must be strengthened to make meaningful progress. To this end, it will be important that the FFD4 Outcome Document: … Embrace inclusive and locally-led solutions that reaffirm country ownership of the development process." (Government of Canada, 2024)

Unfortunately, "locally-led solutions that reaffirm country ownership of the development process" has not been the reality for many developing countries, particularly the poorest that rely most on donor aid. They have experienced declining shares of ODA that are accessible for programming at the country level and that respond to the needs of recipient countries and the most vulnerable populations. Increasingly, donors' earmark their ODA for particular donor-determined purposes and direct aid resources in ways that sideline recipient government ministries, budgets and systems, reinforcing weaknesses in institutional capacities. (World Bank, 2024c)

The FfD4 Elements Paper, outlining key concerns for the Seville Summit, suggests that donors should strengthen country leadership and ownership by

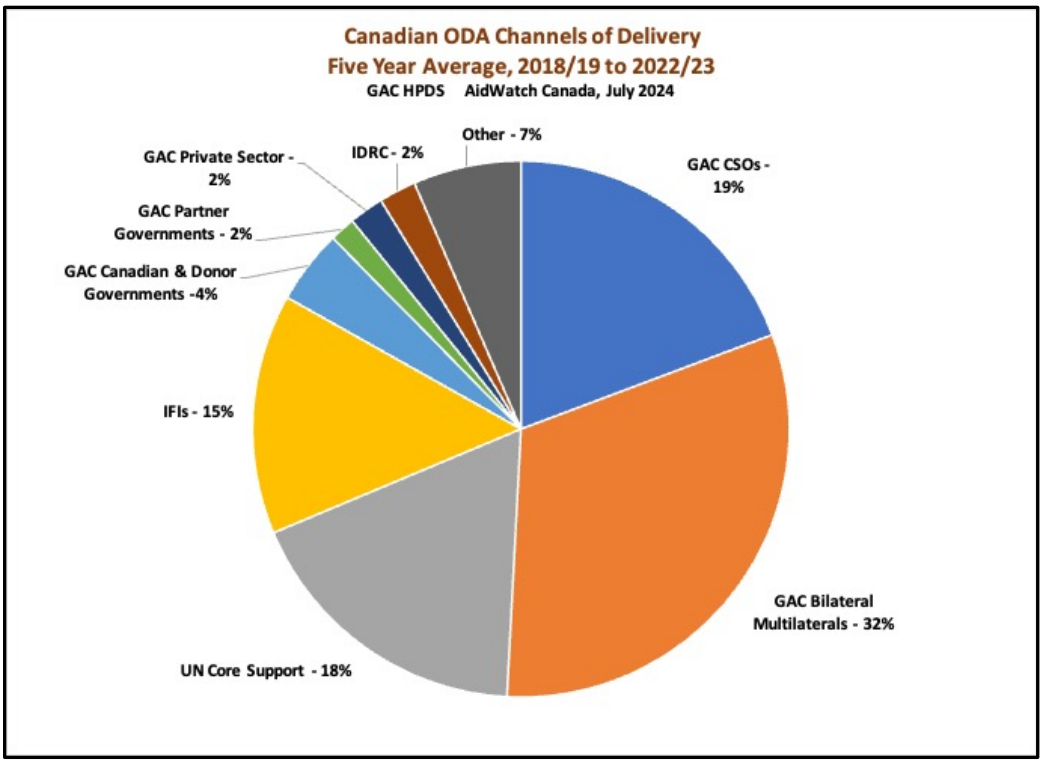
> "i) responding to country plans and strategies; ii) strengthening existing national systems when there are gaps or limitations rather than establishing parallel systems; iii) reducing fragmentation, including by prioritizing core contributions to multilateral institutions and multi-donor and inter-agency pooled funds, and by leveraging the strengths of both horizontal aid providers (i.e., MDBs) and vertical platforms; iv) committing to multi-year cooperation agreements that provide more stable and predictable funding in line with national priorities; v) improving coordination and collaboration among development partners by streamlining and harmonizing procedural and policy requirements; vi) ensuring effective knowledge transfers and capacity building in all interventions to foster self-reliance." (United Nations, 2024b)

Information is insufficient to assess Canada's performance on all of these dimensions that strengthen country ownership. But some key areas and issues are apparent where Canada can make significant improvements in its current practices to realize a true commitment to development effectiveness.

