Trends in Canadian Aid

Briefing Note Two

What issues are driving the changing priorities in Canadian ODA?

Section One: Introduction and Summary

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Preface and Acknowledgements

In January 2025, Cooperation Canada and AidWatch Canada published a series of Briefing Notes,[1] which provided an overview of main trends in Canadian ODA since 2015/16. The scope and allocations for Canadian aid have shifted over this past decade, responding to urgent global challenges (the pandemic and a deepening climate crisis) as well as Canadian foreign policy preoccupations (Ukraine), trade and investment challenges. Documenting changes in the Canadian aid context can serve as a foundation for understanding the current unravelling of international cooperation and to inform advocacy directions for feminist aid priorities that focus on reducing poverty and inequalities.

In May 2026, Cooperation Canada commissioned AidWatch Canada to update these four Briefing Notes, taking into account recent transformations in Canadian development cooperation with the most recent aid data for 2024/25. These Briefing Notes are organized around four thematic areas:

1) Overall Trends in Canadian ODA: What are key dimensions of its volume and allocations?

2) What issues and approaches are driving the changing priorities in Canadian ODA?

3) Tracking ODA for Reducing Poverty and Inequalities: The Core Poverty Accountability Standard (CPAS), A new accountability metric, and

4) What are the main channels for delivering Canadian ODA, including multilateral organizations and CSOs?

They will continue to be updated periodically, taking into account the changing dynamics of development cooperation in the coming years.

I am very appreciative of the leadership and support by Paul Farran, Director of Policy and Advocacy, and Darron Seller-Peritz, Policy Analyst and Program Officer, with Cooperation Canada. Darron has encouraged and facilitated the research in every iteration and has generously arranged Cooperation Canada's financial support for the work needed to bring together these updated Briefing Papers. Paul and Darron provided thoughtful input into the development of the four Papers along with careful copy editing of the text and suggestions for its improvement.

The author alone is responsible for the content, calculations, and any errors or omissions in the analysis. The resulting Briefing Papers do not imply agreement by Cooperation Canada's Board of Directors or the Board of Directors of AidWatch Canada.

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[1] See https://aidwatchcanada.ca/canadian-aid-trends/ for the 2025 Briefing Notes and a summary article by Brian Tomlinson and Darron Seller-Peritz.

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What Issues are Driving Changing Priorities in Canadian ODA?

1. Introduction

As recently expressed by the 2017 Feminist International Assistance Policy, the intended purpose of Canadian ODA has been to "eradicate poverty and build a more peaceful, more inclusive and more prosperous world. … Promoting gender equality and empowering women and girls is the most effective approach to achieving this goal."[2]

Addressing poverty reduction and inequalities, including gender inequalities, has been an important priority for Canadian aid over the past decade. This central purpose, however, has been challenged by competing and compelling calls on Canadian ODA. The unequal impacts of the Covid-19 pandemic on the poorest people have lingered in many developing countries as the global north recovered.[3] A growing urgency to address a climate crisis out of control, which is already reversing development progress, will only compound in the coming decades. Geopolitical polarization and the rise in over-whelming conflicts in Gaza, in Ukraine, and Sudan, alongside protracted fragility in many more countries, is increasing the diversion of aid towards providers' foreign policy interests.

More recently, the Government has announced a further pivot in aid policy in support "mutually beneficial economic partnerships" as the 2025 Carney Government called on all departments to "strengthening our collaboration with reliable trading partners and allies around the world."[4] After a year (July 2026), the implications of these directions for Canadian aid remain opaque. An October 2025 Briefing Package for Ministers and Deputy Ministers suggested a basic orientation: "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."[5]

Canada is not alone in this orientation towards mutually beneficial aid relationships. At the 2026 G7 meeting, leaders issued a Declaration on mutually beneficial international partnerships: "We are united in reforming the development cooperation system and shaping mutually beneficial partnerships that take into account our strategic interests and those of our partners and foresee a strategic and catalytic use of

[2] Global Affairs Canada, "Canada's Feminist International Assistance Policy," 2017, accessed at https://www.international.gc.ca/world-monde/assets/pdfs/iap2-eng.pdf?_ga=2.118323595.387692056.1729519030-338376184.1705449268.

