# Developing a Trade-Development Nexus in Canadian ODA: A Background Paper on Issues and Approaches

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Promoting Social Justice

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Cooperation Canada is the national independent voice for international cooperation. As a coalition, it convenes, coordinates and collaborates with Canadian civil society, and partners in Canada and around the globe, to inspire and implement policies and programs for a fairer, safer and more sustainable world.

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While comments have been invaluable in enriching and shaping the paper, the author alone is responsible for its content, as well as any errors or omissions. The resulting analysis and conclusions do not imply any agreement by Cooperation Canada or the Board of Directors of AidWatch Canada.

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# Developing a Trade-Development Nexus in Canadian ODA: A Background Paper on Issues and Approaches

## Guiding Questions and Key Messages

The July 2025 UN Financing for Development Conference outcome, the Compromiso de Sevilla, calls for renewed attention to trade as an engine for development. The Carney Government's universal mandate letter directs all Ministers to "strengthening our collaboration with reliable trading partners and allies around the world." In this context, Global Affairs Canada (GAC) is exploring opportunities for elaborating a trade-development nexus (TDN) in Canada's Official Development Assistance (ODA).

**How might Canadian ODA pivot to complement existing Canadian trade and investment instruments in shaping a coherent trade-development nexus?** Key questions include,

- What are the implications for priorities for reducing poverty and inequalities, development effectiveness principles and country ownership?
- Should this involve a wholesale pivot across all aspects of Canadian ODA priorities and delivery channels, including CSOs?
- How should Canadian ODA support countries and sectors that might not be "trade-ready" for engagement with international markets and Canadian counterparts?

The paper draws attention to the following considerations that seem especially relevant for implementing a trade-development nexus:

**1. Maintain the commitment to untied aid, including informal untying.** Government statements re-commit to untied aid in implementing the trade-development nexus, but informal tying (where procurement terms and conditions favour Canadian suppliers) can also disadvantage partner country private sector actors and undermine country ownership and leadership.

**2. Expand support for private sector actors through FinDev Canada and IAIP.** While largely focusing on partnerships with private-sector actors in developing countries, FinDev Canada and GAC's International Assistance Innovation Program could be substantial avenues to expand "reciprocal economic benefits" with Canadian private sector intermediaries. They should ensure full transparency and clearly demonstrate economic and development additionality in projects involving Canadian actors.

**3. Expand Canadian procurement with Multilateral Development Banks (MDBs).** Expanding procurement with MDBs will require greater attention to understanding MDB procurement rules, early market intelligence, positioning within borrower-country project pipelines and partnerships with local firms in partner countries.

**4. Sustain the current level of focus on aid-for-trade, particularly in agriculture.** Canada currently ranks 8$^{th}$ among DAC providers in allocations for aid-for-trade, accounting for 24% of its average ODA (2021/22 to 2023/24), net of support for COVID-19 Control and Ukraine. Core aid-for-trade disbursements are 12% of ODA, focusing on trade policy and regulation, transportation and storage, and energy.

**5. Invest in the foundations for market readiness for small holder farmers.** Ensuring appropriate market access for small holder farmers requires grounding interventions in their specific contexts, and respecting the diverse needs of food insecure communities. Central is investment in durable institutions — producer organizations, cooperatives, savings groups, extension systems, financial intermediaries, certification bodies, and governance platforms — that reduce risk, build trust, and enable compliance with market requirements. Current delivery channels (multilateral organizations and CSOs), which are currently addressing these needs, should be strengthened with substantial GAC support.

**6. GAC must avoid instrumentalizing Canadian ODA** for private sector, commercial and investment actors. In advancing Canada's trade agenda through ODA, the Government must ensure that addressing poverty, consistent with the ODA Accountability Act, is the primary purpose of its ODA allocations, with trade and investment initiatives through aid, not only economically sustainable for development partners, but also demonstrably supportive of this purpose.

**7. The current ambiguity in interpreting the practical implications of the trade-development nexus suggests the importance of clear guardrails** and approaches that both strengthen economic partnerships while upholding the core purposes of ODA in reducing poverty and inequalities.

**8. A rapid shift toward a trade-development nexus must avoid destabilizing long-standing Canadian development partnerships in the social sectors such as health and education,** at a moment of heightened global vulnerability for many of these partners, while offering no clear assurance of meaningful gains for Canada's trade agenda. Canadian aid should continue to strengthen a broad spectrum of partner country partnerships.

**9. GAC must anchor any trade–development initiative in partner-country development contexts, partner-determined priorities and needs as the starting point.** Trade is the outcome of a successful development process, not a substitute for it. Development additionality is central to the deployment of ODA in the trade-development nexus.

## 1. Introduction

In light of the Carney Government's universal mandate letter for all Ministers to "strengthening our collaboration with reliable trading partners and allies around the world,"[1] Global Affairs Canada (GAC) has been directed to explore opportunities for elaborating a trade-development nexus (TDN) in Canada's Official Development Assistance (ODA). After ten months, the implications of these directions for GAC and the aid program remain opaque. A few Ministerial statements and informal conversations with officials may provide a few clues. Other ODA providers have announced similar objectives for their aid program over the past year.[2] The Development Assistance Committee (DAC) at the OECD has policy and monitoring tools relating to "Aid for Trade" and to the deployment of aid as a catalyst for private sector engagement in development cooperation.

This paper provides some background on possible implications of a trade-development nexus, highlights some potential entry points for expanding this agenda through Canadian aid, with some experiences of other donors. It points to some policy approaches by providers, DAC and CSOs to a trade-development nexus in ODA, consistent with the overarching purpose of ODA to reduce poverty and inequalities.

## 2. What do we know about GAC and the trade – development nexus?

Currently there are mixed messages on what is intended in implementing the trade-development nexus through Canadian ODA.

**Minister Briefing Package: Integration into foreign policy, but distinct role for ODA** An October 2025 Briefing Package for Ministers and Deputy Minsters for an appearance before the Standing Committee on Foreign Affairs and International Development[3] may provide a basic orientation for Government thinking about the trade-development nexus and its implication for ODA:

> "**Going forward, Canada's international assistance will aim to advance shared priorities with partner countries in areas of economic prosperity, including inclusive growth, trade readiness, and private sector investment.**
>
> "This will be complemented by a continued commitment to poverty reduction, stability and working to address global challenges, as part of Canada's long-standing commitment to a safer, more sustainable and more prosperous world.
>
> "An integrated approach to trade and development can help build bilateral and commercial relationships, and more predictable environments for trade and investment, support implementation of trade agreements and strengthen collaboration with trading partners of the future.
>
> "This includes better integrating our development and trade objectives in partner countries, including in strengthening enabling environments, reducing trade and private sector barriers, and strengthening human capital and workforce development in sectors of shared interest.
>
> "Canada's approach to trade and development will enable us to be more strategic and agile in where and how we invest, and to more effectively deploy Canadian expertise to advance both trade and development objectives.

> "Aligning foreign policy, trade and development tools: Canada's international development supports inclusive growth and builds economic infrastructure and workforce capacity that enable long-term trade partnerships. It advances gender-responsive trade strategies and ensures that women and marginalized groups benefit from supply chain resilience and diversification. The assistance also provides developing partners with dedicated technical assistance to support the implementation of Free Trade Agreements, such as the recently concluded agreement with Indonesia.
>
> "In a shifting global development landscape, Canada is refining its broader approach to economic growth by looking to advance economic cooperation, entrepreneurship, skills and job creation, climate resilience, and innovative finance. This requires increasing policy coherence across its development, trade, and foreign policy priorities, including to help support resource-rich developing countries while addressing its own growing demand for critical minerals. In doing that, international development can be leveraged as a means to strengthen global economic systems. This will mark a shift toward integrated policymaking, where international development is regarded as both humanitarian as well as a strategic lever to strengthen global economic systems."

Much of these directions for a TDN focus on enabling conditions in partner countries, which have also been reflected in several statements by Minister Sarai in recent visits to partner countries:

> "By supporting skills development and strengthening human capital, Canada is contributing to a more skilled workforce that can drive economic growth and foster a more inclusive and enabling business environment across East Africa." Minister Sarai, July 2025, Visit to Ethiopia and Tanzania.[4]
>
> "By aligning Canadian assistance with the Philippines' development plans and supporting the growth of small and medium-sized enterprises, Canada is laying the groundwork for expanded commercial ties and trade diversification." Minister Sarai, November, 2025, Visit to Philippines.[5]

**Private Member Motion: Focus on "reciprocal benefits"** A Private Member's Motion M-14, sponsored by former Minister for International Cooperation, Ahmed Hussen, in September 2025 goes beyond enabling conditions and focuses on "reciprocal economic benefits." This Motion called for "new policies to ensure that Canadian international assistance programming integrates opportunities for reciprocal economic benefit, including through the participation of Canadian small and medium-sized enterprises, innovators, and workers," and that "the Minister of International Development to report to Parliament annually on the extent of Canadian participation in international assistance projects, the measurable benefits for partner countries, and the economic opportunities created for Canadians." The Motion was approved in November 2025 as a non-binding statement of the views of Members of the House of Commons.

But it is still unclear the degree to which the Government sees the aid program as a strategic resource to directly support Canadian private sector actors in strengthening Canadian trade and investment relationships in the global south. There are several existing avenues through which it could offer such support – increasing tied aid in ODA procurement contracts, directing FinDev Canada and/or the International Assistance Innovation Program (IAIP) to give priority to Canadian private sector actors. It is likely that GAC will direct increasing amounts of aid towards "aid-for-trade" priority sectors.[6] We explore some of these options below.

**The Prime Minister's Davos Speech: Policy shifts embedded in values** Prime Minister Carney's January 2026 Davos speech provides an opening for a balanced and strategic approach to strengthening Canada's relationships with middle powers, including those in the global south:

> "I submit to you that other countries, particularly middle powers like Canada, are not powerless. They have the capacity to build a new order that embodies our values, like respect for human rights, sustainable development, solidarity, sovereignty and territorial integrity of states."

**Strengthening the foundations for trade** The Minister's Briefing Package and Carney's framing points toward a comprehensive approach to Canada's trade and investment engagement—one that recognises that sustainable economic partnerships depend on their social and institutional foundations and a history of trusted relationships. Advancing Canada's trade and investment interests in the global south therefore requires parallel investment in the social, economic, and governance conditions that enable equitable participation in global markets, rather than pursuing commercial integration in isolation. ODA has played a crucial role in enabling these foundational investments, particularly in poor and vulnerable contexts, in both least development and middle-income countries.

**Primary role for Export Development Canada** While the focus of this paper is on advancing Canadian trade and investment interests through ODA, it should be underlined that ODA will never be a primary means for achieving these ends.[7] Over the years, Canada has developed and participated in many bilateral and multilateral trade agreements that open markets and set rules for trade and investment with partner countries. These include free trade agreements and investment protection agreements with many middle-income countries in the global south.[8]

Export Development Canada (EDC) is a crown corporation with the primary mandate to provide export financing, buyer financing, credit insurance, guarantees, and equity investments to Canadian companies expanding into international markets including in the global south.[9] In Budget 2025, the EDC received $2 billion for extending concessional finance to incentivize foreign buyers and support Canadian exporters to strategic markets, including the Indo-Pacific. Through CanExport, the government has a number of financial incentives and grant programs and support for Canadian small and medium enterprise to enter foreign markets.[10] In a whole-of-government approach, how might Canadian ODA complement current efforts to diversify Canadian trade and investment options?

## 3. Some avenues for implementing the trade-development nexus in Canadian ODA?

There are both direct and indirect approaches to implementing a trade-development nexus through ODA. Direct approaches include 1) Increasing tied aid in middle income countries; 2) Increasing Canadian private sector partnerships and deployment of Canadian expertise and goods through FinDev Canada and other blended finance mechanisms; and 3) Increasing procurements for Canadian firms in projects financed by Multilateral Development Banks. A more indirect approach is one where more ODA is directed to trade-relevant sectors (Aid-for-Trade) in strengthening the foundations for trade in partner countries. We explore each of these avenues in terms of current Canadian ODA practice and their potential for the trade-development nexus.

### 3.1 Increasing Canadian tied aid in Middle-Income Countries

Canada has long supported aid effectiveness principles in guiding development cooperation in which tied aid is seen to weaken partner country economic actors and undermine country ownership and leadership in determining development options. Canada has fully untied its bilateral aid, although many procurement contracts may be informally tied to Canadian sources. These have been a minor part of Canadian aid to date.

