Trends in Canadian Aid

Briefing Note Two

What issues are driving the changing priorities in Canadian ODA?

Section Three: Canadian aid pivots towards "mutually beneficial economic partnerships"

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Prepared for Cooperation Canada

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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.

Brian Tomlinson
AidWatch Canada
September 2026

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

Section Three[2]
Canadian aid pivots towards "mutually beneficial economic partnerships"

Highlights

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 mutually 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

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.

3. Advancing shared interests 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 these organizations are equipped and/or appropriate to advance "shared interests" in expanding Canadian trade and investment.

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.

5. Canadian aid-for-trade 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.

6. Ranking among DAC peers in aid-for-trade Canada ranked 14th among DAC peers in 2024 in its support for 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.

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.

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.

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[2] **Briefing Note Two** is divided into seven sections, each examining different themes related to priorities in Canadian ODA. The sections are published separately but can be read separately or as a complete series.

1. Towards defining "mutually beneficial economic partnerships" in practice

The Government's heightened prioritization for strengthening Canada's non-US based economic relationships, in the context of major geo-economic and political ruptures, has put renewed attention on the trade-development nexus. This emphasis may portend a significant reorientation of Canadian aid, focusing on an alignment of Canadian trade interests, Canadian foreign policy priorities and development tools. It builds upon the increasing orientation towards private sector mobilization in the recent history of Canadian aid. (See **Briefing Note Two, Section 1**) While there may be some opportunities in its aid program to do so, there are also substantial risks in rolling out a short-term focus on building trade benefits for the Canadian private sector through aid relationships.[3]

How might a 'mutually beneficial economic partnerships' policy appear in practice? During a briefing with Cooperation Canada members in June 2026, the GAC Deputy Minister for Development, Cindy Termorshuizen, indicated that the policy has three main pillars in support of Canadian international trade and investment interests:

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

She also offered assurance that implementation of these directions would not undermine the core mandate of poverty reduction in Canadian ODA as well as Canada's commitment to aid effectiveness, gender equality, and environment sustainability. GAC will implement these three pillars mainly through bilateral programs and by strengthening procurement opportunities for Canadian private sector at multilateral development banks.[4]

She indicated that GAC is currently developing pilots in three countries – Philippines, Kenya and Peru – as well as one in the food security / agri-food sector.

With respect to agri-food, a draft GAC Discussion Paper, as background for a Technical Workshop with CSOs and GAC in June 2026, focused on four areas for mutually beneficial partnerships: climate-smart agricultural growth partnerships, resilient food value chain partnerships, food system innovative partnerships, and technical assistance. There are some areas, such as climate-smart agriculture, resilience

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[3] This section draws from a more detailed analysis prepared for Cooperation Canada. Brian Tomlinson, "Developing a Trade-Development Nexis in Canadian ODA: A Background paper on issues and approaches," Prepared for Cooperation Canada, April 2026, accessed at http://aidwatchcanada.ca/wp-content/uploads/2026/04/Final-Background-Paper-on-GAC-Trade-Development-Nexus.pdf. The Mutually Beneficial Economic Partnerships policy is not in the public realm as of July 2026.

[4] Cindy Termorshuizen, Deputy Minister, Global Affairs Canada, remarks at a Cooperation Canada Fireside Chat, June 15, 2026, author's notes.

and sustainable food systems, which are closely aligned with current policy orientations. But in setting out 21 "quality assessment" indicators for potential projects in these areas, ten explicitly related to advancing only Canadian economic interests, five are strongly oriented to areas that support Canadian interests, and only five refer to areas of benefit for developing country partners. This distribution raises important questions about how "mutuality" is understood in these partnerships. Assumptions about Canadian interests – the relevance of Canadian agri-food technologies, inputs, seeds or expertise – seem to overwhelm development considerations for sustainability, affordability and climate adaptation, particularly for smallholder farmers.

Defining mutual benefit in a manner consistent with development effectiveness principles and the goal of reducing poverty and inequality remains a central challenge. Mutually economic partnerships must create tangible benefits for local producers, communities, and businesses, while ensuring that programming remains demand-driven, responsive and draws on appropriate options for local realities.