[3] For a recent overview of conditions for the poorest countries, see World Bank, "Poorest economies face toughest conditions in two decades," October 13, 2024, accessed at https://www.worldbank.org/en/news/press-release/2024/10/11/poorest-economies-face-toughest-conditions-in-two-decades.

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

[5] 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.

concessional resources where they are most needed."[6] Prominent among providers moving in these directions are the European Union (Global Gateway), Germany, the Netherlands, Switzerland and Sweden.

Canada's aid program is increasingly shaped by competing priorities arising from shifting geopolitical interests, including support for Ukraine, growing disorder in the liberal trading system, and the escalating impacts of climate change crises. These intersecting pressures are influencing both the allocation and the quality of diminishing resources for Canadian development assistance. This Briefing Note examines how these factors have been reshaping Canada's ODA. It explores in turn:

1. **Aid as a catalyst for mobilizing private sector development finance.** With a large financing gap for achieving the SDGs, and more recently declining aid resources, Canada has been increasingly promoting a narrative that positions ODA as a catalyst for private sector finance, using aid strategically as leverage for investment.

2. **An explicit "mutual benefits" narrative for Canadian aid, prioritizing a trade-development nexus and aid as a catalyst for mobilizing private sector resources.** What are the implications of Global Affairs' aid/trade pivot, and the increasing use of loans, "blended finance", or private sector guarantees by FinDev Canada and GAC?

3. **The impact of Canadian ODA's growing support for Global Public Goods in Canadian ODA,** including in-donor refugee costs, support for climate mitigation initiatives, and the response to the COVID-19 pandemic. What have been the consequences for Canadian aid's direct relationships with partner country governments?

4. **Support for Ukraine in Canadian ODA** in the context of the continued Russian war of aggression. How has this Canadian foreign policy priority shaped recent allocations and priorities for Canadian ODA?

5. **The role for humanitarian assistance in Canada's response to protracted fragile and conflict-affected contexts and countries.** What have been the trends in humanitarian assistance as these aid resources have been protected in recently announced aid cuts (2026/27 to 2029/30)?

6. **Strengthening Canadian public engagement in development cooperation through Canadian CSOs.** To what extent has GAC supported public engagement, through what channels, and how have Canadian CSOs engaged Canadians beyond institutional fundraising?

This Briefing Note examines how these factors are reshaping Canada's ODA through six interrelated themes. It begins with highlights of the main findings for each theme, followed by a more detailed analysis in the sections that accompany this summary (which are published individually).

[6] "Leaders' declaration on mutually beneficial international partnerships," Evan, France, June 16, 2026, accessed at https://www.pm.gc.ca/en/news/statements/2026/06/16/leaders-declaration-mutually-beneficial-international-partnerships.

2. Summary Highlights

1. Aid as a catalyst for mobilizing private sector resources

1.1 Mobilizing private sector resources is an increasingly dominant narrative Canada has increasingly promoted a narrative for Canadian aid as a strategic resource for leveraging private sector finance and aid as a resource for investment, which builds upon earlier Canadian initiatives to engage private sector actors in development cooperation.

1.2 Creation of FinDev Canada as an aid channel FinDev Canada, a wholly owned subsidiary of Export Development Canada (EDC), focuses on mobilizing private sector resources for sustainable development. It does so through blended finance arrangements, loans, equity and mezzanine finance investment, and guarantees for private sector initiatives, with partners mainly located in the global south.

1.3 FinDev Capitalization has expanded Since 2018, all FinDev capitalization has counted as Canadian ODA (but sourced from EDC profits). Up to 2025, the Government has provided a total of $2,070 million in capitalization, not including $75.9 million which FinDev manages for GAC's 2X Canada: Inclusive Economic Recovery program.

1.4 Doubling FinDev capitalization for climate finance The 2026 Spring Economic Update more than doubled FinDev's capitalization over the next five years with an investment of $2,700 million for climate finance, part of a new five-year climate pledge.

1.5 FinDev portfolio focuses on UMICs To date, FinDev has made US$2.4 billion in committed transactions with 70 clients, of which 77% is direct debt (loans), 20% fund equity (investments in an equity fund) and 2.8% direct equity (direct investment in a company). In 2024, FinDev reported that 8.6% of its transactions were in Low-Income Countries, 65.1% in UMICs, and 26.3% were in LMICs.