Canada relies heavily on the multilateral system in delivering its bilateral ODA, contributing to aid fragmentation.

Disbursements through multilateral organizations, including the Multilateral Development Banks, make up 65% of Canadian Real ODA, with CSOs accounting for another 19%. A mere 2% was delivered by partner country governments in the global south. (**Chart Eight**)

Chart Eight: Real Canadian ODA Delivery Channels, 2018/19 to 2022/23 Average Disbursements



In 2022/23 GAC delivered 56% of its bilateral ODA through multilateral organizations (excluding Ukraine) and another 27% through Canadian and Foreign CSOs. The former is considered multi/bi development finance and often involves donor earmarking. Canada ranked 3rd among 32 DAC donors (after Iceland and the United States) in the scale of its ODA earmarking in multilateral organizations. (OECD DAC, 2022)

According to the OECD DAC, all donors have expanded earmarking finance through the multilateral system. While such practices may reduce administrative burdens for the donors, such as GAC, they substantially increase program fragmentation within many of the key multilateral organizations, undermining the possibility of coherent multilateral strategies co-created with developing country partners. They

accentuate aid fragmentation for developing country partners. These multi/bi funding arrangements also make it more difficult to track and hold Canada accountable for its bilateral allocations.

Among the UN organizations with the highest level of Canadian support, UNICEF, the World Food Program, UNDP and UNHCR are also among the largest recipients of Canadian earmarked multilateral disbursements. About 24% of GAC's multi/bi programming in 2022/23 was directed to humanitarian assistance. Allocations to basic health were 26% of multi/bi programming, but 76% of these disbursements related to multilateral allocations for Covid-19 Control. Other key sectors were renewable energy (16%), agriculture (7%) and population programs and reproductive health at 3%.

The multilateral system is urgently in need of strengthening through increased core support for organizations and efforts to ensure developing country governments are leading country priorities for these institutions. Persistent and expanding donor earmarking undermines the effectiveness of these institutions through fragmentation of efforts and multiple and uncoordinated donor directives for their contributions. (OECD DAC, 2022)

Growing support for Global Public Goods (GPGs) in Canadian ODA is alongside an extremely low level of Country Programmable Aid relative to other DAC donors.

Addressing Global Public Goods (GPGs) – expenditures relating to climate mitigation, costs for refugees in donor countries, food security, or infectious diseases – have been taking an increasing share of DAC donors' ODA. The OECD DAC calculates that the remaining share of aid financing available to meet country-level priorities – defined by the DAC as Country Programmable Aid (CPA) – has declined to the extent that it now accounts for only about half of total DAC ODA. (Elgar et al, 2023) There is ongoing debate on the governance of Global Public Goods (i.e. the role of developing country partners in these allocations), defining eligibility of GPGs allocations as ODA (e.g. should in-donor refugee costs, climate mitigation measures be eligible), and how to capture in ODA only those GPGs with the most significant impact for developing countries.

The OECD DAC's measure of Country Programable Aid (CPA) is a good proxy for the degree to which a DAC provider is emphasizing GPGs in its aid at the expense of aid that is directly programmable by developing country partners. By this measure only 17% of Canada's ODA in 2022 is CPA, compared to 52% for all DAC providers. Canada ranked 29th out of 30 DAC donors in the share of their ODA that is considered CPA in that year.[18]

For Canada this trend is also reflected in the growth of regional programming, which has increased from 25% of Real Bilateral ODA in 2018/19 to 35% in 2022/23, with a corresponding decrease in country-specific and country-directed programming (whether directly, or through multilateral organizations or CSOs).[19]

[18] The DAC is currently reviewing its methodology for calculating CPA. More information is available in Annex Seven. Under the new methodology Canada's CPA for 2022 increases from 17% to 46%, but Canada's ranking only increases from 29th to 25th position among its DAC peers.