The notion that trade, investment and aid can align for these purposes may be appealing to provider governments. But others suggest that "mutual benefits" linked to a trade-development nexus may only be a way of framing self-interest in the language of development cooperation:

> "At its core, international development cooperation contributes to global public goods, international stability, peace, environmental protection and global health. By doing so, it can provide a mutual benefit as a by-product. But mutual benefit itself cannot be the central objective. The assertion that both parties must actually gain introduces a new type of conditionality to development cooperation which effectively makes poverty reduction secondary to the question of what rich countries get in return. Instead, we should be seeing unconditional commitments to country ownership and alignment with national development priorities."[5]

2. Will Canadian tied aid in middle-income countries increase through the trade-development nexus pivot?

Canada has fully untied its bilateral aid, although many procurement contracts may be informally tied to Canadian sources.[6] According the latest statistics from the DAC, despite untying its bilateral aid, Canadian companies still received more than 80% of the value of Canadian ODA procurement contracts (US$40 million).[7] Despite no contractual obligations, providers may set the terms and conditions for procurement of goods and services in ways that only provider country firms are likely to quality, which is considered

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[5] Matt Simons, "For whose benefit? Making development cooperation work for the Global South," brennpunkt, June 30, 2026, accessed at https://www.brennpunkt.lu/en/for-whose-benefit-making-development-cooperation-work-for-the-global-south/.

[6] Tied aid is the procurement of goods and services for ODA activities that contractually must be purchased in the provider country. Under DAC rules, these tied aid provisions do not include provider-country technical assistance, food aid, and aid provided through provider-country CSOs. The latter is not considered "procurement" but rather is defined by various forms of partnership. Aid through for-profit private sector entities would also not be considered formal tied aid for the same reason.

[7] See Annexes in 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.

informal tying. Procurement contracts of this nature, to date, have been a minor part of Canadian aid programs.

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.[8] Increased formal tying of Canadian aid seems unlikely. 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. Tied aid (including informal tying) raises the cost of good and services by an estimated 15% to 30% and undermines the development of domestic private sectors in partner countries.[9]

The current configuration of Canadian aid delivery poses a significant barrier to further tying Canadian aid or informally aligning aid programs with Canadian commercial and strategic interests. CSOs are the implementing channel for approximately 30% of Canadian bilateral ODA, with multilateral organizations responsible for another 60%. Neither are channels likely to substantially partner with Canadian private sector interests.[10] Moreover, support for social sectors such as health, education, reproductive health and informal economies make up a very large share of current Canadian ODA allocations. (See **Briefing Note #1**) An exception may be climate mitigation infrastructure, which is a major and increasing part of Canada's international climate finance within Canadian ODA. Future initiatives in mitigation climate finance could be subject to informal tying to Canadian suppliers.

3. What might be the implications of pursuing Canadian trade and investment opportunities in the food security and agriculture sector?

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. How well situated is current ODA allocations to agriculture and food security to make this pivot? In 2024/25, GAC delivered 89% of these disbursements, with 69% implemented by multilateral organizations and 26% by CSOs.[11] It is unclear whether they are equipped and/or appropriate to advance "shared interests" in expanding Canadian trade and investment in the global south.

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[8] See 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 and Cindy Termorshuizen, op. cit.

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

[10] The exception might be Multilateral Development Banks, such as the World Bank or regional Banks such as the Asian Development Bank. Collectively they finance billions of dollars in infrastructure projects every year. Canadian firms have been notably absent from procurement contracts with the Banks. Between 2020 and 2025, Canadian firms implemented only US$230 million in World Bank procurement contracts, which is less than 1% of these contracts over these six years. Although there may be some opportunities for expanding Canadian procurement with these Banks, the low level of participation may also reflect the structure and capabilities of the Canadian private sector in relation to the types of projects financed by these institutions.

[11] GAC Historical Projects Dataset. For agriculture alone, multilateral organization delivered 64% and CSOs 29% of disbursements in 2024/25.