1.6 Limited private capital mobilized Between 2022 and 2024, FinDev mobilized a rather modest $308.4 million in private finance with $950.1 million in official resources, raising less than 33 cents for every official dollar invested.

1.7 Canada high ranking among DAC peers In 2025, Canada ranked 3rd in its total allocations to Private Sector Instruments (PSIs) like FinDev Canada, but 1st among G7 peers in its share (15.8%) of PSIs in its Real Bilateral ODA (less in-donor refugee costs).

1.8 Diverting aid resources from poverty: CSO critique CSOs around the world continue to question whether channeling more resources through Private Sector Instruments is the best use of scarce ODA resources, which should be devoted to reaching the most vulnerable, those living in poverty, and tackling inequalities.

- PSI ODA are oriented towards profit-seeking opportunities, largely in middle income countries.
- PSI ODA accentuates the use of loans in development finance, at a time when the increasing numbers of countries face debt distress.
- PSIs undermine the concessionality of ODA in that they finance market-based investments.

- There is very limited information on the actual "additionality" created through PSIs, either financial additionality (i.e., mobilizing development resources that would not have otherwise been deployed) or "development additionality" (which remains vague and open to wide interpretation).
- There is little evaluation evidence of actual development impact of PSI transactions, consistent with development effectiveness principles.

2. Canadian aid pivots towards "mutually beneficial economic partnerships"

2.1 GAC sets out three aid pillars in support of Canadian trade and investment interests:

1) Supporting enabling environments and institutional capacities (legal and regulatory reform, customs modernization) in building markets in developing countries, through technical assistance.

2) Strengthening markets in sectors of mutual interest through support for productive sectors, value chains and human capital, through investments in productive infrastructure, standards and work force policy alignment.

3) Mobilizing private capital through blended finance, private sector guarantees, feasibility studies etc.

2.2 Potential for increased informal tied aid Government statements reiterate that a pivot to a trade orientation in Canadian aid will be achieved without the need to tie Canadian aid to Canadian goods and services. But the real issue is the expansion of informal tying. Even the implication that a project may be better received if there is a Canadian private sector benefit involved, may orient southern partners to seek out or agree to Canadian beneficiaries, despite more appropriate alternatives in their own country or nearby.

2.3 Can Canadian private sector interests be advanced in agriculture and food security? The 'food security and agri-food sector' is a pilot focus for testing the pivot to Canadian trade and investment interests in its aid programming. In 2024/25, GAC delivered 89% of these disbursements, with 69% implemented by multilateral organizations and 26% by CSOs. It is unclear whether they are equipped and/or appropriate to advance "shared interests" in expanding Canadian trade and investment.

2.4 Where is development among the shared interests? In current trade-development nexus discussions it has been striking how little attention has been given to country-specific development contexts, the vulnerabilities and risks facing smallholder farmers in global market integration, or the alignment with developing-country priorities. The development side of the nexus appears to be instrumentalized for Canadian trade advantages.

2.5 Canadian aid-for-trade already significant in Canadian aid Canadian aid-for-trade is already a significant component of Canadian ODA, accounting for 21% of ODA (2022 to 2024 average). These aid-for-trade investments have responded to the priorities of private sectors in developing country in developing foundational policy and production capacities in their trade priorities.

2.6 Ranking among DAC peers for aid-for-trade Canada ranked 14th among DAC peers in 2024 in devoting 9.2% of its ODA (less in-donor refugee costs) to aid-for-trade sectors. Canada has been

a modest aid-for-trade provider, relying mainly on its contributions to the agriculture sector and to renewable energy initiatives financed through its climate finance allocations.

2.7 FinDev as an implementing channel Currently FinDev has a very low number of direct transactions with Canadian private sector entities. Of the 70 clients, only 5 can be considered domiciled in Canada, accounting for 4% of the total commitments to date.

2.8 Protecting the core poverty mandate of ODA is crucial 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.

3. Increasing Global Public Goods (GPGs) in Canadian ODA

3.1 Inclusion of GPGs in ODA is highly contested The question is where to draw the boundary for the inclusion of global public goods where cross border benefits are universal, when the main objective is not mainly or exclusively the welfare of developing countries (e.g. DAC providers excluded from ODA the research & development of a Covid-19 vaccine).