[19] 2022/23 excludes extra-ordinary support for Ukraine.

International Financial Institutions (IFIs) are key financial intermediaries for Canadian ODA and are also ramping up to support Global Public Goods.

The share of Canadian Real ODA disbursements through International Finance Institutions (IFIs) has been relatively steady with the exceptions of 2020/21 (due to a spike in Covid-19 related ODA) and 2022/23 (due to large loans for Ukraine through the IFIs).

The World Bank's International Development Association (IDA) is the Bank's pre-eminent mechanism for highly concessional loans and grants to 75 eligible low-income countries (per capita income less than US$1,315 in 2024). Because of IDA's high level of concessionality, it must be financed by donors' ODA in replenishment cycles every three years. (Most of the Bank's lending to middle-income countries is at market rates and is not eligible to be included as ODA. These resources come from Bank borrowing on international markets based on its capitalization by donors.)

In the last IDA20 replenishment (2022 to 2025) Canada contributed 3.45% of the replenishment, down from 3.89% for IDA17 (2015 to 2018). Canada ranks 7th in its contribution, next to China. The World Bank and many International CSOs have been pushing for a robust and generous replenishment of IDA21 (2026 to 2028) of $100 billion with a focus on investments and cooperation that reduce poverty and inequalities in the poorest countries. (Oxfam International, 2024) This replenishment has been successful (December 2024), but in the midst of apprehension for the degree to which the poorest countries will benefit from these resources.

In 2023, the World Bank shareholders agreed to expand the remit of the Bank, beyond its country focus, to include investments in Global Public Goods, with the new vision "to create a world free of poverty on a liveable planet." There is concern by countries in the global south that this new emphasis "on a liveable planet", while important for addressing climate change, will reduce investments in country-led programming for other purposes. (Patrick, 2023)

The ramping up of financing through the IFIs for GPGs such as climate finance is part of a call from the G20 and key donors for these institutions to be a major source of global development finance in the face of multiple global crises (the impacts of wars, the climate emergency, pandemics and food insecurities). Donors, including Canada, are at the same time reducing their bilateral ODA, resisting calls from developing countries to dramatically increase their climate finance, and/or refocusing it on their economic and security interests (e.g. Germany, France, Sweden, Finland, Austria, the UK and the United States).

Taken together, these trends suggest that Canada has substantially reduced its direct engagement with partner country governments through its ODA.

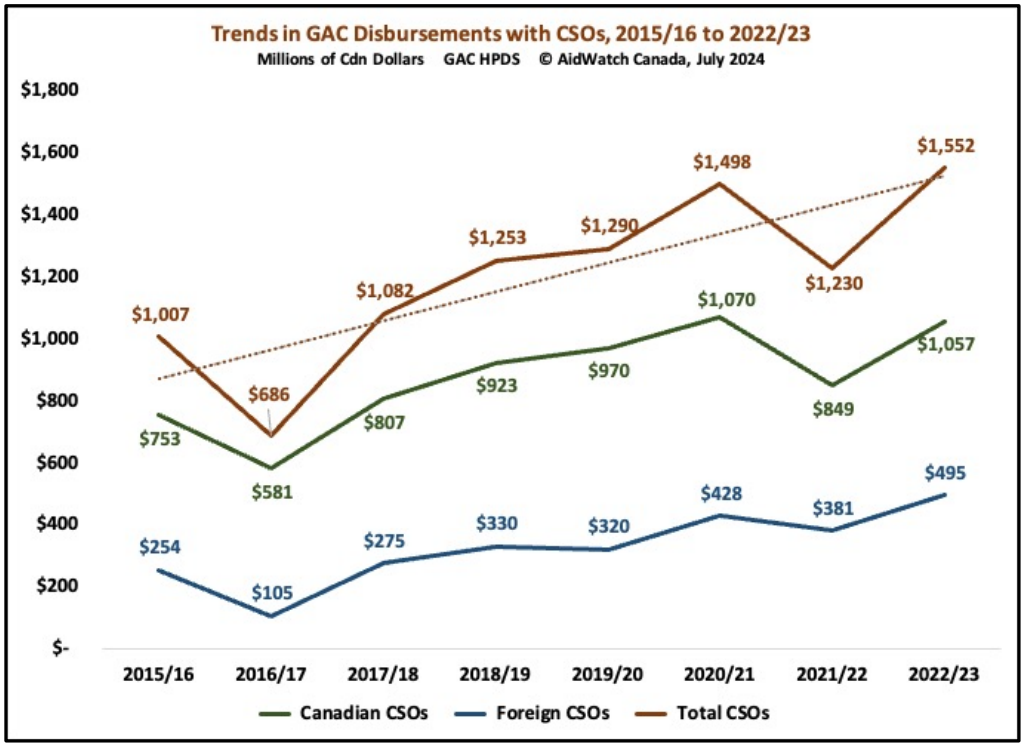
Between 2018/19 and 2022/23 a mere 2% of Canadian ODA was channeled directly with partner country governments. (**Chart Eight**) In 2022/23, only 6 partner country governments were implementing Canadian ODA in that year: Jordan ($28.1M), Tanzania ($22.1M), Senegal ($20.0M), Mozambique ($10M), Ghana ($2.5M) and Dominica ($0.8M).