**Government statements re-commit to untied aid in implementing the trade-development nexus, but informal tying (where procurement terms and conditions favour Canadian suppliers) can also disadvantage partner country private sector actors and undermine country ownership and leadership.**

"Tied Aid" is the procurement of goods and services for ODA activities that contractually must be purchased in the provider country. This modality of aid explicitly benefits suppliers in the provider country, but it is important to note that it relates only to procurement contracts in implementing aid programs. The OECD DAC have estimated that aid tied to purchases in provider countries raises the cost of these goods and services from 15% to 30%, and by as much as 40% for food aid, relative to purchases in partner countries or nearby sources.[11] Canada has long supported aid effectiveness principles in guiding development cooperation in which tied aid is seen to weaken partner country economic actors and undermine country ownership and leadership in determining development options.

Canada has been a good performer for untying its bilateral ODA. It is an adherent to the 2001 DAC Recommendation on Untying Official Development Assistance, which applies only to bilateral ODA to Least Developed Countries, other Low-Income Countries and Highly Indebted Poor Countries (as defined by the IMF in 1999).[12] The Recommendation excludes food aid, technical assistance and aid to and through CSOs in provider countries. The latter is not considered a procurement relationship, but rather is defined by various forms of partnership. Partnerships with private sector actors are treated similarly. DAC providers are encouraged to untie their bilateral aid for other Middle-Income Countries, but are not obliged to do so. The DAC produces periodic reports on provider performance in the implementation of this Recommendation.[13]

According to the latest DAC report (September 2022), Canada unties 100% of its ODA to the countries covered by the Recommendation. Canada is also among 8 donors that report almost all of its bilateral ODA to other partner countries as untied (more than 95%). This is partly due to the rule that bilateral aid channeled through multilateral organizations is untied by definition, which for Canada is a large share of its bilateral ODA.

While Canadian aid is fully untied de jure, nevertheless Canadian companies received more than 80% of the value of its ODA procurement contracts (i.e. likely some part of this amount is informally tied due to highly restrictive terms for the procurement). Of the US$48 million in procurements contracts reported in 2020, US$40 million (83%) were awarded to entities in Canada.[14] These contracts, however, have been a minor part of Canada's aid program in recent years.

Providers with much higher levels of tied aid have included the United States (food aid), Japan, France and Germany. Japan for example largely favours its own industries in procurement with aid loans for large infrastructure projects in Asia. In 2018 nearly one-third of Japanese aid was tied. The 2020 Peer Review of Japan, noted that "the increase in tied aid points to the challenge [for development effectiveness] of pursuing development and commercial interests simultaneously… and may undermine partner countries' private sector development."[15]

Canada has had large ODA allocations to social sectors such as education, health, reproductive health and economic sectors such as agriculture, where explicitly tied aid is much less prevalent compared to large infrastructure. In recent years, increasing Canadian support for climate mitigation infrastructure has also not led to increased tying of Canadian aid, but could in the future be subject to informal tying to Canadian suppliers (i.e., setting terms and conditions for procurement in which only Canadian firms are likely to qualify). Canada's mitigation climate finance has been largely delivered through Multilateral Development Banks and other Multilateral Organizations such as the Green Climate Fund, where tied aid is not an issue.

Canadian CSOs are major beneficiaries and intermediaries for GAC's ODA, receiving just over $1 billion in 2023/24, or 21% of Canadian bilateral ODA for that year. (net of COVID-19 Control and support for Ukraine).[16] While CSO in the global north are working to strengthen locally-led CSO development in partner countries, GAC support for Canadian CSOs reflects mutual benefits and shared interests in that Canadian CSOs work closely with civil society counterparts in the global south. As noted above, under the DAC rules, support for CSOs in provider countries is not considered tied aid as the relationship is not one of procurement, but rather a contribution to (sometimes problematic) partnerships. This exclusion also applies to private sector-oriented activities funded by FinDev Canada and the International Assistance Innovation Program as they do not involve procurement (see below).

Large increases in Canadian tied aid would focus on Middle Income Countries, but this approach seems unlikely as it would represent a major shift in our current aid sector priorities and modalities (reliance on multilateral organizations to deliver a large share of our bilateral aid, which is driven, in part, by reduced human resources in GAC to manage bilateral aid programs). In fact, the October 2025 Ministerial Briefing Package states that "In light of the Government's commitment to trade diversification, we will increasingly pursue partnerships founded on mutual economic benefit, which can be achieved without the need to tie our aid."[17]

### 3.2 Increasing Canadian private sector partnerships in FinDev Canada projects

FinDev Canada and GAC's International Assistance Innovation Program are major avenues for innovative finance and direct partnerships with private sector actors, including the Canadian private sector, in supporting private sector development in partner countries.

**FinDev Canada has interpreted its mandate primarily through partnerships with private-sector actors in developing countries. Its institutional structure could encourage greater engagement of Canadian private-sector intermediaries to expand "reciprocal economic benefits" for Canada. In doing so, FinDev should ensure full transparency and clearly demonstrate economic and development additionality in projects involving Canadian actors.**

CSOs have been concerned that the changes in DAC rules for ODA relating to Private Sector Instruments (PSIs) may accentuate incentives for aligning aid to provider country commercial interests. PSIs are financial instruments used by governments to mobilize private sector investment in development. They include loans, equity investment, reimbursable grants, and guarantees,[18] all designed to lower risk and incentivize these investments.[19]

The DAC recently expanded what might be counted as ODA to include official flows for PSIs despite the absence of demonstrable concessionality (a central criterion for aid) and little evidence that they produce meaningful development outcomes.[20] Civil society organizations have expressed concern that investment-led approaches may increasingly substitute for grant-based programming that directly targets poverty reduction and inequality. In times of budgetary austerity, loans are an attractive modality as they are a credit on the Government's balance sheet.

FinDev Canada is the primary avenue for PSIs, although the renewal of GAC's International Assistance Innovation Program (IAIP) is also focused on innovative PSIs.[21] Established in 2018, the Government of Canada has invested $950 million in FinDev as share capital, and an additional $700 million in a concessional facility. The latter are pooled funds available at below market rates and/or with high risk tolerance for the private sector in blended finance arrangements. FinDev has a total of US$2.3 billion in signed commitments with 65 clients, of which 78% is direct debt, 19% fund equity, and 3% direct equity.[22]

Currently FinDev has very low numbers of direct partnerships with Canadian private sector entities. Of the 65 clients, only 3 were classified as Canadian, with an additional 9 as European and 5 as US-based.[1] FinDev's stated purpose is to provide "support to the **private sector in developing countries**, [in order to have] a favourable impact on market development, gender equality and climate and nature action [emphasis added]." They do so by focusing on three priority sectors – sustainable infrastructure, agribusiness, forestry and their related value chains, and the financial industry.

While FinDev Canada has interpreted its mandate primarily through partnerships with private-sector actors in developing countries, its institutional structure could lend itself to encouraging greater engagement of Canadian-based private sector intermediaries with counterparts in the global south as an avenue for expanding greater "reciprocal economic benefits". But such a shift would likely require direction from the Government to do so.

PSIs in other provider countries have different mandates. According to the OECD DAC, several Development Finance Institutions have an explicit mandate to support domestic private sector actors in development finance: COFIDES (Spain), SIMEST (Italy), SOFID (Portugal) and the DFC (United States). Others are more comparable to FinDev with a mandate to strengthen private sector development in the global south: BII (UK), GEG (Germany), Norfund (Norway), Proparco (France), and BIO (Belgium). Where there is no formal mandate or no explicit government direction towards domestic actors in these

[1] Numbers are approximate, as analysis was conducted by ChatGPT Atlas, asking ownership nationality classification and identification of any Canadian linked entities. ChatGPT reported that some clients were difficult to determine nationality.

Development Finance Institutions, most also mobilize private sector resources, in varying degrees, from their domestic private sector. A key CSO critique of the deployment of ODA to mobilize private finance for development through PSIs is a lack of transparency in the use of financial intermediaries, which may hide actual private sector actors, and little direct evidence of development impact.[23]

GAC has also launched a five-year pilot International Assistance Innovation Program (IAIP) in 2018, which has been renewed up to 2028/29. It had an original five-year funding envelope of $810 million, with an additional $290 million for the renewed five-year period. Different from GAC's core aid programs, the IAIP can draw on the range of financing modalities and blended finance instruments with the private sector, more common to FinDev – loans, equity and guarantees. It has mainly supported investments in climate smart agriculture, renewable energy infrastructure, SME-financing and gender lens investing.[24]

In its Pilot Phase (between 2020-2024), according to the October 2025 Ministerial Briefing Package, the IAIP deployed $810.8 million through investments that included 16 new repayable projects. Unfortunately, there is very little transparency on projects and private sector entities financed through IAIP. A recent evaluation report on Canada's international climate finance identified two Unconditional Repayable Grants (i.e. loans) through IAIP for mitigation projects. One implementing private sector partner is domiciled in the United States and the other in France. IAIP could be another avenue through which GAC could ramp up direct benefits to Canadian private sector entities for climate finance and sustainable development initiatives in the global south.

### 3.3 Increasing Canadian private sector procurement at the Multilateral Development Banks

Despite substantial opportunities for procurement contracts at the World Bank and regional development banks, Canadian firms have implemented very small numbers of contracts.

**There is seemingly significant scope for growth in Canadian procurement with MDBs. But there needs to be greater government / private sector attention to early market intelligence, partnerships with local firms in partner countries, understanding MDB procurement rules, and positioning within borrower-country project pipelines.**

There can be substantial opportunities for the Canadian private sector in procurement for World Bank and regional development banks' investment projects (MDBs). They collectively finance tens of billions of dollars annually in infrastructure, climate mitigation, health, education, governance reform and technical assistance. Canada provides both core financing to these institutions as well as dedicated ear-marked funds for climate finance projects. Procurement is open and untied, meaning that Canadian firms can bid on equal footing with firms from other member countries.

Despite the scale of these opportunities, Canadian firms have not been particularly proactive in pursuing procurement contracts financed by the multilateral development banks. Between 2020 and 2025, Canadian firms implemented only US$230 million in contracts at the World Bank, but these contracts represented less than 1% of all World Bank procurement contracts in these six years. Canada has similar records at the Asia Development Bank (only 0.04% of contracts), the Africa Development Bank (0.75% of

contracts), Inter-American Development Bank (0.4% of contracts) and the European Bank for Reconstruction and Development (0.13% of contracts). Canada has been mostly successful in consultancy and non-consultancy services, and much less in supply of goods and works.

Canada's Trade Commissioner Services have a dedicated International Procurement page that helps Canadian firms find and prepare for procurement opportunities with international financial institutions, including the World Bank and regional development banks.[25] There is seemingly significant scope for growth in Canadian procurement with MDBs. But there needs to be greater government / private sector attention to early market intelligence, partnerships with local firms in partner countries, understanding MDB procurement rules, and positioning within borrower-country project pipelines.

### 3.4 Directing Canadian ODA to strengthen trade-relevant sectors ("aid-for-trade") in partner countries

The DAC Aid-for-Trade framework focuses on creating enabling conditions – policies, infrastructure and productive capacities – to allow countries to participate in international markets. Such conditions are the prerequisite for improving the potential for greater trade and investment relationships with Canada.

**Canada currently ranks 8th among DAC providers in allocations for aid-for-trade, accounting for 24% of its average ODA (2021/22 to 2023/24) net of support for COVID-19 Control and Ukraine. Core aid-for-trade disbursements are 12% of ODA, focusing on trade policy and regulation, transportation and storage, and energy. A focus on the trade-development nexus should sustain this level of commitment.**

DAC providers, including Canada, have promoted an enabling environment for improved international trade in partner countries through allocations to "aid-for-trade" (AfT) sectors. Since the mid-2000s, in partnership with the World Trade Organization, the DAC increased its focus on linking trade integration with development outcomes by defining, tracking and reporting aid-for-trade in ODA. Aid resources are dedicated to addressing trade-related obstacles, strengthening developing countries' capacity, and building the infrastructure they need to harness the benefits of global value chains and the international trading system. Every two years the DAC and WTO conduct a joint monitoring and reporting exercise to track how aid-for-trade is delivered for partner countries.[26]

Following the 2005 WTO Ministerial the DAC took up the agenda of Aid-for-Trade (AfT). In doing so, it did not create a separate reporting instrument, but rather identified existing and specific DAC Creditor Reporting System (CRS) sector codes that it considered "trade related". These codes are divided into three main categories (see the specific CRS codes for each category in **Annex One**):

**1) Support for trade policy and regulation reform:** This area includes direct support for government trade policy formulation, trade negotiations, trade facilitation through border regulations and standards and quality issues.