3.2 GPGs allocations is an expanding share of ODA Addressing GPGs in ODA – expenditures relating to infectious disease, costs for refugees in provider countries, and climate challenges – have been taking an increasing share of DAC providers' ODA. The DAC estimates that only half of ODA is available to meet country-level priorities – defined by the DAC as country programmable aid (CPA).

3.3 Limits of voluntary responses to GPGs in a global pandemic Canada ranks 4th in its allocations for Covid-19 Control among its DAC peers, accounting for 9.5% of these disbursements. But systemic distrust deepened as most providers, including Canada, pursued policies of competitive "vaccine nationalism," despite claims of solidarity in responding to Covid-19 as a global public good. GPGs, in the context of a pandemic, cannot be delivered through voluntary bilateral arrangements. An equitable response requires advance market commitments for vaccines, the sharing of technology and intellectual property rights so that developing countries are not reliant on developed country suppliers.

3.4 Support for in-donor refugee costs does not reflect the purpose of ODA Support for refugees in provider countries is a human rights obligation and clearly a Global Public Good. While essential, these expenditures in provider countries do not reflect ODA's primary purpose of reducing poverty and inequalities in developing countries. In 2024/25, they accounted for 25% of Canadian ODA, largely due to Canada's generous reception of Ukrainian refugees.

3.5 In-donor refugee costs artificially inflate Canadian ODA levels Canada inflates its ODA by adding these costs to ODA but does not budget them from the International Assistance Envelope. Canadian ODA that is available for other humanitarian and development purposes (excluding refugee costs) declined from $10.1 billion in 2022/23 to $7.3 billion in 2024/25. When support for Ukraine is also factored out, the decline in aid resources for purposes beyond refugee costs and Ukraine, is 16% between these years.

In 2025, Canada ranked 6th among its DAC peers in the total amount of in-donor refugee costs reported, but 3rd in their share of Canada's ODA in that year (after Ireland and Latvia).

3.6 Responding to climate emergency is an increasing share of Canadian ODA In 2024/25, disbursements for climate mitigation and climate adaptation were 24% of its Real Bilateral ODA (excluding in-donor refugee costs) for that year.

3.7 Climate mitigation is a GPG, benefiting everyone, and does not belong in ODA Mitigation activities in developing countries are in fact global public goods through which all benefit including the providers and therefore should be financed outside of ODA. While mitigation action is urgently needed, its inclusion in ODA displaces resources for purposes in which developing countries are the main beneficiaries, such as health, education, or adaptation / loss and damage investments. In 2024/25, excluding mitigation finance in bilateral aid, would have freed up $623 million for other purposes. The structure of the new five-year climate pledge will accentuate spending on mitigation and reduce spending on urgently needed adaptation and loss and damage for vulnerable populations.

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4. Canadian aid to Ukraine

4.1 Massive aid allocations for Ukraine Between 2022/23 and 2024/25, Canada disbursed a total of $10,682 million in non-military assistance to Ukraine, of which $3,669 million was ODA, or 15% of total ODA for those years (excluding in-donor refugee costs). Ukraine was the single largest recipient of Canadian aid in history.

4.2 Department of Finance plays major role in delivering aid for Ukraine A very large share of total support for Ukraine (91%) have been loans (ODA and non-ODA), managed by the Department, mainly delivered through various IMF programs for general balance of payments and budget support. Of ODA-eligible support for Ukraine, 76% were loans managed by the Department of Finance.

4.3 Large additions to future Canadian aid inevitable The latest estimate (February 2026) for post-war reconstruction by the Government of Ukraine, the World Bank, the European Commission and the UN is US$588 billion over the next ten years.

4.4 New Canadian support for Ukraine In December 2025, Prime Minister Carney announced $2.5 billion in additional support, with a loan guarantee of up to $1.3 billion in 2026 to the World Bank's support of Ukraine reconstruction and $322 million in 2026 to the European Bank for Reconstruction and Development to support Ukraine's gas imports and reinforce its energy security. It is not clear how much of these loan initiatives will be included in future Canadian ODA.