Engagement in bilateral and pooled efforts to strengthen partner government ministries in the delivery of their mandates has been practically abandoned by Canada. In 2008/09, 8% of bilateral resources were allocated as sector-wide programming with government ministries; by 2022/23, this amount had diminished to 0.5% of bilateral aid in that year (not including Ukraine). While Canadian aid channeled through multilateral organizations does finance development programming with partner country governments, these relationships are often mixed in their responsiveness, and are indirect with respect to Canadian aid and country interests.

CSOs continue to be major actors in Canadian ODA, but they face growing concerns for measures that strengthen the leadership and independence of southern CSO counterparts in locally-led development.

Canada channels significant amounts of bilateral aid with CSOs and has been a strong advocate for the role of civil society and for donor action to protect civic space in development. The volume of GAC bilateral aid channelled with CSOs increased by 54% between 2015/16 and 2022/23, but with much of this growth taking place prior to 2020/21. (**Chart Nine**)

Chart Nine: Canadian ODA Disbursements to and through Civil Society Organizations



Allocations to CSOs are primarily through Canada's bilateral ODA managed by GAC. The share of CSO disbursements in GAC bilateral ODA has been growing from 30% in 2015/16, reaching a peak of 38% in 2018/19. This share declined substantially from 2020/21 to 2022/23, but still hovered around 33% when support for Covid-19 Control and Ukraine are discounted (enabling more accurate comparisons with earlier years).

But among its DAC peers, Canada's ranking in its level of support for CSOs has been dropping from 8th position in 2019 (34% of Real Bilateral Aid) to 13th position (26%) in 2022, after discounting the massive bilateral support for Ukraine by Canada in 2022. While Canada remains a strong voice for civic engagement in development cooperation, attention is needed to sustain a commiserate level of financial support, particularly focusing on investments in the leadership of local civil society organizations in partner countries.

Support for Foreign CSOs has been growing (**Chart Nine**), but this funding is almost exclusively with northern-based International NGOs. According to the DAC, CSOs based in partner countries in the global south received a mere 7% of Canadian CSO support in 2021, unchanged from 2020, and up slightly from 4% in 2018.[20] While many DAC donors also provide only a small share of their bilateral ODA directly with CSOs in partner countries, Canada ranked low at 17th among 28 donors in 2021 in this regard.