**2) Economic infrastructure that enable participation in trade:** These are not trade related initiatives per se, but rather support areas such as transportation, energy transformation, and

communications infrastructure that are essential for integration into regional and global trade regimes.

**3) Building productive capacity:** This area focuses on support for sectors that produce tradeable goods and services closely related to expanding international trade. They include agriculture, industry, minerals, banking and financial services, business development and value chain strengthening.

This AfT framework has been criticized as too broad to be a useful guide to aid allocations for strengthening partner country trade relations. In response, the DAC and academic analysts have considered a set of sector codes that could be considered "Core AfT". These include trade policy and regulation, transportation and storage, and energy.[2] The DAC also created a purpose marker for Trade Development, but no longer collects this data after 2022 (see below).

The DAC AfT framework is less about promoting donor country exports, and more about creating enabling conditions – policies, infrastructure and productive capacities – to allow countries to participate in international markets. Such conditions are the prerequisite for improving the potential for greater trade and investment relationships with Canada.

How are aid-for-trade disbursements reflected in GAC ODA in the latest three-year period, 2021/22 to 2023/24? (See **Table One**, next page.)

**Table One, #1,** sets out **Aid-for-Trade disbursements** against the three main AfT categories. Building productive capacities is almost half of these disbursements, with agriculture alone representing close to a third of disbursements attributed to aid-for-trade. Direct support for trade policy development and improved regulations and standards is a very small part of Canada's AfT (11% of total AfT and less than 3% of Canadian ODA - net of Ukraine and Covid-19 Control).

Global Affairs Canada has been responsible for 78% of recent AfT disbursements, the Department of Finance for 19% (World Bank projects), and Other Departments for 3%. Bilateral ODA accounted for 56% of these AfT allocations and Multilateral ODA for 44%.

**Core Aid for Trade disbursements** over these three years averaged $813 million, which is 50% of total AfT and 12% of total ODA (**Table One, #2**). Bilateral ODA has a larger share of Core AfT disbursements at 60%, compared to 56% for AfT as a whole.

[2] See Coralie Martin, "Aid for Trade at the Crossroads," OECD Development Cooperation Working Paper 118, September 2025, page 35, accessed at https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/09/aid-for-trade-at-a-crossroads_14ffbd2b/a991872b-en.pdf

**Table One: Canadian allocations for "Aid-for-Trade", Three-year Average, 2021/22 to 2023/24**

| Millions of Cdn $ | Aid for Trade | ODA (excluding COVID-19 and Ukraine) | Share of AfT | Share of ODA |
|---|---|---|---|---|
| **1. Total Aid-for-Trade** | **$ 1,618.6** | **$ 6,822.1** | | **23.7%** |
| **a) Trade Policy & Regulations** | $ 183.7 | | 11.4% | 2.7% |
| **b) Economic Infrastructure** | $ 657.5 | | 40.6% | 9.6% |
| **c) Building Productive Capacity** | $ 777.3 | | 48.0% | 11.4% |
| **Of which,** Finance Services | $ 165.5 | | 10.2% | 2.4% |
| Agriculture | $ 515.2 | | 31.8% | 7.6% |
| Other productive capacity | $ 96.6 | | 6.0% | 1.4% |
| **2. Core Aid-for-Trade** | **$ 813.3** | | **50.2%** | **11.9%** |
| | | | | |
| **3. DAC Trade Development Marker** | **$ 353.6** | | | **5.2%** |
| Significant Purpose | $ 323.6 | | 91.5% | 4.7% |
| Principal Purpose | $ 30.0 | | 8.5% | 0.5% |
| | | | | |
| **4. Trade Dev Marker + Trade Policy and Regulation** | **$ 537.3** | | **33.2%** | **7.9%** |

As noted above, the DAC also deployed a **Trade Development Marker** as a purpose marker, which is not linked to disbursements for specific CRS sector codes (AfT), but to donor intentions in relation to trade development at the activity/project level. If scored *principal purpose*, the primary aim of the initiative is to strengthen a developing country's capacity to participate in trade and attract or manage investment. If scored *significant purpose*, trade and investment capacity-building are integrated into the broader design of the project, but do not constitute its central focus. (See **Table One, #3**)

The DAC suspended the use of this Marker in the CRS data in 2022 as it was subject to misinterpretation as it was not intended to reflect all relevant trade areas. The Marker was designed to capture activities more specifically related to trade in business support and productive capacity development. Notably it does not include any activities related to trade policy and regulation (the first category of aid-for-trade).

Despite these limitations, Canada has continued to publish data for the Marker in its own HPDS annual aid statistics. It provides a useful optic on trade-related activities within the Economic Infrastructure and Productive Capacities categories of AfT. The average of $353.6 million in disbursements related to the Trade Development Marker represents 25% of the total AfT disbursements for these two categories. (**Table One, #3**) Projects with a principal focus on trade development, at $30 million in average disbursements, are a much smaller share. But a closer examination of these projects gives a snapshot of both implementing partners and the nature of such projects.

Who were the main implementing agencies for the principal purpose Trade Development Marker in this three-year period (three-year average disbursements, principal purpose trade development)? While there are dozens of implementing partners, the following nine organizations had the largest disbursements.[3]

| | |
|---|---|
| Canadian Executive Services Overseas (CESO): | $7.3 million |
| United Nations Economic Commission for Africa: | $3.0 million |
| TradeMark East Africa | $2.8 million |
| Trade Facilitation Office Canada | $2.4 million |
| RENEW International Canada | $2.4 million |
| Cowater International | $2.0 million |
| Cowater / Institute of Public Administration Canada | $1.8 million |
| Mennonite Economic Development Associates | $1.6 million |
| Socodevi | $0.6 million |

Significantly, six of the nine implementing partners are Canadian CSOs.

These organizations implemented the following projects:

- Canadian Trade and Investment Facility for Development (Cowater/IPAC)
- Expert Deployment Mechanism for Trade and Development (Cowater)
- Implementing the Africa Continental Free Trade Area (UN ECA)
- Equitable Prosperity Through Private Sector Development in Kenya (MEDA)
- SME Growth, Employment Creation and Market Linkages Through Trade Finance (MEDA)
- Accelerating Business Growth in Ethiopia (RENEW International)
- Accelerating Regional Business Growth (ARBG) (RENEW International)
- Inclusive Economic Development in Solol, Guatemala (PRODISOL) (Socodevi)
- Women in Trade for Inclusive and Sustainable Growth (TFO Canada)
- Making Trade Work for Women in Eastern Africa (TradeMark East Africa)

All projects were focused on improving the capacities for trade in the global south, with some engagement of Canadian expertise, but not on expanding Canadian markets and exports.

How does Canada **compare with other DAC donors** in its aid-for-trade allocations?

According to DAC comparative data for 2024 ODA, Canada ranked 8th among 32 DAC donors in its share of total DAC AfT disbursements, with Japan scoring the highest allocating 37% of DAC total AfT, followed by the United States at 14% and Germany at 12%.

Looking at the category of Support for Trade Policy and Regulation, the total of US$525 million is only 2.4% of total AfT. Canada ranked 9th in its share of the total for this category (2.1%), with the United States accounting for 30%, Germany – 13%, the United Kingdom – 12%, Netherlands – 12% and Australia – 7%.

[3] It is important to note that these amounts are a one-year average for disbursements over the years, 2021/22 to 2023/24, and do not represent the total value of the project commitment, which is a much larger amount. Therefore there is no intended hierarchy in the ultimate scale of engagement in trade development in this list of nine organizations.

As a share of its Real ODA (ODA not including in-donor refugee costs, imputed student costs and debt cancellation), total AfT is 2.4% of total ODA for all DAC donors. Canada ranked 14th, devoting 9.2% of its ODA to these sectors. The top five were Japan at 53%, Korea at 22%, New Zealand at 16%, Australia at 15%, and France at 11%.

European Union (EU) Institutions are major contributors to aid-for-trade, with US$4,470 million total disbursement, second only to Japan's US$7,985 million. Direct support for trade policy and regulations development amounted to US$424 million, not far off the total for all DAC donors of US$525 million.

From the point of view of strengthening developing country capacities for trade integration, Canada has been a modest donor, relying mainly on its contributions to the agriculture sector and to renewable energy initiatives financed through its climate finance allocations. This positioning reflects its recent priorities for critical sectors such as education, health and reproductive health.

## 4. Food Security and Agriculture: Pursuing Canadian trade and investment opportunities

The agriculture sector has structural features that make it especially relevant to advancing a trade-development nexus. It's production of goods are often intended to be tradeable, whether locally, regionally, or internationally, through product value chains. Almost all Canadian aid for agriculture and food security is delivered through multilateral organizations (69%) and CSOs (26%). Are these channels equipped and/or appropriate for delivering a Canadian oriented trade-development nexus?

Some proposals from GAC focusing on the promotion of Canadian agriculture goods and services may challenge the intentions of the ODAAA's focus on poverty, the perspectives and rights of people living in poverty, may deepen food insecurity for small holder farmers who face highly unequal power in accessing markets, and are very vulnerable to market, climate and other risks.

**ODA resources can help build the foundations for market readiness for small holder farmers. Current delivery channels (multilateral organizations and CSOs), which are currently addressing these needs, should be strengthened with substantial GAC support.**

**This requires starting from their specific contexts, and respecting the diverse needs of food insecure communities. Central is investment in durable institutions — producer organizations, cooperatives, savings groups, extension systems, financial intermediaries, certification bodies, and governance platforms — that reduce risk, build trust, and enable compliance with market requirements.**

**At a minimum, GAC should take into account the principles of fair trade in designing its approaches to expanding a trade-development nexus in its aid priorities.**

Agriculture is a key sector for DAC's aid-for-trade metric. If the Government is aligning its ODA more closely with its trade and investment interests, the agriculture sector has structural features that make it especially relevant in ways that other sectors, such as education, health, reproductive health, etc., do not. Agriculture is oriented to the production of goods that are often intended to be tradeable, whether locally, regionally, or internationally, through product value chains.

Canada is a major exporter of agricultural goods, with agriculture and agri-food exports valued at nearly $100 billion in 2023, but more than 60% of this trade is with the United States.[27] It is highly concentrated in large transnational grain traders, fertilizer companies, and large farm machinery corporations. Efforts to facilitate diversified exports to developing countries or strengthen value-chains for tropical products for import to Canada, overwhelmingly interact with concentrated commercial interests. This trade more often relies on export credits, loans and commercial guarantees through Export Development Canada's mechanisms.

Agricultural imports are more diversified. In 2025, Canada imported $25 billion in agricultural and food products from the global south, which were 16% of total imports from these countries (and 22% excluding China). Mexico accounts for 20% of these imports, with Brazil at 9% and China at 6%. Among the top ten, only three (India, Côte-d'Ivoire and Guatemala) are Lower Middle-Income Countries.

How well situated is Canada's current ODA in support of agriculture and food security to pivot towards Canadian trade and investment interests?

**Table Two: Profile of Canadian ODA for Agriculture and Food Security, HPDS, 2023/24**

| Department | Value (Million$) | Share | Sub-Sector | Value (Million$) | Share |
|---|---|---|---|---|---|
| Global Affairs | $ 752.7 | 89% | Basic Nutrition | $ 117.0 | 14% |
| Finance Canada | $ 64.7 | 8% | Agriculture | $ 483.7 | 57% |
| IDRC | $ 12.2 | 1% | Food Security | $ 17.0 | 2% |
| Other Departments | $ 13.8 | 2% | Emergency Food Aid | $ 225.7 | 27% |
| **Total** | **$ 843.4** | | **Total** | **$ 843.4** | |

| Total Food Security Delivery Channel | Value (Millions $) | Share |
|---|---|---|
| Multilateral | $ 580.6 | 69% |
| Civil Society | $ 223.2 | 26% |
| Government | $ 10.8 | 1% |
| Parastatal | $ 12.2 | 1% |
| Other | $ 16.6 | 2% |
| **Total** | **$ 843.4** | |

| Agriculture Only Delivery Channel | Value (Millions $) | Share |
|---|---|---|
| Multilateral | $ 250.1 | 64% |
| Civil Society | $ 116.0 | 29% |
| Government | $ 8.3 | 2% |
| Parastatal | $ 2.6 | 1% |
| Other | $ 14.2 | 4% |
| **Total** | **$ 391.2** | |

While Global Affairs is responsible for almost all disbursements for agriculture and food security (89%), more than two-thirds of total disbursements (69%) is delivered through multilateral organizations and a further 26% is delivered by CSOs. These channels are critical for delivering Canadian support for agriculture and food security, but it is unclear whether they are equipped and/or appropriate to advance "shared interests" in expanding Canadian trade and investment in the global south?