The intention as presented in GAC draft strategies, which are still at the discussion stage, is to integrate smallholder farmers into Canadian import supply chains, promote Canadian inputs such as fertilizers and to deploy Canadian expertise and agri-food innovation in ways that develop new Canadian markets.

In all of these discussions of the trade-development nexus, 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, rather than an essential end in itself.

Smallholder farmers, including women farmers, often require the foundations in organizational and productive capacities for market readiness. These farmers, and their related organizations, need support for land rights, for local market access, for infrastructure, for credit, quality control and strengthened capacities of their organizations to achieve a fair engagement with more powerful actors in the value chain. ODA is a resource that can provide this foundation. Interventions must be inclusive, equitable and locally-led. Not all communities are ready for commercial markets. Their diverse and context-specific needs and priorities must be the starting point in determining Canadian priorities in the food and agriculture sectors. Knowledge and innovation should be reciprocal, with local knowledge systems valued in the first instance.

A review of 179 agriculture projects implemented by Canadian CSOs, between 2015 and 2025, suggests that building the foundational readiness of smallholder farmers has been a defining achievement in these projects.[12] Hundreds of thousands of farmers were reached in these projects, the majority of whom were women farmers. Institutional strengthening was major pathway for impact, with hundreds of producer groups, associations, and cooperatives received governance, management, and service-delivery support. At the production level, the adoption of improved or climate-resilient practices was a key focus, impacting thousands of hectares of land. These changes include enhanced soil and water management, agroforestry integration, and safer input use. Such outcomes indicate strong environmental sustainability and resilience objectives. While marketing was seldom a sole focus, these foundational investments resulted in increased incomes, higher sales volumes, improved access to finance and inputs, and strengthened market linkages.

4. What share of Canadian aid is currently directed to broad goals of "aid-for-trade"?

Canada, along with other DAC providers, have long promoted an enabling environment for improved international trade in partner countries through allocations to "aid-for-trade" sectors. In this orientation, aid allocations are dedicated to addressing trade-related obstacles, strengthening developing countries' capacities, and building the infrastructure they need to harness the benefits of global value chains and the international trading system.[13] It does so through direct support for trade policy and regulatory reform, support for economic infrastructure (transportation, energy and communications) that enable

[12] The analysis was done by artificial intelligence (ChatGPT) on 179 Canadian CSO projects in the GAC Project Browser, examining the description and results achieved as reported by the implementing partner. AI indicated significant gaps in the specificity of the information provided in the Browser in summarizing the key result areas.

[13] For a more detailed discussion of aid for trade, see Brian Tomlinson, Developing a Trade-Development Nexus in Canadian ODA, op. cit. pp 13-17.

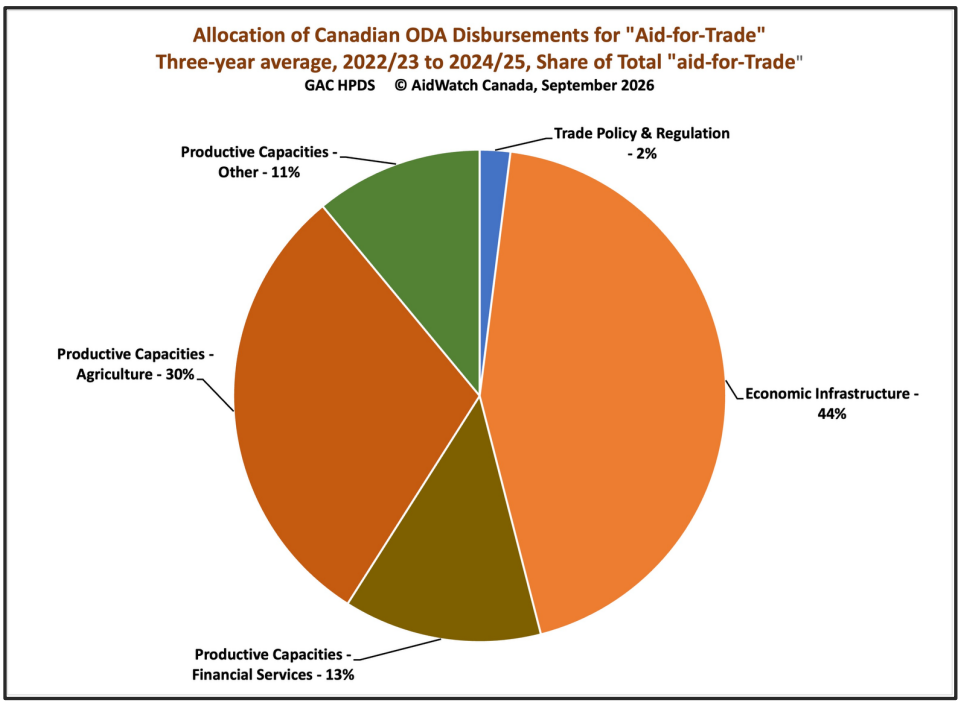
participation in trade, and support for building productive capacities in tradeable goods and services closely related to expanding international trade. The DAC distinguishes between these broad sectoral areas and a set of sector indicators more closely related to "core aid-for-trade", such as trade policy, regulatory reform, transportation, storage and energy.