This low share for partner country CSOs is not surprising given the difficulty for most of these organizations to directly access support from GAC. Canada's regulatory regime and GAC's complex risk-adverse requirements in its calls-for-proposals in practice severely limit access by CSOs in developing countries. (#SHIFTHEPOWER Movement, 2024)

The main channels for direct support have been the Canada Fund for Local Initiatives (short term limited projects), the Women's Voice and Leadership Program (but less than 20% of funds directly with local CSOs), and the Equality Fund, which is a very positive, but isolated, model for WROs' locally-led development. GAC is currently developing Guidelines for locally-led development and reforming its grants and contributions modalities in a five-year process. But advancing Canadian support for local CSO leadership in partner countries will also require systemic changes on the part of Canadian International CSOs in their current partnership modalities as well as corresponding enabling conditions for finance by GAC, with greater attention to core and program-based multi-year funding. (For a southern CSO perspective on these issues see Kuloba-Warria, 2023.)

Engaging Canadians in development cooperation is a marginal priority in Canadian ODA.

Support for development cooperation, and its focus on poverty, remains relatively high among Canadians. However, aspects of this support have been weakening and may become overwhelmed by public concerns for the polycrisis and domestic issues, including flows of irregular migrants.[21] In this context and with competing narratives about Canada's role in the world, accurate public awareness of global issues is the foundation for sustaining Canada's commitment to development cooperation and progressive internationalism.

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[20] For data see, OECD DAC, *Aid for Civil Society Organizations, 2021-2022,* February 2024. While 2022 data is available, 2021 is the reference year due to the distortions created for some donors such as Canada by very large bilateral support for Ukraine in 2022.

[21] CanWaCh, Canadian Perspectives on ODA and Canada on the World Stage, 2024, Abacus Data Poll, July 2024, accessed at https://canwach.ca/wp-content/uploads/2024/11/Canadian-perspectives-on-ODA-and-Canada-on-the-world-stage-2024.pdf See page 25.

GAC disbursements for the promotion of public awareness, however, is a very negligible part of Canadian ODA. GAC has disbursed an average of $14.3 million for this purpose from 2020/21 to 2022/23, which is a mere 0.34% of GAC's Real bilateral ODA (excluding in-donor refugee costs, Covid-19 Control and extra-ordinary support for Ukraine). It has declined from the 2010/11 to 2012/13 three-year period average of $22.6 million (2023 dollars) and an average share of 0.59%.

In 2022, Canada ranked 17th among 30 of its DAC peers in its support for public awareness through its ODA (promotion of public awareness as a share of DAC donors' Real Bilateral ODA). Only eight donors allocated more than 1% of their ODA to public awareness (Spain, Austria, Ireland, Finland, Luxembourg, Iceland and Portugal).

Canada places a strong and growing emphasis on the mobilization of private sector resources for development through various blended finance initiatives.

In 2023 Global Affairs published a strategy for "Private Sector Engagement for Sustainable Development." The strategy affirms that "the Canadian private sector can bring unique expertise to the benefit of the women and men living in poverty in developing countries" and that "Canada needs to be more deliberate in its programing to tap into Canada's commercial and technological strengths." (Global Affairs Canada, 2023)

Mobilizing international private sector finance, not just Canadian, with Canadian ODA as a catalyst is a key objective for Canada. To this end, FinDev Canada was created in 2018 as Canada's Development Finance Institution (DFI), focusing on mobilizing private sector resources for sustainable development.[22] It is a wholly owned subsidiary of Export Development Canada (EDC). FinDev initiatives combine official finance (ODA) with private sector finance in what is called "blended finance".

Up to 2023/24, Canada reported a total of $1,425.9 million in capitalization for FinDev, which is included in Canada's annual ODA for these years. To date, most of these resources have been derived from EDC retained earnings, and not the IAE, thus protecting IAE resources for other purposes. This FinDev capitalization and the 2X Canada: Inclusive Economic Recovery program, implemented by FinDev, has amounted to about 4% of Real ODA cumulatively over these five years.