A significant pivot therefore towards Canadian trade and investment interests in this sector seems to require a major reassessment of delivery channels, particularly for agriculture initiatives (which make up 57% of these disbursements). Multilateral organizations deliver 64% of agriculture disbursements and CSOs 29% (Canadian CSOs 25%), with 8% by other channels. Are multilateral partners in agriculture and food security open to delivering a Canadian oriented trade-development nexus?

In this context, larger Canadian CSOs with the requisite capacity are likely to encounter growing pressure to adjust their programming and partnership strategies to include other Canadian commercial or institutional actors. Indeed, GAC officials informally presented some potential strategies recently to pivot GAC's agriculture ODA in these directions, subject to further discussion with Canadian CSOs.[4]

Accordingly, the intention as presented is to strengthen trade diversification through Canadian aid in part by integrating small holder farmers in the global south into Canadian import supply chains and by developing and sustaining new Canadian markets in the global south for Canadian products and expertise. A whole-of-government approach involving diplomatic initiatives, partnerships and economic cooperation would position Canada's food and nutrition policy going forward. The intended strategies, which are still at a discussion stage, would explicitly promote the adoption of Canadian innovation and expertise in agrifood markets and leverage financing to advance agrifood trade and development investments.

Some notions for implementing these strategies included Canadian initiatives that orient partner country food systems and consumers towards relevant Canadian agri-food exports, support for value-chain integration into Canadian agri-food import supply chains, and the deployment of Canadian agri-food innovation and expertise for SMEs, small holder farm systems and local agri-food value-chains in developing countries.

In all of these discussions it has been striking how little attention has been given to country-specific development contexts, the constraints facing small holder farmers, or the alignment with developing-country priorities in the articulation of particular path-ways and objectives for a trade-development nexus. The development side of the nexus appears to be instrumentalized for Canadian trade advantages, rather than an essential end in itself. Indeed, they raise a number of important considerations.

- **Reinterpreting ODA poverty reduction goals:** The approach appears to reinterpret poverty reduction (which is a key legislative requirement in the ODAAA) toward a more indirect, "trickle-down" model—one in which expanded commercial relations, often in middle-income countries, are assumed to generate benefits for people living in poverty.[28] However, the empirical foundation for such assumptions has been widely debated and challenged over several decades.[29] Rural small holders, informal workers, women are unequally positioned and often excluded from sectors in the formal economy. Academic literature suggests that trade may benefit such excluded populations, but will

[4] At the time of writing, it is unclear the degree to which these strategies are shared by GAC at other levels of the department.

only do so through investments in public goods, state-guided industrial strategies and strong enforcement of labour standards.[30]

A direct focus on addressing the structural constraints facing smallholder agriculture and building inclusive, sustainable food systems—consistent with the core purposes of ODA—seems to be deprioritized in the proposed application of the trade-development nexus.

- **Potential for deepening food insecurity:** Greater reliance on large private-sector actors in the agri-food sector may enhance aggregate productivity and export performance. Yet historical experience suggests that such shifts can also exacerbate inequality and deepen food insecurity among already marginalized populations.[31] For small holder farmers the issue is not only market access, but also who is capturing value. Without bargaining power, finance, infrastructure, control over standards, trade integration may exacerbate highly unequal dependency.

  What safeguards, distributional measures, or accountability mechanisms are being considered by GAC to ensure that this policy pivot does not further disadvantage low-income producers and households with fragile livelihoods?

- **Potential for increasing tied aid:** Concerns regarding a potential re-emergence of Canadian tied aid may be resolved by Ministers' statements; nevertheless, examples in the agricultural sector raise legitimate questions about de facto tying—such as examples to expand potato value chains through the integration of Canadian seed potatoes.

  Greater clarity is needed regarding how procurement and partnership decisions will avoid the limitations historically associated with tied aid.

- **Understanding development in the trade-development nexus:** If the trade–development nexus is to guide future programming, greater specificity is required on the development side of the trade-development nexus. What are the intended poverty-reduction outcomes?

  How will development impacts be assessed? What measurable indicators will ensure responsiveness to country context rather than solely to commercial performance?

- **Vulnerability of small holder farmers:** Linking small holder farmers – who are the central focus of many Canadian CSOs working in the agriculture sector – to commerce and trade seem premature, where these farmers and their respective organizations are unprepared, highly vulnerable to risks and often sidelined in the benefits from trade. How will the GAC pivot respond to these structural vulnerabilities?

  What considerations, safeguards and accountability mechanisms can be put in place to avoid further marginalization and to ensure that private-sector engagement contributes meaningfully to resilience, inclusion, and poverty reduction for the most vulnerable?

There seemingly has been little reflection by GAC (at least in the public realm) on the implications for partnerships with Canadian CSOs, including those working in agriculture and food security sectors. The Food Security Policy Group (FSPG), a network of Canadian development and humanitarian organizations with expertise in global food systems and food security in the global south, is actively engaging with GAC on this topic. They have prepared a policy brief outlining an approach to the trade-development nexus, consistent with goals for reducing poverty and inequality, and drawing on the experience and case studies

of its CSO members. This brief currently highlights several lessons to inform such an alternative approach to trade and development:[32]

- **ODA resources can create the foundation for trade readiness:** Farmers and enterprises in the global south need foundational support for land rights, market access, infrastructure, credit, quality control, and CSO-led capacity building-before they can benefit from trade.
- **Supporting market development at all levels:** Canada can play a meaningful role in supporting market development at all levels, helping producers and businesses of different scales connect with markets that match their capacity—from local and national markets to regional supply chains and international buyers—while ensuring that interventions are inclusive, equitable, and locally led.
- **Invest in climate smart agriculture:** Trade and investment goals cannot be pursued in isolation. Climate risks will increasingly disrupt both food systems and global trade. In this context, Canada should increase climate finance directed toward agriculture and support the adoption of climate-smart and agroecological practices appropriate to local contexts.
- **Ensure trade ambitions align with the diverse needs of food-insecure communities:** Not all communities are ready for commercial markets. The brief stresses the need to prioritize local food systems, resilience, nutrition, and equity before pursuing any trade-related goals.

**CSO FSPG Case Studies** The FSPG has compiled six case studies (See a short summary of each in **Annex Two**). These examples demonstrate the importance of development cooperation as a precondition for effective participation in trade relationships. Working with small holder farmers requires particular attention to strengthening institutional support. They require durable institutions — producer organizations, cooperatives, savings groups, extension systems, financial intermediaries, certification bodies, and governance platforms — that reduce risk, build trust, and enable compliance with market requirements. CSOs can play a catalytic role in reducing risk and bridging local producers to local, regional and global markets. It is notable that there is a focus on crops – coffee, cocoa, and horticulture, oregano, cacao – for which small holder farmers are particularly important in their production.

In February 2026, GAC and the Trade Facilitation Office Canada announced support for a project, Coffee for Communities, with a $20 million contribution from Tim Hortons Canada, which is intended to "climate-smart production, fair labour practices, and resilient livelihoods in coffee-growing communities, while simultaneously strengthening ethically sourced supply chains for Canadian markets." See **Annex Two** for a summary of this project.

**Canadian Fair-Trade Movement**: The TFO Canada project is closely aligned with the objectives of the fair-trade movement. The guiding principles for fair trade are guaranteed minimum prices paid to producers that covers cost of sustainable production, fair and safe working conditions that meet ILO standards, long-term trade relationships that are founded on dialogue, trust and mutual respect, guaranteed by contracts, traceability of products through the supply chain, direct relationships between producers and importers, which results in payment being made directly between buyer and seller, rather than through intermediaries, support for sustainable environmental practices, ensure women's work is

properly valued and equally rewarded, and creating opportunities for economically disadvantaged producers.[33] Fairtrade Canada is the Canadian not-for-profit member of Fairtrade International, which certifies and supports farmers and workers through a unique pricing model, sets rigorous standards across the supply chain, and fosters strong producer communities through local and regional networks.[34]

There is no evidence that CIDA and/or Global Affairs have supported the development of the fair-trade movement in Canada, although Canadian CSOs such as Oxfam Canada played major roles in its evolution since the 1970s. Other organizations, such as Engineers without Borders, the Manitoba Council for International Cooperation, Development and Peace, and a wide array of community organizations, churches and universities, have engaged with fair-trade initiatives. Some other DAC providers have worked more closely with Fairtrade organizations in supporting training, capacity development in implementing regulations affecting trade, and organizational capacity development for producer associations etc.[35]

At a minimum, GAC should take into account the principles of fair trade in designing its approaches to expanding a trade-development nexus in its aid priorities.

## 5. Linking ODA with Canadian trade and investment in developing countries: A history of aid policies

Prospective GAC initiatives in implementing a trade-development nexus should take into account a significant history in ODA allocations intended in part to expand Canadian commercial and investment interests in the global south.

CSOs and academic scholars have raised serious critiques of these past Canadian initiatives and policies in the use of aid as corporate subsidies, in addressing claims of human rights abuses by Canadian corporations abroad, and in assuming that economic growth alone is a key enabler of health, education, gender equality and food security.

Various governments in the past have encouraged CIDA / Global Affairs to link Canada's ODA allocations with expanding Canadian commercial and investment interests in the global south. As early as 1979, the Canadian Council for International Cooperation's "Political Scene" (CCIC, now Cooperation Canada) refers to tensions over tied aid with many Conservative Government ministers promoting greater focus on countries where they can absorb Canadian trade, but the Government fell before it could be implemented. In the 1980s there were discussions within CIDA to create an aid-for-trade branch, which also did not materialize.

In 1993, a leaked Department of External Affairs "International Assistance Policy Update" created a large controversy with CCIC members and in the media. Written by External Affairs, it directed CIDA to frame ODA explicitly as an instrument serving Canadian foreign and trade priorities. CCIC mounted a concerted reaction, with allies in academia and the media, that strongly criticized these directions, supporting a poverty and humanitarian focus in Canadian ODA. While the Update was formally withdrawn by the Government, the tensions between an instrumentalist / interests-based approach to ODA and a values-based human security approach persisted throughout the 1990s.[36]

**CIDA's Industrial Cooperation Program (CIDA-INC), a failed program in partnering with the private sector.** CIDA INC was launched in 1978 and terminated in 2010 as a program to link trade promotion, private sector investment with ODA resources for feasibility studies, pre-investment analysis, technology transfer, and pilot projects. Throughout its history it was strongly criticized by CCIC and academic scholars as solely export promotion and as a subsidy for Canadian private sector investments that could not demonstrate development additionality. A 2007 Evaluation of CIDA INC questioned the relevance of the program to the interests of Canadian private sector business, and CIDA Management recommended that it be moved from CIDA outside the aid program to the Department of Foreign Affairs and International Trade.[37]

**Supporting the extractive sector and partnering with Canadian mining companies** More recently, in the mid to late 2000s, the Conservative Government encouraged Canadian CSOs to partner with Canadian mining companies, which at the time were facing critical scrutiny around human rights abuses and community opposition, to enable better relations with affected communities. Mining companies and select Canadian CSOs held closed meetings that led to the development of the Devonshire Initiative, which lobbied the Government to implement pilot projects that would see NGOs working jointly with mining firms on development-oriented CSR initiatives in mining.

In 2009, the Government published "Building the Canadian Advantage: A Corporate Social Responsibility Strategy for the Canadian International Extractive Sector." Following this policy, CIDA funded several pilot programs (about $6.7 million) that partnered NGOs with mining companies to deliver community development activities in Ghana (WUSC and Rio Tinto in Ghana), Peru (World Vision and Barrick Gold) and Burkina Faso (Plan Canada and IAMGOLD). Given the track record of Canadian mining companies at the time, these initiatives were hugely controversial and highly divisive within the memberships of CCIC.