4.5 Global Affairs accounts for a small share of aid to Ukraine Global Affairs accounted for 19% of ODA aid directed to Ukraine (2022/23 to 2024/25 cumulative), of which 37% was humanitarian assistance, mainly in 2022/23, the first year of the war. Multilateral organizations delivered 66% of GAC's aid for Ukraine, CSOs delivered 21% (Canadian CSOs – 8%; Foreign CSOs – 13%), direct government support was 5%, private sector was 4% and other channels were responsible for 4%.

4.6 Canada is a leading bilateral provider of aid for Ukraine In 2025, Canada's aid to Ukraine ranked 1st among DAC bilateral providers in terms of its volume of aid to Ukraine and 1st as a share of Canada's ODA. The European Union Institutions is the primary source, providing 77% of ODA finance for Ukraine, as the United States has reduced its presence.

5. Humanitarian Assistance in Canadian ODA

5.1 Level of humanitarian assistance fluctuate in value The fluctuation in Canadian humanitarian assistance since 2020/21 is mostly related to support for Ukraine. Discounting Ukraine, this assistance has been declining since 2020/21 but increased in 2024. In that year aid to Yemen, Sudan, Ethiopia and Lebanon all had large increases.

5.2 Share in Real Canadian ODA is diminishing As a share of Real ODA (ODA less in-donor refugee costs), humanitarian assistance has been declining each year from 15% in 2018/19 to a low of 8% in 2023/24 and 10% in 2024/25.

5.3 Sub-Saharan Africa and Middle East major priorities Over the most recent five year, 2020/21 to 2024/25, Sub-Saharan Africa received more than a third (38%) of Canadian humanitarian assistance, with the Middle East and North Africa at 29%. Humanitarian assistance has declined for Asia (Afghanistan) and for Europe (Ukraine) in 2023/24 and 2024/25.

5.4 CSOs important channel of delivery CSOs delivered 33% of humanitarian assistance in 2024/25. Canadian CSOs delivered 20% of humanitarian assistance in 2024/25, with foreign CSOs delivering 13%. Multilateral organizations deliver two-thirds of Canadian humanitarian assistance.

5.5 Strong focus on protracted crises contexts In the past three years with data (2022/23 to 2024/25), at least three-quarters of Canada's humanitarian assistance has been directed to country contexts experiencing protracted crises (discounting regional allocations not directed at specific countries).

5.6 Implementing the triple nexus not on the agenda Canada is a signatory to the 2019 DAC Recommendation on the Triple Nexus. The opportunity for strengthening GAC's triple nexus approach seems to have receded in 2025 and 2026 as most GAC institutional capacities shift to focusing on avenues for the implementation of the trade-development nexus in GAC programming.

5.7 No major Canadian initiatives in response to crisis in the humanitarian system Canada reaffirmed its commitment to the Grand Bargain (2023-2026 iteration) and has committed to "support reforms that improve the efficiency and effectiveness of the humanitarian system," but has not specified its preferences or proposals for reform in the context of an existential crisis in the humanitarian system.

5.8 Canada ranks high among DAC providers Canada ranks 7th among DAC providers in its annual gross commitments to humanitarian assistance and has provided approximately 2.4% of humanitarian assistance between 2020 and 2024. In recent years, Canada has not kept pace with DAC total

humanitarian assistance. Its share of this assistance has been declining since 2022, from 3.4% that year to 2.2% in 2023, and 1.6% in 2024.

6. Strengthening Canadian public engagement in development cooperation

6.1 At a time when sustaining support for a poverty focus in Canadian ODA has never been more urgent, with increasing attention for domestic issues, support for promoting public awareness with Canadians remains a very low priority for Global Affairs, accounting for a mere 0.49% of GAC's bilateral ODA. Canada ranks 17th among its DAC peers in its support for public awareness programming.

6.2 Close to seven of ten Canadians continue to hold the view that Canadian aid should have a substantial focus on reducing poverty and addressing inequalities. Most want aid to address conditions that sustain poverty – education, health, water and sanitation. A strong majority endorse an ethic of solidarity and common humanity and that these values should anchor the Government's approach to Canadian aid.