In June 2024, the Government announced an additional $720 million in capitalization for FinDev, with the stated purpose to "activate emergent private sector growth in priority markets by targeting blended finance opportunities in sustainable infrastructure, agribusiness and forestry value chains, and the financial industry, and accelerate the mobilization of capital at scale through investment vehicles and platforms." (FinDev, 2024a)

To date (December 2024), FinDev has announced US$1.17 billion in investment commitments with 47 implementing partners, of which 48% were located in the Americas, 45% in Sub-Saharan Africa, and 8% in multiple regions.[23] According to summary highlights in its 2022 and 2023 Annual Reports, FinDev

[22] See https://www.findevcanada.ca/en.

[23] See FinDev Canada portfolio dashboard at https://www.findevcanada.ca/en/our-impact/our-portfolio.

mobilized a rather modest $176.5 million in private finance with $445 million in project commitments in those two years, raising less than 40 cents for every official dollar invested.

While FinDev is a growing avenue for mobilizing private sector resources with ODA, Canada's engagement in blended finance is much broader. The Government has also created two new mechanisms that use blended finance and repayable contributions (i.e. loans) to mobilize and leverage private sector investments in sustainable development – the International Assistance Innovation Program and the Sovereign Loans Program.[24] (Spronk & Spring, 2024)

In addition, approximately $2.3 billion of Canada's international climate finance has been delivered through blended finance programs, mainly located within Regional Development Banks, the World Bank's International Finance Corporation and the Climate Investment Funds managed by the World Bank. As well, the World Bank's IDA (noted above) has a significant private sector window for mobilizing investments in low-income countries.

Since 2018 DAC donors have been able to count the capitalization of Private Sector Instruments (PSIs), such as Fin Dev Canada, as well as the use of their retained earnings, as ODA. In 2023 the DAC also agreed to new rules to allow for the inclusion in ODA of PSI equity investments, loan and investment guarantees and mezzanine financing, with an arbitrary calculation of their "grant equivalency".[25] CSOs have objected to this expansion of the rules for ODA as PSI capitalizations will artificially inflate ODA with official flows that are by definition not concessional (equity and guarantees), thus undermining a core criterion for ODA. While the intention is to further mobilize private sector finance for development, the DAC rules are vague at best in their guidance on actual additionality in support of reducing poverty and inequalities.

In current reporting of Private Sector Instruments, Canada ranks high at 3rd among DAC donors in official finance for PSIs as a share of Real Bilateral ODA since 2018 (average share, 2018 to 2022).

There have been few if any assessments of delivering ODA through blended finance as a modality for reducing poverty and inequalities. Blended finance initiatives are oriented towards profit-seeking opportunities, largely in middle income countries, which exclude many options for poor and vulnerable people. Globally, Eurodad has demonstrated that 59% of PSI ODA (2018 to 2021) is directed to upper middle-income countries, followed by 37% for lower middle-income countries, and a mere 4% was channelled to least developed countries. ODA to catalyze private investment accentuates the use of loans in development finance, at a time when the increasing numbers of countries face debt distress, including those among the lower middle-income countries (see below). Mobilized private finance has been modest, well below expectations, and there is little evidence that this finance would have not occurred in the absence of the public finance stimulus. (Craviotto, 2023; Spronk & Spring, 2024)

More than 80% of FinDev Canada's financing has been concessional loans. According to FinDev's 2023 Annual Report, only 15% of its investments were in low-income countries, with 65% in upper middle-

[24] See https://www.international.gc.ca/world-monde/funding-financement/iaip-piai.aspx?lang=eng and

[25] See OECD DAC, Private Sector Instruments, https://one.oecd.org/document/DCD/DAC(2023)33/FINAL/en/pdf and https://one.oecd.org/document/DCD/DAC(2023)48/FINAL/en/pdf. For a critique of these new rules see ODA Reform, "Private Sector Instruments," at https://www.odareform.org/private-sector-instruments.

income countries, confirming the broader concerns above for the most vulnerable countries and people. (FinDev, 2024b)

Canada has acknowledged that its private sector mobilization policies are informed by the OECD DAC Blended Finance Principles and the Kampala Principles for Effective Private Sector Engagement in Development Cooperation. But there is little evidence available that might clarify how these principles are actually informing the design and implementation of Canada's (and other donors') specific initiatives in private sector mobilization.