The Devonshire Initiative may continue to exist; its web site lists no activities beyond 2023. It describes itself as a platform "to improve social and community development outcomes in the context of natural resource development." It stresses that it "does not represent a partnership between participants. Participants have their own independent views on natural resource development and community development issues and represent a wide spectrum of opinions." CSOs associated with Mining Watch Canada have had a long-standing critique of the Devonshire process, starting with the pilot projects in 2009 and 2010.[38] The critique revolved around the potential for corporate co-option of CSOs, the shifting corporate social responsibility costs to public development funds, and providing reputational cover for mining operations with poor environmental and human rights records.

These particular mining partnerships were part of a wider range of projects in support of "extractives and sustainable development." Between 2010/11 and 2015/16, an evaluation of these efforts identified 77 projects, which disbursed $218 million over six years.[39] According to the evaluation, "the intended result of the 77 projects was to increase the contribution of the extractive sector (mining of metals and minerals, oil, and gas) to sustainable economic development and poverty reduction outcomes in resource-rich developing countries." While there were challenges in assessing results and their sustainability, it concluded that "key factors promoting sustainability included having the right partners, locally-driven decision making, and proven models and tools adapted to the local context." It was unclear how these

initiatives would align with the newly articulated Feminist International Assistance Policy. These initiatives were closely related to the elaboration of CIDA's Sustainable Economic Growth Strategy set out in 2009.

A Canadian Ombudsperson for Responsible Enterprise (CORE) was created by the Government in 2019 in response to issues of human rights abuse and responsible investment. Canadian CSOs have been critical of this position as it lacks any enforcement mechanisms requiring documentation or testimony under oath. The position is currently vacant since May 2025 and the 2025 budget made no provision for CORE.[40]

**CIDA's 2010 Sustainable Economic Growth Strategy** In 2010, the Conservative Government published its Sustainable Economic Growth (SEG) Strategy for CIDA. This Strategy was grounded in the assumption that "sustainable and inclusive" economic growth was essential to achieving goals for reducing poverty as a key enabler of health, education, gender equality and food security. With its focus on economic growth, CIDA was to allocate increasing amounts of ODA in support of private sector investment and trade as a source of this economic growth.[41]

CCIC developed a comprehensive critique of this assumption that growth-and-trade-centered strategies genuinely serve to reduce poverty and inequalities, suggesting that they risk subordinating these development objectives to commercial and geopolitical priorities.[42] Some highlights of this critique include:

- **An assumption that the benefits of trade and investment will "trickle down".** Impacts for poverty reduction strongly depend on the sectoral composition of growth. "The ability of poor people, marginalized populations, and discriminated women, to take advantage of new economic opportunities from international trade and investment is highly conditioned by their unequal access to assets and skills (land, credit, health, and education)."[43]
- **Provider support for aid-for-trade may facilitate the integration of developing countries into a highly unequal liberalized trade regime** in which the latter are structurally disadvantaged (low on the value chain, extractive orientation, etc.).
- **Trade policy must be country specific,** with appropriate domestic tax policies to capture economic rents, options for industrial diversification, building domestic private sector capacities, and incentivize public investments in health, education and social infrastructure.
- **Trade and investment regimes can negatively affect economic and social rights;** trade and investment strategies should be assessed against human right standards, impacts on gender equality, and distributional impacts. The paper calls for Human Rights Impact Assessments (HRIAs) and point to the Canada–Colombia FTA as an example.[44] The ODA Accountability Act requires a confirmation that all Canadian ODA activities are consistent with human rights standards.

Despite a different policy context in 2009 - 2012, many of these CSO concerns may re-emerge as the Government elaborates and implements its trade-development nexus in 2026.

## 6. International standards for development effectiveness in a trade-investment nexus

In the past two decades, the evolution of development effectiveness principles has addressed these tensions between development objectives and provider economic interests. Canada has contributed to and signed onto the 2019 Kampala Principles, which set out guidance for effective private sector engagement in development cooperation, including approaches to inclusive country ownership, measurable development outcomes, engagement with a range of partners, inclusive dialogue and transparency, and addressing inequalities and vulnerable populations (leaving no one behind).

DAC Blended Finance Principles for Unlocking Commercial Finance for the SDG and Guidance strongly reflect DAC members' private sector orientation to development cooperation.

**GAC should take into account the Kampala Principles in assessing and implementing proposals for a trade-development nexus.**

In recent years, DAC providers have been reducing their ODA and realigning their development cooperation with domestic economic priorities, migration pressures and geo-political considerations. While these priorities have become more explicit, as noted above for the Canadian context, the tension between development objectives and provider economic interests has long shaped aid allocation decisions. In the past two decades, the evolution of development effectiveness principles has addressed these tensions. Implementation, however, has produced mixed results. This section sets out the agreed standards governing effective engagement of the private sector in development cooperation.

**Advancing development effectiveness principles in private sector engagement** Since the 2002 Monterrey UN Conference on Financing for Development, providers, developing country partners and CSOs have advanced a series of agreements on increased and development effectiveness at high-level meetings (Paris 2005, Accra 2008, Busan 2011, Nairobi 2016). Within this framework, the Global Partnership on Effective Development Cooperation (GPEDC) adopted the 2019 Kampala Principles, which set out guidance for effective private sector engagement (PSE) in development cooperation.[45] As a member of the GPEDC, Canada is identified with these Principles.

**Kampala Principles:** The Kampala Principles provide key reference points with established development effectiveness standards to anchor private sector engagement (PSE) in the trade-development nexus. They seek to ensure that commercial objectives are balanced by poverty, equity and sustainable development goals in development cooperation. These standards were informed by a close examination of more than 900 private sector projects in 2017/18 and an inclusive GPEDC multi-stakeholder dialogue in their development, including with CSOs and trade unions. They include five principles and their implications for PSE:

1. **Inclusive country ownership:** Provider support for private sector actors should align with country strategies and not over-ride domestic policy space. An inclusive policy framework "should set clear expectations regarding priorities and objectives for PSE through development co-operation at national level, including in key sectors and markets." (Kampala Principles) The trade-

development nexus must be partner country driven not subordinated to provider commercial interests.

2. **Focus on results:** PSE should have clear measurable development outcomes, with demonstrable development additionality. "Partners should identify and prioritise investments and engagement opportunities to maximise results for groups most in need, such as poor rural households and those living in urban poverty, women and young people." (Kampala Principles) Partner country stakeholders should be the primary beneficiaries in the trade-development nexus.
3. **Inclusive partnerships:** PSE should include a broad range of actors, not just the corporate sector. Engagement should "increase the range of partners involved at community level, including micro, small and medium-sized enterprises (MSMEs), making use of innovative engagement modalities to explore partnership opportunities in the spirit of leaving no one behind." (Kampala Principles) Partnerships with CSOs in a trade-development nexus should be shaped by and serve CSOs' mandate and engagements in partner countries with vulnerable populations.
4. **Transparency and accountability:** There should be an open process to develop and measure results, disseminating "information on the outcomes of partnerships, including through inclusive dialogue, in order to learn, improve transparency and remain accountable to the partners involved, beneficiary communities and citizens at large." (Kampala Principles)
5. **Leave no one behind:** PSE must address inequalities and ensure benefits reach marginalized groups, including women and vulnerable populations.

   > "The use of PSE through development co-operation to reach those furthest behind should be based on **an assessment of whether a private sector solution is the most appropriate and sustainable way to realise the desired sustainable development results**. Important factors in determining whether PSE through development co-operation is the right approach include the interests and motivations of potential private and public sector partners, the additional value a partnership with the private sector can bring over alternative solutions and the likelihood of realising long-term sustainable development results." (Kampala Principles, emphasis added)

The mix of resources and partnerships in the trade–development nexus should therefore reflect a deliberate assessment of comparative advantage, development impact, and long-term sustainability, rather than commercial opportunities alone.

Global Affairs' 2021 strategy for "Private Sector Engagement with Sustainable Development" explicitly grounds this strategy with the Kampala Principles:

> "Several key international initiatives help frame Canada's principles for private sector engagement, including the *Kampala Principles on effective private sector engagement through development cooperation*. The Kampala Principles, in particular, illustrate the importance of aligning broader development effectiveness principles with the involvement of the private sector."[46]

This alignment was also noted in the 2024 DAC Peer Review of Canada's development cooperation.

**Blended Finance Principles** As a DAC member, Canada also adheres to the "OECD DAC Blended Finance Principles for Unlocking Commercial Finance for the SDG."[47] For example, they are explicitly acknowledged in relation to Unconditional Repayable Contributions for climate finance,[48] and will likely inform the GAC's approach to deepening private sector engagement in the trade-development nexus.

These principles were adopted in 2017 exclusively by DAC providers, with some consultations with select CSOs, but strongly reflect DAC members' private sector orientation to development cooperation. They have been elaborated further in a 2025 OECD DAC Blended Finance Guidance.[49] The principles include:

1. **Anchor blended finance use to a development rationale:** "All development finance interventions, including blended finance activities, are based on the mandate of development finance providers' to support developing countries in achieving social, economic and environmentally sustainable development." It then goes on to assert that "the overarching objective for the use of blended finance is the expansion of sustainable, market-based solutions for development financing needs." (Blended Finance Principles)
2. **Design blended finance to increase the mobilization of commercial finance:** "To effectively increase total financing for development, blended finance needs to: 1) ensure additionality, by being deployed only for uses where commercial financing is not currently available for deployment towards development outcomes, especially if it involves concessionality; and 2) have an explicit focus on opportunities to crowd in financing from commercial sources into transactions that deliver development impact." (Blended Finance Principles)
3. **Tailor blended finance to local context:** "Development finance should be deployed to ensure that Blended Finance supports local development needs, priorities and capacities, in a way that is consistent with, and where possible contributes to, local financial market development." (Blended Finance Principles)
4. **Focus on effective partnering for blended finance:** "Development finance should leverage the complementary motivation of commercial actors, while not compromising on the prevailing standards for development finance deployment. … The objective of blended finance is not to change the motivation of commercial or development actors, but to create opportunities for investments that yield both development and commercial returns, and thus that can be supported by commercial finance. Conversely, development actors should not compromise on their standards – as well as relevant international standards – for the design, terms and execution of interventions." (Blended Finance Principles)
5. **Monitor blended finance for transparency and results:** "Information on the implementation and results of blended finance activities should be made publicly available and easily accessible to relevant stakeholders, reflecting transparency standards applied to other forms of development finance." (Blended Finance Principles)

While both frameworks reference development effectiveness, the strong commercial orientation of the OECD DAC Blended Finance Principles is notable, in contrast to the more normative counterbalance in Kampala Principles, focusing on the relevance and legitimacy of private sector as a development actor accountable to poverty reduction and development effectiveness. The latter can be an important reference point for CSOs in assessing the trade-development nexus.

## 7. Other DAC providers' trade-development nexus initiatives

German CSOs have called for a reframing of German BMZ's policy shift towards addressing real development needs rather than facilitating export/foreign investment opportunities and enshrining human rights and ecological standards as binding criteria for economic and private sector cooperation, not just voluntary considerations.

Both the Dutch and Swedish Governments have announced major shifts in their development cooperation policies towards pursuing their national economic and political interests. Dutch and Swedish CSOs have criticized these new directions, emphasizing that development cooperation should remain focused on poverty reduction and calling for any "reform agenda" to be grounded in evidence-based theories of change and aligned with principles of effective development cooperation, human rights, and international law.

The European Union Global Gateway, launched in 2021, is a pre-eminent "Team Europe" initiative that brings together financing from the EU, member states, and the private sector to mobilize up to €300 billion in investments by 2027. A DAC EU Peer Review suggested that the emphasis on private sector mobilization creates challenges for staying engaged in Least Developed Countries and fragile contexts.

As noted, a number of DAC providers, including the European Union, have been shifting their ODA priorities in directions similar to those proposed for Canada. Below are some examples and CSO reactions to these provider country strategies (where accessible).

**Germany's BMZ's shifting priorities** In October 2025, BMZ launched its Action Plan for "Strong Partnerships for a Successful Global Economy."[50] The Action Plan explicitly positions GMZ (German aid agency) in relation to Germany's export/industrial economy and to new trade and investment opportunities in the global south. It calls for closer working relationships with German business actors in the conceptualization and implementation of German development cooperation with strategically important partners in emerging economies. The Plan suggests that BMZ will work to remove structural obstacles for German/EU companies in development cooperation tenders, including with multilateral organizations. This strategy comes in the context of significant budgetary cuts in German ODA and as a narrative of "economic usefulness" of aid is gaining traction.