6.3 The organizational capacity, resources and sustained commitment needed to maintain a Canadian aid program centered on poverty and inequalities are fragile. A major focus of global citizenship education and public engagement has been through the Provincial and Territorial Councils and Canadian cooperant-sending organizations. Given competing public narratives on the purpose of Canadian aid, this area must be a central component of Canadian CSO strategies for sustaining public support for, and the broader legitimacy of CSO engagement with counterpart communities across the global south.

3. The overall impact of special aid priorities on Canadian ODA

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Canadian ODA has been deeply affected by special priorities since 2020/21, not least the response to the Covid-19 pandemic, massive support for Ukraine and Ukrainian refugees settling into Canada, and an expanding use of ODA for climate finance. Despite total ODA increasing during this period, aid for other long-term development purposes has been modest at best. This aid reached a peak of $5.1 billion in 2023/24 but has declined by 12% in 2024/25 to $4.5 billion. (**Chart 1**) This decline has particularly affected allocations for education (declined by 46%), general and basic health (not including nutrition (declined by 9%, and agriculture (declined by 10%). Disbursements for population and reproductive health remained level between the two years.

Chart 1: Disaggregating Canadian ODA

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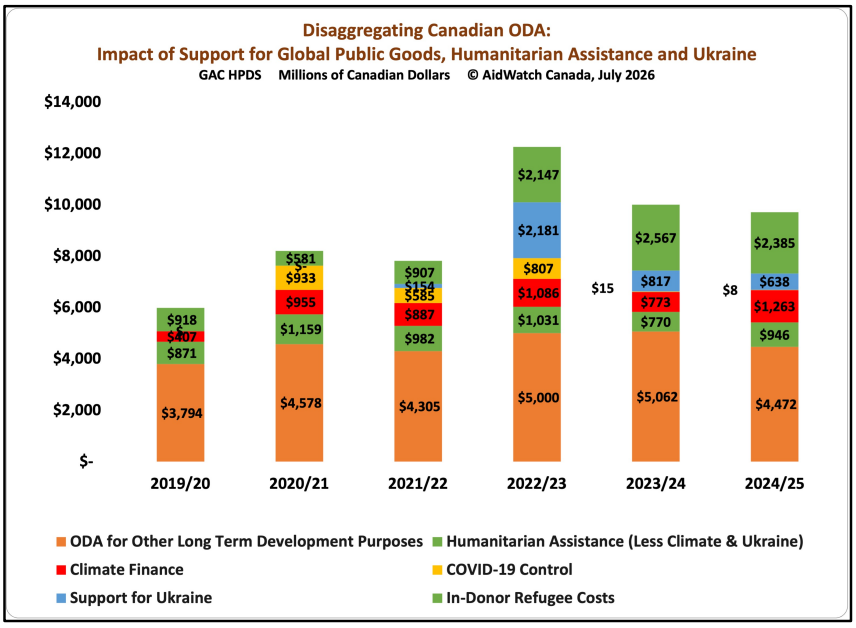

The scenarios for the impact of announced cuts to the IAE up to 2029/30, outlined in **Briefing Note One,** will have deep impact on the GAC's budget for development purposes (24% to 34% from 2025/26 levels). These signal even deeper cuts in resources for long term development in health, education or gender equality, areas that are essential to addressing poverty and inequalities.

What might be the implications for GAC resources for long term development initiatives? **Table One** suggests that these resources could be relatively constant, primarily because GAC will not be implementing the full $5.9 billion in climate pledge (only $3 billion over five years, with other government entities implementing the remainder). The priorities and levels of finance for these allocations are very

difficult to predict, with GAC's pivots towards mutually beneficial economic partnerships a big unknown (see **Section 2**).

Table One: 2029/30 projections for GAC resources for long-term development (excluding support for Ukraine and climate finance)

	2024/25	2029/30 Scenario	Assumption
GAC Total	$5,636.9	$4,740.0	GAC overall cut of 16%
Ukraine	$175.9	$170.0	High priority
Climate Finance	$1,182.7	$600.0	Five-Year, $3 billion
Humanitarian	$895.3	$600.0	Protected priority
Long-Term Development Purposes	$3,383.0	$3,370.0	

Note: This table differs from projections in **Briefing Note One** in that it also excludes climate finance.