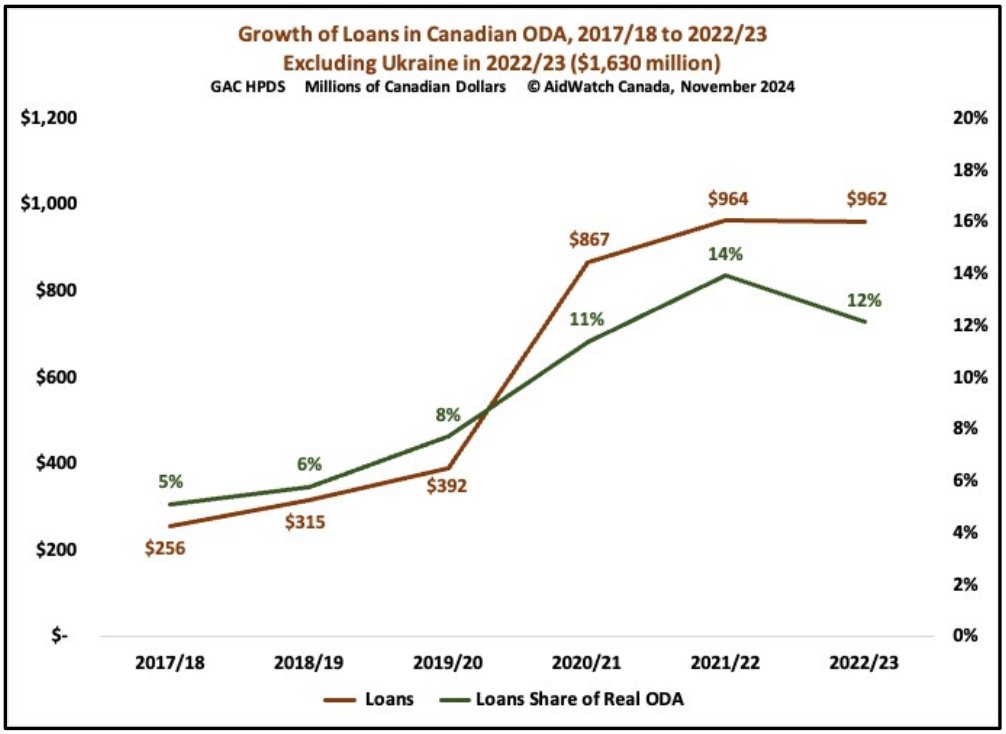
Canada has dramatically increased its use of loans in its ODA.

Up until 2014, all of Canada's ODA had been delivered as grants. Since 2015/16 loans in Canadian ODA increased from $255.5 million in that year to $962.3 million in 2022/23, a growth of 277%. The $962.3 million in loans in 2022/23 excludes $1,629.9 million in ODA loans to Ukraine for that year. (**Chart Ten**)

As a share of Real ODA, the use of loans has also grown from 5% of ODA in 2017/18 to 12% in 2022/23 (excluding Ukraine), after a peak of 14% in 2021/22.

Almost three-quarters (71%) of loans in this six-year period (2017/18 to 2022/23) were dedicated to climate mitigation or adaptation, mainly through Multilateral Development Banks (MDBs) blended finance mechanisms, IFAD and the Green Climate Fund (GCF).

Chart Ten: Expanding Use of Loans in Canada's ODA



Increased ODA loans are a convenient funding modality for donors as they appear as credits in government accounts. But for increasing numbers of developing countries, debt sustainability is a crucial issue in making fiscal space for measures to address climate impacts and reduce poverty and inequalities.

According to UNCTAD, 3.3 billion people live in 48 countries that spend more on interest payments on their debt than they spend on education or health. Interest payments on debt as a share of developing countries' GNP (excluding China) is larger than the share of climate investments in GNP. (UNTAD, 2024; Polychroniou, 2024) The deployment of ODA through loans is increasingly unsustainable for low-income and lower middle-income countries. Yet just under a third of Canada's ODA loans (31%) were directed to Sub-Saharan Africa where the majority are Least Developed Countries, with increasing numbers of countries in growing debt distress.