German CSOs have reacted strongly to these shifts, deeply concerned that this realignment to economic instrumentalization and geo-political priorities in aid allocations will sideline poverty reduction and an orientation toward sustainability, human rights, and reducing global inequalities.[51] They call for a reframing of the approach to the private sector:

1. **Reorient German private sector engagement toward real development needs** rather than facilitating export/foreign investment opportunities.
2. **Maintain focus on the poorest and partner driven priorities**, including ensuring private sector engagement responds to those needs rather than donor-country agendas.

3. **Rebalance use of development funds** — programmatic decisions should not be driven by "win-win" narratives that privilege German corporate interests over development impact.
4. **Enshrine human rights and ecological standards as binding criteria** for economic and private sector cooperation, not just voluntary considerations.
5. **Prioritize local value creation and sustainable economic diversification** in partner countries instead of reinforcing extractive value chains.
6. **Strengthen space and funding for civil society actors** to meaningfully engage in policy and project design, including influencing PSE frameworks and accountability mechanisms.
7. **Uphold development cooperation's autonomy**, resisting subordination to geopolitical objectives that would distort development rationales in private sector engagement.

**The Netherlands, a shift towards Dutch interests** The Dutch government's 2025 development policy explicitly places Dutch national interests — especially trade, security, and migration — at the centre of development cooperation, rather than focusing exclusively on traditional poverty reduction or global development goals. ODA policy is now framed as serving "what is good for the Netherlands," with explicit attention to trade and economic cooperation.[52] This reorientation comes in the context of significant budgetary cuts affecting traditional Dutch priorities in education, gender, climate and CSOs as implementing partners. These Dutch-interest driven directions may be tempered by recent elections of a centre-right coalition which took office in February 2026.

Dutch CSOs provided a substantial critique of these new directions stressing the undermining of the purposes of development cooperation, but also drew attention to the lack of detail and transparency in the use of various aid modalities to promote Dutch trade and investment interests.[53]

**Sweden repositioning its aid** In December 2023, the Swedish Government announced a significant reform agenda for Sweden's ODA in which it emphasizes job creation, education and trade as priority pillars to reduce poverty and promote sustainable development. It ties development cooperation more closely to foreign policy objectives and Swedish interests, noting that aligning development with broader interests makes assistance "more relevant" in the current global context.[54]

Concord Sweden has made a critique of these reorientations, warning that the government's push to shift private sector engagement more toward the involvement of Swedish companies and tied aid mechanisms threatens to subordinate development objectives to Swedish business interests.[55] They call on Sweden to

> "Ensure that Swedish development assistance serves its intended purpose—supporting people living in poverty and under oppression to improve their lives. The "reform agenda" should be implemented with evidence-based theories of change and adhere to principles of effective development cooperation, human rights, and international law." and
>
> "Abandon the approach of "reverse policy coherence", where international cooperation serves Sweden's short-term and narrow self-interests."[56]

**European Union's Global Gateway** The European Union is a major actor in strengthening trade relationships through its ODA allocations. The 2025 DAC peer review of the EU documented that the EU provides 36% of total aid-for-trade ODA flows in the areas of infrastructure and productive capacities.[57] The Global Gateway, launched in 2021, is a pre-eminent "Team Europe" initiative that brings together financing from the EU, member states, and the private sector to mobilize up to €300 billion in investments by 2027 aims to support digital connectivity, sustainable energy and transport, health and education and research in partner countries based on mutual interests of the European Union and its partners. This mobilization goal has already been met and has been increased to €400 billion by 2027. The Global Gateway blends infrastructure investments with trade and macro-economic support.

The DAC EU peer review included several cautionary observations with respect to the Global Gateway:

- The emphasis on mobilized private finance creates challenges for staying engaged in Least Developed Countries and fragile contexts. "The European Union should safeguard access to concessional finance for Least Developed Countries (LDCs) and contexts most exposed to fragility as the development co-operation paradigm shifts."
- EU partners would benefit from clearer information on why Global Gateway projects were selected as flagships and their expected results.
- "The Global Gateway has a distinctive focus on EU companies that can bring benefits to partner countries but also creates risks. … The European Union has a strong track record on untying aid. … The EU should build on its strong track record on untying and continue to operate in line with the DAC Recommendation on Untying of ODA as the development co-operation paradigm shifts."

CSOs share this overarching concern that the EU commercially driven interests in the Global Gateway will divert focus on its primary development objective to reduce poverty and inequalities. Eurodad has documented the presence of European companies in the majority of Gateway projects, which "points to a high risk that the Global Gateway prioritises the promotion of opportunities for European businesses in the Global South over development objectives such as poverty reduction."[58]

## 8. Main Findings and Conclusions

**GAC must avoid instrumentalizing Canadian ODA** for private sector, commercial and investment actors. In advancing Canada's trade agenda through ODA, the Government must ensure that addressing poverty, consistent with the ODA Accountability Act, is the primary purpose of its ODA allocations, with trade and investment initiatives through aid, not only economically sustainable for development partners, but also demonstrably supportive of this purpose.

**The current ambiguity in interpreting the practical implications of the trade-development nexus suggests the importance of clear guardrails** and approaches that both strengthen economic partnerships while upholding the core purposes of ODA in reducing poverty and inequalities.

**A rapid shift toward a trade-development nexus must avoid destabilizing long-standing Canadian development partnerships in the social sectors** at a moment of heightened global vulnerability for many of these partners, while offering no clear assurance of meaningful gains for Canada's trade agenda. Canadian aid should continue to strengthen a broad spectrum of partner country partnerships.

**GAC must anchor any trade–development initiative in partner-country development contexts, partner-determined priorities and needs as the starting point.** Trade is the outcome of a successful development process, not a substitute for it. Development additionality is central to the deployment of ODA in the trade-development nexus.

The Canadian Government's heightened prioritization of the trade–development nexus in its ODA, in the context of major geo-economic and political ruptures, may constitute a significant reorientation of Canadian aid. Its objective may be to better align trade, foreign policy, and development tools in a more integrated and strategic approach. The analysis in this paper highlights opportunities to do so, but also substantial risks that require careful scrutiny from Government, civil society and the private sector.

What are some of the findings?

**1. The trade-development nexus is not new as a policy objective for ODA,** whether in Canada or among other DAC providers. These tensions have long shaped aid policy and programs that frame ODA as a strategic resource to strengthen commercial partnerships. Policy analysts, past DAC peer reviews, and Canadian CSOs have raised important issues around the instrumentalization of Canadian aid, undermining its core purposes for reducing poverty and inequalities. These experiences demonstrate the potential for considerable reputational risks for aid actors, unclear development outcomes, and often marginal direct commercial advantages.

**2. The 2008 ODA Accountability Act clarified that all Canadian ODA activities must contribute to poverty reduction**, take account the perspective of the poor, and be consistent with international human rights standards. Prime Minister Carney situated Canada's approach to middle power engagement around key norms – human rights, sustainable development, solidarity and sovereignty – which are consistent with

the ODA Accountability Act. The current ambiguity in interpreting the practical implications of the trade-development nexus suggests the importance of clear guardrails and approaches that both strengthen economic partnerships while upholding the core purposes of ODA in reducing poverty and inequalities.

**3. Canada's current aid architecture is not oriented to favour the direct integration of Canadian commercial and investment interests in our ODA.** Rightly so, as Canada is strongly compliant with the DAC Recommendation on fully untying its aid. It delivers a major part of its bilateral aid through multilateral organizations, including Multilateral Development Banks, as well as Canadian and foreign CSOs, with very little informal tying. For more than a decade, GAC has committed a substantial share of aid resources to social sectors – including basic health, sexual and reproductive health, basic education and agriculture for smallholders – areas that are key for poverty reduction and closely aligned with the Feminist International Assistance Policy.

A rapid shift toward advancing Canadian commercial and investment interests risks destabilizing these long-standing development partnerships at a moment of heightened global vulnerability for many of these partners, while offering no clear assurance of meaningful gains for Canada's trade agenda. A major focus on Canadian commercial and investment interests would likely involve significant changes in the current balance in delivery channels, greater reliance on private sector instruments, informal tying approaches, and pressure on Canadian CSOs to adjust their programming in ways that undermine locally-led development, at a time when total aid resources are declining.

**4. Opportunities may exist in current delivery mechanisms to iteratively enhance Canadian commercial and investment engagement in partner countries. At the same time, aid should continue to strengthen a broad spectrum of partner country partnerships, including sustained investments in the social sectors that build societal trust and capacities underpinning long-term economic relationships.**

Potential avenues for advancing Canadian economic interests with partner countries in a balanced framework might include:

- Assessing the mandate and current priorities of **FinDev Canada**, while preserving its overarching goal of strengthening private sector actors and market development in partner countries.
- Reviewing the mandate and priorities for **International Assistance Innovation Program** in mobilizing private sector finance.
- Orienting some portion of Canada's support for **climate mitigation**, where there is already strong private sector engagement, in a renewed five-year pledge for climate finance.
- Expanding and strengthening the Government's facilities that enable increased Canadian **private sector success in procurement opportunities at the Multilateral Development Banks**.

Beyond these mechanisms, GAC is already delivering significant aid-for-trade activities that reinforce the enabling conditions for trade in partner countries, with a range of projects addressing economic infrastructure and building productive capacities, particularly in the agriculture sector.

**5. Agriculture is positioned as an important sector for the trade-development nexus. Yet effective trade participation by smallholder farmers requires prior and sustained investment** in land security, productive resilience, strong farmer organizations, cooperatives and local market systems. These investments are essential preconditions for their effective and appropriate integration into national, regional, or global supply chains. Canadian ODA, in partnership with CSOs, has a well-established record in this regard, which should remain a central focus within any trade–development nexus approach. Premature and/or arbitrary integration into Canadian (or other international) supply chains may deepen smallholder vulnerability and distort locally-led development objectives.

**6. The Kampala Principles for effective engagement of the private sector offer a coherent and balanced internationally agreed normative framework for assessing approaches to the trade-development nexus.** This framework emphasizes inclusive country ownership, measurable development additionality, transparency, and the inclusion of marginalized groups, particularly through mico- small and medium enterprise, consistent with "leave no one behind". Canada has explicitly endorsed these Principles, while also aligning itself with the more private sector-oriented OECD DAC Principles on Blended Finance. Both normative frameworks underscore the importance of country and local ownership. Accordingly, GAC must anchor any trade–development initiative in partner-country contexts, partner-determined priorities and needs as the starting point. **Trade is the outcome of a successful development process, not a substitute for it.**

Several strategic orientations and approaches should inform a Canadian CSO perspective on the expansion of a trade-development nexus in Canadian ODA:

- **Reducing poverty and inequalities must remain the primary purpose of ODA,** with trade and investment objectives demonstrably subordinate to, and supportive of this purpose.
- **Development additionality is central to the deployment of ODA in the trade-development nexus**, where development outcomes are clear and additional to what strictly commercial instruments would deliver in the partner's context. Do no harm is a core human rights principle that should inform Canada's aid relationships.
- **Untied aid and development effectiveness principles must be safeguarded,** in which partner country ownership and local leadership, particularly on the part of vulnerable populations, guide sector priorities and trade-related programming.
- **A positive trade-development nexus must first serve Canada's ODA mandate and be grounded in inclusive dialogue, consultation and transparency. The latter should result in an accessible Government plan for advancing this agenda in Canada's ODA.** A positive nexus approach stresses foundational readiness of partners – particularly for partnerships with people living in poverty and heightened vulnerability. It requires sustained investments in health and education, gender equality, land rights, climate resilience, skills development, and strong organizational and representative institutions. It gives priority to improving local and regional markets before advancing integration into global supply chain.