How are aid-for-trade disbursements reflected in Canada's ODA? Disbursements for the components of aid-for-trade have often varied greatly between fiscal years. Over the three years, 2022/23 to 2024/25,

- **Aid-for-trade averaged 21% as a share of total ODA** in those years (less Covid-19 Control and support for Ukraine).
- **Core aid-for-trade disbursements averaged 9% as a share of total ODA** (less Covid-19 Control and support for Ukraine).
- GAC has been responsible for 78% of aid-for-trade disbursements and the Department of Finance for 19% (World Bank projects).

Chart 1 provides a break-down of the shares of the different components of aid-for-trade in these disbursements, averaged over the three year, 2022/23 to 2024/25. Economic infrastructure, primarily renewable energy investments, is the largest share (44%), with agriculture accounting for a significant share at 30%. Direct investment in trade policy and regulations made up only 2% of Canadian aid-for-trade.

Chart 1: Average Disbursements for Aid-for-Trade Disbursements, 2022/23 to 2024/25



As the FIAP influences the priorities for Canadian aid in recent years, aid-for-trade has been declining, from 23% of Real ODA in 2019/20 to 19% in 2024/25. Nevertheless, Canadian aid-for-trade has been a significant component of Canadian ODA, even prior to the current pivot to allocations for a trade-development nexus that engages Canadian private sector actors. These aid-for-trade investments have responded to the priorities of private sectors in developing country in developing foundational capacities

in their trade priorities. Aid-for-Trade activities have been mainly implemented through multilateral organizations (76%), civil society organizations (13%) and private sector actors (6%).

Standing among DAC donors

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

As a share of its Real ODA (ODA not including in-donor refugee costs, imputed student costs and debt cancellation), total aid-for-trade is 2.4% of total ODA for all DAC providers. Canada ranked 14th, devoting 9.2% of its ODA to these sectors.[14] 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 modest positioning in aid-for-trade reflects its recent priorities for critical sectors for poverty reduction such as health, reproductive health, and education.

5. What might be the role of FinDev Canada in mutually beneficial economic partnerships?

FinDev Canada is Canada's Development Finance Institution with a mandate to support the development of the private sector in developing countries.[15] They do so by focusing on three priority sectors – sustainable infrastructure, agribusiness, forestry and their related value-chains, and the financial industry. To date, FinDev has interpreted this mandate by working through transactions, either directly or indirectly, with private sector actors in developing countries.