Only twelve (12) of 31 DAC donors deploy loans as a part of their aid portfolio. Averaged over four years, 2019 to 2022, Canada ranked 5th in its use of loans in its ODA, with loans at 17% of its Gross ODA, after Japan (68%), France (52%), Korea (41%), and Germany (22%).

D. Concluding Reflections

Canadian ODA has been buffeted by the same compounding demands on a limited (and shrinking) financial resource as has affected many other donors. It's a mixed record, and with many worrying trends that are shifting Canadian ODA away from its stated goals: support for developing countries to move out of poverty and address inequalities.

In some areas, Canada has performed much better than many of its DAC peers. Focusing on gender equality and women's empowerment is the highlight. But in other areas the quality of Canadian aid as a resource for reducing poverty and inequalities has diminished, signified by the growing use of loans over grants and the increased allocations for unproven blended finance with the private sector.

Positively, Canada has shown that it can respond effectively to demands for extra-ordinary resources for Covid-19 Control and Ukraine, which up to 2023/24 have been additional to previous (2019/20) levels of Canadian ODA. But on the other hand, it has not been able to respond to urgent demands in health care, education, climate adaptation, or support for small-scale agriculturalists. Canada's aid for these purposes, excepting climate adaptation, has grown very modestly since 2019/20, prior to the pandemic and the war in Ukraine.

Urgent demands for climate finance and other Global Public Goods (e.g. in-donor support for refugees) have been taking an increasing share of Canada's bilateral ODA, particularly for climate mitigation. Essential support for mitigation largely benefits upper middle income and developed countries.

Canada has shifted bilateral resources away from direct support for partner country governments and their priorities in Country Programmable Aid towards earmarked contributions to multilateral organizations. Rather than multilaterals coordinating their aid for partner country governments, multiple donors' resource earmarking deepens aid fragmentation for these governments. It undermines the potential for partner country ownership and leadership, with Canada in part directing specific multilateral country aid priorities.

Canada's continued relatively high levels of support for civil society as key development actors is a consistent dimension of its aid. But since 2010, this support has been primarily through calls for proposals and responding to unsolicited project proposals. These modalities have distorted the sector, dramatically affecting the sustainability of small and medium sized organizations, unable to compete. Without significant reform in aid modalities with Canadian and southern CSOs, including multi-year program support, Canada will be ill prepared to meet its commitments to locally-led development, a corner stone for effective democratic country ownership.

The FIAP and its influence on Canada's aid priorities has been a clear success in embedding support for the rights of women and girls in Canada's aid activities, with very strong commitments for women's rights organizations. But on the other hand, there is little evidence of progress with respect to the FIAP's commitment to increase support for Sub-Saharan Africa. Nor has support increased significantly for several sectors important for sustainable poverty reduction (agriculture, education, justice and social protection), with the important exception of supporting women's and girls' rights. Support for least developed countries is well below the UN target of 0.15% of GNI. In fact, essential financing for climate change mitigation and blended finance with the private sector – both taking an increasing share of Canada's bilateral ODA – largely benefit upper middle-income developed countries.

Overall, the latest measures of Canada's aid generosity convey an illusion and exaggeration of progress. As measured by its share to its wealth, Canadian aid for its core purposes (outside of recent extra-ordinary expenditures) is revolving around a low of 0.23% to 0.25% of GNI, a long way from the UN target of 0.7%. In this regard there has been virtually no progress since 2015/16.

It will be important to learn from the experience of the FIAP by building on its successes, but also to address the continued challenges in ensuring its sustainability and the overall positive, life-changing potential of Canadian aid. To build on these reflections, Canada's future approach to ODA must confront the dual challenges of limited resources and the growing complexity of global development priorities. A renewed focus on core principles—such as needs-based poverty reduction, addressing inequalities and country ownership—will be essential to ensuring Canadian aid achieves meaningful, sustainable impact.

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