## Annex One
## DAC Aid for Trade, CRS Purpose Codes

| CRS Code | Purpose | Category |
|---|---|---|
| 33110 | Trade policy and administrative management | Trade Policy & Regulations |
| 33120 | Trade facilitation | Trade Policy & Regulations |
| 33130 | Regional trade agreements (RTAs) | Trade Policy & Regulations |
| 33140 | Multilateral trade negotiations | Trade Policy & Regulations |
| 33150 | Trade-related adjustment | Trade Policy & Regulations |
| 21010 | Transport policy and administrative management | Economic Infrastructure |
| 21020 | Road transport | Economic Infrastructure |
| 21030 | Rail transport | Economic Infrastructure |
| 21040 | Water transport | Economic Infrastructure |
| 21050 | Air transport | Economic Infrastructure |
| 21061 | Storage | Economic Infrastructure |
| 21081 | Education and training in transport and storage | Economic Infrastructure |
| 22010 | Communications policy and administrative management | Economic Infrastructure |
| 22020 | Telecommunications | Economic Infrastructure |
| 22030 | Radio/television/print media | Economic Infrastructure |
| 22040 | Information and communication technology (ICT) | Economic Infrastructure |
| 23110 | Energy policy and administrative management | Economic Infrastructure |
| 23111 | Energy Sector Policy Planning and Administration | Economic Infrastructure |
| 23112 | Energy Regulation | Economic Infrastructure |
| 23181 | Energy Education / Training | Economic Infrastructure |
| 23182 | Energy Research | Economic Infrastructure |
| 23183 | Energy conservation and demand side efficiency | Economic Infrastructure |
| 23210 | Energy Generation – Renewable sources | Economic Infrastructure |
| 23220 | Hydro-electric power plants | Economic Infrastructure |
| 23230 | Solar energy for centralized grid | Economic Infrastructure |
| 23231 | Solar energy for isolated grids and standalone systems | Economic Infrastructure |
| 23240 | Wind Energy | Economic Infrastructure |
| 23260 | Geothermal energy | Economic Infrastructure |
| 23270 | Bio-fuel fired power plants | Economic Infrastructure |
| 23310 | Energy generation – non-renewable - unspecified | Economic Infrastructure |
| 23320 | Coal fired electric power plants | Economic Infrastructure |
| 23330 | Oil fired electric power plants | Economic Infrastructure |
| 23340 | Natural Gas fired electric power plants | Economic infrastructure |
| 23510 | Nuclear energy electric power plants and safety | Economic Infrastructure |
| 23620 | District heating and cooling | Economic Infrastructure |
| 23630 | Electric power and transmission – centralized grid | Economic Infrastructure |
| 23631 | Electric power and transmission – isolated mini grids | Economic Infrastructure |

| | | |
|---|---|---|
| 23640 | Gas distribution | Economic Infrastructure |
| 23642 | Electric mobility infrastructure | Economic Infrastructure |

| | | |
|---|---|---|
| 24010 | Financial policy and administrative management | Building Productive Capacity |
| 24020 | Monetary institutions | Building Productive Capacity |
| 24030 | Formal sector financial intermediaries | Building Productive Capacity |
| 24040 | Informal/semi-formal financial intermediaries | Building Productive Capacity |
| 24050 | Microcredit | Building Productive Capacity |
| 25010 | Business support services and institutions | Building Productive Capacity |
| 25020 | Privatization | Building Productive Capacity |
| 25030 | Business development services | Building Productive Capacity |
| 25040 | Financial services | Building Productive Capacity |
| 31110 | Agricultural policy and administrative management | Building Productive Capacity |
| 31120 | Agricultural development | Building Productive Capacity |
| 31161 | Food crop production | Building Productive Capacity |
| 31162 | Industrial/export crops | Building Productive Capacity |
| 31163 | Livestock | Building Productive Capacity |
| 31181 | Agricultural education/training | Building Productive Capacity |
| 31182 | Agricultural research | Building Productive Capacity |
| 31191 | Agricultural services | Building Productive Capacity |
| 31210 | Forestry policy and administration | Building Productive Capacity |
| 31220 | Forestry development | Building Productive Capacity |
| 31261 | Fuelwood/charcoal | Building Productive Capacity |
| 31281 | Forestry education / training | Building Productive Capacity |
| 31282 | Forestry Research | Building Productive Capacity |
| 31291 | Forestry Services | Building Productive Capacity |
| 31310 | Fishing policy and administrative management | Building Productive Capacity |
| 31320 | Fisheries development | Building Productive Capacity |
| 31381 | Fisheries education / training | Building Productive Capacity |
| 31382 | Fisheries research | Building Productive Capacity |
| 32110 | Industrial policy and administrative management | Building Productive Capacity |
| 32120 | Industrial development | Building Productive Capacity |
| 32130 | Small and medium-sized enterprises | Building Productive Capacity |
| 32140 | Cottage industries and handicrafts | Building Productive Capacity |
| 32161 | Agro-industries | Building Productive Capacity |
| 32162 | Forest industries | Building Productive Capacity |
| 32163 | Textiles, leather and substitutes | Building Productive Capacity |
| 32164 | Chemicals | Building Productive Capacity |
| 32165 | Fertilizer plants | Building Productive Capacity |
| 32166 | Cement, lime, plaster | Building Productive Capacity |
| 32167 | Energy manufacture | Building Productive Capacity |

| | | |
|---|---|---|
| 32168 | Pharmaceutical production | Building Productive Capacity |
| 32169 | Base metal industries | Building Productive Capacity |
| 32170 | Non-ferrous metal industry | Building Productive Capacity |
| 32171 | Engineering | Building Productive Capacity |
| 32172 | Transport equipment industry | Building Productive Capacity |
| 32182 | Technology research and development | Building Productive Capacity |
| 32210 | Mineral/mining policy and administration | Building Productive Capacity |
| 32220 | Mineral prospection/exploration | Building Productive Capacity |
| 32261 | Coal | Building Productive Capacity |
| 32262 | Oil and Gas | Building Productive Capacity |
| 32263 | Ferrous metals | Building Productive Capacity |
| 32264 | Nonferrous metals | Building Productive Capacity |
| 32265 | Precious metals/materials | Building Productive Capacity |
| 32266 | Industrial metals | Building Productive Capacity |
| 32267 | Fertilizer minerals | Building Productive Capacity |
| 32268 | Offshore minerals | Building Productive Capacity |
| 33210 | Tourism policy and administrative management | Building Productive Capacity |

Source: OECD & WTO (2013), Aid for Trade at a Glance 2013: Annex E — Aid-for-trade related CRS purpose codes, WTO and OECD, Geneva, accessed at https://www.wto.org/english/res_e/booksp_e/aid4trade13_e.pdf

## Annex Two

## Food Security Group Trade-Development Nexus Case Studies

(Summaries generated by ChatGPTAtlas from descriptions in draft FSPG Brief, October 2025 version)

**1. Mennonite Economic Development Associates (MEDA)**

MEDA strengthens trade linkages by connecting smallholder farmers—particularly women and youth—to export-ready firms in high-value chains such as coffee, cocoa, and horticulture. Through blended finance, matched grants, certification support, and market networking, MEDA reduces commercial risk and upgrades production standards, enabling smallholders to access regional and international markets. Its approach demonstrates how development programming can crowd in private investment while increasing incomes and export competitiveness.

**2. SOCODEVI**

SOCODEVI builds competitive, climate-resilient cooperative enterprises that aggregate production and meet domestic and export market standards. By professionalizing governance and strengthening value chains—such as oregano in Bolivia and diversified crops in Vietnam—it enables small producers to scale production, increase incomes, and integrate into higher-value markets. The model highlights the importance of cooperative institutional capacity in translating trade opportunities into poverty reduction outcomes.

**3. iDE Canada**

iDE Canada leverages market systems approaches to connect savings groups and rural entrepreneurs with private sector buyers, reducing transaction costs and investment risk. In Ghana and Zambia, its facilitation of contract farming and last-mile service providers increased smallholder market participation and incomes while supporting regional trade flows. The model illustrates how catalytic development support can enable commercially viable value chains that deliver both economic and social returns.

**4. World Vision Canada**

World Vision integrates agricultural training, savings groups, and enterprise development to prepare small-scale farmers for market engagement. In fragile contexts such as South Sudan, producer groups evolved toward cooperative structures capable of collective bargaining and regional trade participation. The case underscores how social organization and financial inclusion are foundational preconditions for inclusive trade integration.

**5. Co-operative Development Foundation of Canada (CDF Canada)**

CDF Canada strengthens agricultural cooperatives to improve productivity, sustainability, and export readiness, particularly in cacao and coffee value chains. Through climate-smart practices and product aggregation, cooperatives achieve economies of scale and better compliance with international standards, enhancing access to global markets. The approach links Canadian technical expertise with institutional capacity-building to support sustainable trade expansion.

**6. UPA Développement International (UPA DI)**

UPA DI reinforces farmer organizations as democratic economic actors capable of negotiating sustainable commercial partnerships and complying with environmental standards. By combining agroecological transition, governance strengthening, and formalization support, it enables smallholders in coffee and cacao sectors to access specialty export markets—even in fragile contexts such as Haiti. The model demonstrates how institutional consolidation underpins stable, resilient trade relationships.

## Other Case Studies

**Trade Facilitation Office Canada, Coffee for Communities**

The five-year partnership — co-financed by the Government of Canada ($20 million), Tim Hortons ($20 million), and TFO Canada ($1 million) — is designed to support climate-smart coffee production, fair labour standards, and resilient livelihoods in coffee-growing communities. At the same time, it explicitly aims to strengthen ethically sourced coffee supply chains for Canadian markets.

Unlike earlier value-chain projects where commercial benefits were often implicit, this initiative openly links poverty reduction and climate objectives with securing stable supply for Canadian consumers. In this sense, it reflects a more normalized policy framing in which development assistance is positioned as mutually beneficial — advancing both local producer resilience and donor-country trade and supply-chain interests.

Structurally, the initiative aligns with trade-facilitation and private-sector partnership models: combining agronomic support, producer organization strengthening, export capacity building, and targeted livelihood interventions with downstream market integration.

As Canada signals a stronger orientation toward aligning aid with trade and investment interests, Coffee for Communities serves as a case study in how this shift is operationalized — through co-financed partnerships involving CSOs, the private sector and GAC.

The Trade Facilitation Office is a non-profit organization whose mission is to catalyze economic growth through sustainable and inclusive trade partnerships for Small and Medium Enterprises in developing countries. TFO Canada assists Small and Medium sized enterprises (SMEs) and Trade Support Institutions (TSIs) from developing countries to access international markets through information, advice and contact services. TFO engages SMOs with the diversity of trade opportunities which enhance SMOs comparative strengths in local, regional and international markets, not only Canadian markets.

## Endnotes

[1] See https://www.pm.gc.ca/en/mandate-letters/2025/05/21/mandate-letter

[2] These DAC providers include the Netherlands, France, Sweden, Germany, and the European Union. See Section 7.

[3] Briefing Package for Ministers and Deputy Ministers' Parliamentary Committee appearances, Appearance before the House of Commons Standing Committee on Foreign Affairs and International Development (FAAE), October 28, 2025, accessed at https://international.canada.ca/en/global-affairs/corporate/transparency/briefing-documents/parliamentary-committee/2025-10-28-faae

[4] See https://www.canada.ca/en/global-affairs/news/2025/07/secretary-of-state-sarai-concludes-successful-visit-to-ethiopia-and-tanzania-and-participation-in-g20-development-ministers-meeting-in-south-africa.html

[5] See https://www.canada.ca/en/global-affairs/news/2025/11/canada-strengthens-international-cooperation-and-trade-opportunities-during-secretary-of-state-sarais-visit-to-the-philippines.html

[6] At Canada's 2025 G7 Leaders' Summit, Canada announced Cdn$391.3 million to catalyze private capital for inclusive economic growth. This includes Cdn$290 million over five years for the International Assistance Innovation Program (IAIP) to mobilize private investment toward the SDGs, and Cdn$101.3 million to tackle key barriers to investment in developing countries, which includes approximately Cdn$50 million for Scaling Capital for Sustainable Development (SCALED). SCALED is a global blended-finance initiative launched in 2024 as a joint initiative of the World Bank, the International Finance Corporation and four regional Development Banks to mobilize much larger volumes of private capital for climate and sustainable development in emerging markets and developing economies.

[7] See https://international.canada.ca/en/services/business/trade/export/support/trade-team.

[8] Canada has free trade agreements with 53 countries and continues to negotiate more (eg. Thailand, India, Mercosur, ASEAN). Canada also has 24 Foreign Investment Protection Agreements.

[9] There is no estimate of the degree to which the EDC has supported Canadian trade and investment in the global south. In 2024 it facilitated $123.4 billion in exports, foreign investment and trade development activities in 2024. This total includes credit, insurance and financing solutions for Canadian companies operating globally. Global Affairs reported that in 2024, EDC served over 1,500 customers and facilitated $13 billion in business in the Indo-Pacific region. See press release for EDC 's 2024 annual report at https://www.edc.ca/en/about-us/news/edc-iar-2024.html?utm_source=chatgpt.com and see GAC's Briefing Note for the Minister of Trade, October 2, 2025 at https://international.canada.ca/en/global-affairs/corporate/transparency/briefing-documents/parliamentary-committee/2025-06-10-cw-cp.