Established in 2018, the Government of Canada has provided FinDev with $2,950 million in share capital and $1,432 million in a concessional window. Of these amounts, the 2026 Spring Economic Update allocated $2,000 million in share capital and $732 million for the concessional window starting in 2028/29 as part of its 2026/27 to 2030/31 new five-year climate finance. 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

[14] Canada's share of ODA devoted to aid-for-trade of 9% in the DAC CRS is based on a calendar year and is a share of Canadian ODA less in-donor refugee costs. The 26% share for 2024/25 reported above is for a fiscal year and is the share of Canadian ODA less in-donor refugee costs, Ukraine and COVID-19, as extra-ordinary support for Ukraine distorts other aid allocations, when comparing to earlier years. The DAC CRS equivalent for the 26% is 13%. The difference is explained by the fact that aid investments in infrastructure and productive services can vary significantly from year to year, and depending on the month of the disbursement, when comparing a calendar year (DAC CRS) to a fiscal year (Global Affairs, HPDS).

[15] See FinDev Canada at https://www.findevcanada.ca/en.

(investments in an equity fund) and 2.8% direct equity (direct investment in a company). Transactions focusing on financial industries account for 65% of these investments (often loan programs for small and medium enterprise), sustainable infrastructure, 20%, and agribusiness, forestry and value chains, 14%, with 2% for other.[16]

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. The largest share, 52 clients (74%), were considered domiciled in developing countries, accounting for 82% of total commitments. The remaining 13 clients were domiciled in other developed countries, accounting for 15% of total commitments.[17]

Several Development Finance Institutions in other provider countries limit their support to provider domestic private sector actors in providing development finance (Spain, Italy, Portugal, the United States). FinDev Canada could shift its portfolio towards Canadian private sector actors as part of the government's pivot. CSOs have a strong critique of these institutions as a delivery channel for ODA, challenging their coherence with development effectiveness principles and their focus on revenue-generating activities often in Upper Middle-Income Countries.

GAC's International Assistance Innovation Program (IAIP) could be another channel for engaging Canadian private sector actors. It has received $290 million in a renewed phase over five years from 2026/27 to 2030/31 "to mobilize private investment towards the SDGs".[18] It deploys a range of development finance instruments such a blended finance, loans, equity and guarantees, similar to FinDev Canada.

6. What are the current priorities and channels for aid in the three pilot countries (Kenya, Peru and Philippines)?

GAC has initiated an exploration of options for its mutually beneficial economic partnerships policy in three pilot countries: Kenya, Peru and the Philippines. At this stage (July 2026), there is no information on the directions for these pilots. All three countries have received significant GAC aid disbursements over the last three known fiscal year (2022/23 to 2024/25). See the profile of these aid disbursements in **Annex One**.

With the exception of the Philippines, where support for renewable energy through the Asia Development Bank accounts for more than half of GAC disbursements for that country, the top sector priorities are population and reproductive health, basic health, general environment protection, and government and civil society. Agriculture (also a pilot sector – see above) figures among the top five sector priorities in Kenya and Peru.

[16] See https://www.findevcanada.ca/en/our-impact/our-portfolio

[17] This analysis was generated by AI (Fable 5) derived from FinDev's list of 70 clients and the amount of the transaction for each client. AI notes that 8 of the clients domicile in developing countries are located in tax haven hubs and not operating contexts (7 in Mauritius and 1 in Curaçao).

[18]

While multilateral delivery channels predominate for the Philippines (72% of disbursements), civil society organizations are strong in Kenya (58%) and Peru (34%), with multilateral organizations in Kenya at 41% and Peru at 37%. The private sector only registers in Peru as a delivery channel (13% of disbursements).

Aid-for-trade sectors are weak in Kenya (12%) and Peru (12%), but strong in the Philippines (57%) due to the large investment in renewable energy. Similarly, core aid-for-trade sectors are only 4% in Kenya, 0% in Peru, but 54% in the Philippines.

This profile will have impact on any transition in aid priorities in these three pilot countries. For Kenya and Peru, they suggest that any significant shift towards economic partnerships with Canadian actors will require a substantial change in sector priorities and implementing partners. If Canada were to do so, it seems likely that current key priority sectors for addressing poverty (basic health, reproductive health, civil society strengthening) would likely experience declining resources. For the Philippines, Canada's procurement profile with the Asia Development Bank in implementing energy related projects would be an important issue. There are no public aid strategies for these countries. Kenya is covered by the 2025 Africa Strategy and the Philippines by the 2022 Indo-Pacific Strategy.