[10] See https://www.tradecommissioner.gc.ca/en/our-solutions/funding-financing-international-business/canexport-smes.html

[11] See OECD DAC, "Tied vs untied aid," accessed at https://www.oecd.org/en/topics/sub-issues/oda-standards/untied-aid.html.

[12] See https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-5015

[13] See OECD DAC, "2022 Report on the Implementation of the DAC Recommendation on Untying Official Development Assistance," accessed at https://one.oecd.org/document/DCD/DAC(2022)34/FINAL/en/pdf

[14] See the annexes in Ibid.

[15] OECD Development Cooperation Peer Reviews: Japan 2020, page 19-20, accessed at https://www.oecd.org/content/dam/oecd/en/publications/reports/2020/10/oecd-development-co-operation-peer-reviews-japan-2020_ffe1a278/b2229106-en.pdf.

[16] Canadian CSO received $1,020 million in GAC disbursements in 2023/24, net of COVID-19 Control and support for Ukraine. Canadian bilateral ODA for that year was $4,789 million, net of COVID-19 Control and support for Ukraine.

[17] Briefing Package, op. cit.

[18] Guarantees are commitments by the Government to back-stop loans and investments to cover the investor's losses in the case of an event/default. In Canada, these guarantees are not set aside, but are only implemented if this event occurs.

[19] See OECD DAC Private Sector Instruments in Development Finance, at https://www.oecd.org/en/data/dashboards/private-sector-instruments-in-development-finance.html.

[20] Matthew Simonds, "Aid off course: How ODA reform has left the global south behind," Eurodad, February 2026, accessed at https://www.eurodad.org/aid_off_course_how_oda_reform_has_left_the_global_south_behind.

[21] See FinDev Canada at https://www.findevcanada.ca/en. See the International Assistance Innovation Program at https://www.international.gc.ca/world-monde/funding-financement/iaip-piai.aspx?lang=eng.

[22] As of February 13, 2026. See https://www.findevcanada.ca/en/our-impact/our-portfolio

[23] Nerea Craviotto, "Aid under threat: The shadowy business of private sector instruments," Euodad, November 2023, accessed at https://www.eurodad.org/aid_under_threat.

[24] See Teddy Samy, "Canadian Development Finance Modalities at a Time of Fiscal Constraints and Geopolitical Tensions," Carleton University, NPSIA, February 2, 2026, accessed at https://carleton.ca/npsia/wp-content/uploads/sites/77/2026/02/Development-Finance-2-February-2026_EnglishV2_clean-1.pdf.

[25] See https://www.tradecommissioner.gc.ca/en/our-solutions/international-procurement.html.

[26] See DAC, "Aid for Trade," at https://www.oecd.org/en/about/programmes/aid-for-trade.html.

[27] See https://nationalnewswatch.com/2024/06/28/agrifood-and-seafood-exports-reach-close-to-100-billion-in-2023?utm_source=chatgpt.com

[28] A Government Guidance document, "Official Development Assistance Accountability Act – Contributing to Poverty Reduction," no longer available on the GAC web site, addressed conditions for meeting the first criterion of the ODAAA: "To fulfil the first criterion of the Act, the initiative documentation (application form, proposal or bid) should show a clear relationship between the initiative's activities/outputs and an expected outcome that can reasonably be expected to contribute to poverty reduction. The expected outcome can be expressed in different ways, depending on the specific dimensions of poverty the initiative seeks to address. This "chain of results" should typically be demonstrated in the initiative's logic model, a key element in DFATD's standard application form for funding."

[29] See the following:

> Dollar, D and Kraay, A., "Growth is good for the poor," Development Research Group, World Bank, Journal of Economic Growth, 2002, accessed at https://www.sfu.ca/~akaraiva/e455/dollar_poor.pdf.

M. Ravallion, "Pro-Poor Growth: A Primer," Development Research Group, World Bank, WPS 3242, March 2004, accessed at https://documents1.worldbank.org/curated/en/358321468761705849/pdf/wps3242growth.pdf Ravallion demonstrates that growth is not inherently pro-poor; poverty reduction depends on initial inequality and sectoral patterns of growth. Agricultural growth benefiting smallholders tends to be more poverty-reducing than capital-intensive growth.

Branko Milanovic, 2016. *Global Inequality: A New Approach for the Age of Globalization,* Harvard University Press. Milanovic's empirical analysis shows that gains from globalization and trade are highly uneven across and within countries. Growth does not mechanically benefit the poorest groups; distributional outcomes depend on policy and institutional structure.

Joseph Stiglitz, *The Price of Inequality*, 2012, W.P. Norton. Stiglitz argues that rising inequality undermines broad-based growth and that benefits of growth do not automatically diffuse to lower-income groups without deliberate redistribution and institutional safeguards.

[30] Rob Davies, et. al., "Reforming the International Trading System for Recovery, Resilience and Inclusive Development," UNCTAD Research Paper #65, April 2021, accessed at https://unctad.org/system/files/official-document/ser-rp-2021d8_en.pdf. Dani Rodrik, "A primer on trade and inequality," Oxford Open Economics*, Volume 3, Issue Supplement_1, 2024, Pages i1076–i1082,* accessed at https://academic.oup.com/ooec/article/3/Supplement_1/i1076/7708093.

[31] Carlile, R., Darmon, I. & Blair, K. The inequality/unsustainability nexus in agri-food transitions and transformations: a conceptual review. Review Agricultural, Food Environmental Studies 106, 485–514 (2026). https://doi.org/10.1007/s41130-025-00246-z

[32] Derived from a presentation by the FSPG, FSPG Annual General Meeting, Ottawa, February 16, 2026.

[33] See Canadian Fairtrade Network, accessed at https://cftn.ca/.

[34] Fairtrade Canada, accessed at https://www.fairtrade.net/ca-en/about.html.

[35] See https://www.fairtrade.net/napp-en/get-involved/news/11-fairtrade-farmers--organizations-in-sri-lanka-complete-phase-.html?utm_source=chatgpt.com, https://international-partnerships.ec.europa.eu/eu-due-diligence-navigator-partner-countries/fair-trade-compliance_en?utm_source=chatgpt.com, and https://www.fairtrade.net/en/why-fairtrade/how-we-do-it/our-projects-and-programmes/our-partners.html?utm_source=chatgpt.com.

[36] Documentation on this Update and CCIC's reactions can be found in CCIC's Policy archives, which have been deposited at Carleton University's Canadian Network on Humanitarian History (CNHH), Box 1. These files are currently not accessible. These issues are also reflected in the 1995 Foreign Policy Review and CCIC's submission to this Review, the resulting foreign policy statement, *Canada in the World*. See also "[Canadian] Aid to Developing Countries," prepared by Gerald Schmitz et al, Political and Social Affairs Division, Library of Parliament, Parliamentary Research Branch, revised 2003, accessed at https://publications.gc.ca/Collection-R/LoPBdP/CIR/7916-e.htm

[37] See the evaluation report at https://www.oecd.org/content/dam/oecd/en/toolkits/derec/evaluation-reports/derec/canada/CIDA-Industrial-Cooperation-Program.pdf

[38] For an official history of Devonshire Initiative, see "Story of DI" by Erin McLaren, accessed at https://www.devonshireinitiative.org/_files/ugd/420f7e_bbdf03bfd1304c038c21d4652b483370.pdf. For a critique of the Devonshire Initiative see Mining Watch Canada, see Catherine Coumans, "Whose development: Mining, local resistance and mining agendas," Mining Watch Canada, November 29, 2011, accessed at https://miningwatch.ca/blog/2011/11/29/whose-development-mining-local-resistance-and-development-agendas and David Ravensbergen, "Democracy in the Pits: How Canada Uses Foreign Aid

as PR for Mining Companies," The Narwhal, April 21, 2014, accessed at https://thenarwhal.ca/democracy-pits-part-2-canada-uses-aid-pr-mining-companies/.

[39] See CIDA, "Formative Evaluation of Canada's Development Assistance on Extractives and Sustainable Development, FY 2010-11 to FY 2016-17," December 19, 2017, accessed at https://www.international.gc.ca/gac-amc/publications/evaluation/2018/extractives.aspx?lang=eng#conclusions

[40] See Mining Watch Canada, "Liberal Budget Leaves Corporate Watchdog in Limbo, Abandons Communities Abroad," November 25, 2025, accessed at https://miningwatch.ca/news/2025/11/6/liberal-budget-leaves-corporate-watchdog-limbo-abandons-communities-abroad. They note that 36 complaints by communities and workers remain in limbo. They had been actively encouraged by GAC and diplomats in missions to file their complaints with this office.

[41] See Canadian International Development Agency, "Stimulating Sustainable Economic Growth: CIDA's Sustainable Economic Growth Strategy," October 25, 2010, accessed at https://www.enterprise-development.org/wp-content/uploads/CIDA_PSDstrategy.pdf.

[42] The following section is derived from Brian Tomlinson & Fraser Reilly-King, "The Elusive Search for Pro-Poor Growth? An Analysis of CIDA's "Sustainable Economic Growth" Strategy," Canadian Council for International Cooperation, 2011, available from the author.

[43] Brian Tomlinson and Fraser Reilly-King, op. cit. See also Dani Rodrik, "The Global Governance of Trade as if Development Really Mattered". Background paper prepared for UNDP Trade and Sustainable Human Development Project, 2001. United Nations Development Programme.

[44] The Office of the High Commissioner for Human Rights has developed (2025) a set of tools for a practical framework for conducting human rights impact assessments (HRIAs) of trade agreements. See https://www.ohchr.org/en/documents/tools-and-resources/tools-human-rights-impact-assessments-trade-agreements-guide-human.

[45] See GPEDC, Kampala Principles on Effective Private Sector Engagement through Development Cooperation, 2019, accessed at https://www.effectivecooperation.org/content/kampala-principles-effective-private-sector-engagement-through-development-co-operation

[46] Global Affairs Canada, "Private Sector Engagement for Sustainable Development," August 2019, accessed at https://www.international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/fiap_private_sector-paif_secteur_prive.aspx?lang=eng

[47] See https://www.oecd.org/en/publications/oecd-dac-blended-finance-principles_dc66bd9c-en.html.

[48] "If requesting URC funding, projects should demonstrate alignment with the OECD DAC blended finance principles." See https://www.international.gc.ca/world-monde/funding-financement/climate-developing-countries-climatique-pays-developpement.aspx?lang=eng&utm_source=chatgpt.com.

[49] See https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/09/oecd-dac-blended-finance-guidance-2025_8ea42fde/e4a13d2c-en.pdf.

[50] See https://www.bmz.de/resource/blob/269838/aktionsplan-wirtschaft-entwicklung-20251002-ansicht.pdf. In German. This analysis relies on ChatGPT for highlights of the Action Plan.

[51] See the reactions by Venro (German CSO platform) January 12, 2026 at https://venro.org/presse/detail/pressestatement-reformvorhaben-bmz and a blog by Bread for the World (Germany), November 11, 2025 at https://www.brot-fuer-die-welt.de/blog/2025-bmz-aktionsplan-wirtschaftsinteressen-im-fokus/. All analysis generated by ChatGPT review of these documents.

[52] See https://www.government.nl/topics/development-cooperation?utm_source=chatgpt.com and https://www.government.nl/topics/development-cooperation/news/2025/02/20/minister-reinette-klever-dutch-interests-at-the-heart-of-development-policy

[53] See SEEK Donor Tracker, "Bridging Development and Trade," July 20, 2022, accessed at https://donortracker.org/publications/bridging-development-and-trade-analyzing-netherlands-new-development-strategy?utm_source=chatgpt.com.

[54] Government of Sweden, "Development assistance for a new era," May 15, 2025, accessed at https://www.government.se/government-policy/multilateral-cooperation/development-assistance-for-a-new-era/

[55] Concord Sweden, "Civil Society Memorandum on Sweden's Development Cooperation, 2019 to 2025," May 2025, accessed at https://concord.se/wp-content/uploads/2025/05/civil-society-memorandum-on-swedens-development-cooperation.pdf.

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[57] OECD DAC, Peer Review, European Union, 2025, December 2025, accessed at https://www.oecd.org/en/publications/oecd-development-co-operation-peer-reviews-european-union-2025_7adcf387-en.html

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