7. What principles should guide expansion of a trade-development nexus in Canadian aid?

The tension between development objectives and priorities and provider economic interests has long influenced provider allocation decisions, for some providers such as Japan more so than others (Canada). In 2011 the international community agreed upon four core development effectiveness principles to guide their aid allocations: 1) inclusive country ownership; 2) results determined by recipient country partners; 3) inclusive partnerships; and 4) mutual accountability and transparency (Busan, 2011). Over the past decade, these principles have been applied with mixed results. Nevertheless, providers are held accountable through partner country-led monitoring of their application.

In 2019, the Global Partnerships for Effective Development Cooperation adopted the Kampala Principles, which set out guidance for effective private sector engagement (PSE) in development cooperation. The Principles provide key reference points with established development effectiveness standards to anchor private sector engagement in the trade-development nexus. They seek to ensure that poverty reduction, equity and sustainable development remain the overriding objectives of development cooperation, with commercial objectives playing a complementary and supportive role, where appropriate.[19]

The Principles emphasize the following guidance:

1. **Inclusive country ownership:** The trade-development nexus must be thoroughly grounded in partner country priorities and development contexts, rather than driven by potential opportunities for provider commercial interests.
2. **Focus on partner country results:** Partner country stakeholders should be the primary beneficiaries in the trade-development nexus.
3. **Inclusive partnerships:** Economic partnerships involving CSOs in a trade-development nexus should be shaped by and serve CSOs' mandate and engagements in partner countries with vulnerable populations.

[19] 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.

4. **Transparency and accountability:** There should be an open and transparent process and access to information to enable accountability to the partner country counterparts involved, beneficiary communities and citizens at large.
5. **Leave no one behind:** Private sector engagement in development co-operation to reach those furthest behind should be pursued only where it is demonstrably the most appropriate and sustainable approach to achieving development results for the most vulnerable.

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.

8. Will the core poverty mandate of Canadian ODA be protected in trade-development pivot?

The ODA Accountability Act is a legislated mandate for Canadian ODA, which should be a central consideration in implementing a pivot towards Canadian economic benefits. It calls for the responsible Minister to affirm that these aid activities reduce poverty, take into account the perspectives of the poor, and is consistent with international human rights standards. Implementing the trade-development nexus must not only be economically sustainable for development partners, but demonstrably supportive of this core purpose in aid.

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. 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.

Annex One
Mutually Beneficial Economic Partnerships Policy
Pilot Countries: Kenya, Peru, and Philippines
Canadian Aid Disbursements, 2022/23 to 2024/25, Cumulative

1. Total Aid Flow, 2022/23 to 2024/25, cumulative

Kenya: $203.4 million
Peru: $96.9 million
Philippines: $176.2 million

2. Top GAC Five Sector Priorities

Kenya

Population and Reproductive Health	18%
Government and Civil Society	15%
Basic Health	14%
General Environmental Protection	11%
Agriculture	8%
Top Five Total	66%

Peru

Government and Civil Society	28%
General Environment Protection	17%
Population & Reproductive Health	14%
Agriculture	6%
Banking and Financial Services	6%
Top Five Total	**71%**

Philippines

Energy Generation	53%
Basic Health	9%
Government and Civil Society	9%
Population and Reproductive Health	7%
Other Multi-sectors	4%
Top Five Total	**82%**

3. Implementing GAC channels for Canadian aid

Kenya

Civil Society Organizations	58%
Multilateral Organizations	41%
Others	1%

Peru

Civil Society Organizations	34%
Multilateral Organizations	37%
Government	12%
Private Sector	13%
Other	4%

Philippines

Civil Society Organizations	26%
Multilateral Organizations	72%
Other	1%

4. Aid-for-Trade Allocations

Kenya: 12%
Peru: 12%
Philippines: 57%

5. Core Aid-for-Trade Allocations

Kenya: 4%
Peru: 0%
Philippines: 54%