Trends in Canadian Aid

Briefing Note Two

What issues are driving the changing priorities in Canadian ODA?

4. Increasing Global Public Goods in Canadian ODA

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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 the 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 Notes. Paul and Darron provided thoughtful input into the development of the four Notes 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 Notes do not imply agreement by Cooperation Canada's Board of Directors or the Board of Directors of AidWatch Canada.

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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 Four[2]
Increasing Global Public Goods (GPGs) in Canadian ODA

Highlights

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 and development of a COVID-19 vaccine).

2. GPG allocations are an expanding share of ODA Addressing GPGs in ODA – expenditures relating to infectious disease, costs for refugees in provider countries, and climate challenges – has 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. 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 and the sharing of technology and intellectual property rights so that developing countries are not reliant on developed-country suppliers.

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.

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).

6. Responding to the 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.

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.

[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 individually or as a complete series.

1. Measuring support for Global Public Goods in Canadian ODA

Canada's response to the COVID-19 pandemic, its expanding support for in-donor refugee costs, and its growing disbursements for climate mitigation and other global public goods have reshaped the composition of Canadian aid. What have been the consequences for Canada's direct relationships with partner-country governments?

"Global Public Goods" (GPGs) are goods (e.g. shared responsibility for protection of refugees, climate mitigation) or conditions (e.g. control of infectious diseases, peace, security) that are potentially of benefit to all countries, people, or generations. Public goods are those that no one, wherever they live, can be excluded from the consumption or benefit (non-excludable), and one person's consumption/benefit does not reduce the consumption of any other person (non-rival).[3]

The degree to which a global public good should be financed through ODA is contested. ODA is intended to measure DAC providers' effort in the provision of resources (grants or concessional loans) that target the economic development and welfare of developing countries.[4] 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. For example, the DAC has not allowed the counting of ODA where the financing of an activity related to a global challenge (e.g. the research and development of a COVID-19 vaccine) benefits developed and developing countries equally.[5] Similarly it has excluded from ODA provider activities in developing countries intended to intercept and return migrants where the main objective is to restrict migration to provider countries.[6]

Nevertheless, addressing GPGs in ODA – expenditures relating to infectious disease, costs for refugees in donor countries, and climate challenges – has been taking an increasing share of DAC providers' ODA. The OECD DAC calculates that the remaining share of aid financing available to meet country-level priorities – defined by the DAC as country programmable aid (CPA) – has declined to the extent that it now accounts for only about half of total ODA. There is ongoing debate on the governance of global public goods (the

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[3] For a discussion of global public goods and ODA, see Elgar, K., Ahmad, Y., Bejraoui, A., Carey, E., Choudhury, M., De Paepe, G. (2023), "The role of development co-operation in the provision of global public goods", OECD Development Co-operation Working Papers, No. 111, 2023, accessed at https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/05/development-co-operation-and-the-provision-of-global-public-goods_e28bebd8/aff8cba9-en.pdf. See also the discussion of global public goods in the new metric, Total Official Support for Sustainable Development, in Brian Tomlinson, "Financing the SDGs: What can we learn from the new statistical metric, Total Official Support for Sustainable Development (TOSSD)? A Summary of TOSSD Data, Challenges and Issues for the International Forum on TOSSD**,"** with ActionAid Italy and Oxfam International, March 2024, accessed at http://aidwatchcanada.ca/wp-content/uploads/2024/03/Briefing-Notes-Summary-Paper-March-2024.pdf.

[4] See OECD DAC, "Official Development Assistance: Definition and Coverage," accessed July 2026 at https://www.oecd.org/en/topics/sub-issues/oda-eligibility-and-conditions/official-development-assistance--definition-and-coverage.html .

[5] William Worley, "Coronavirus vaccine research doesn't count as ODA, says OECD," DevEx, May 29, 2020, accessed at https://www.devex.com/news/coronavirus-vaccine-research-doesn-t-count-as-oda-says-oecd-97359.

[6] OECD DAC, "Migration-related activities in official development assistance (ODA)," accessed July 2026 at https://www.oecd.org/en/topics/sub-issues/oda-eligibility-and-conditions/migration-related-activities-in-oda.html.

role of developing countries in these allocations), defining eligibility of GPG allocations as ODA (e.g. should in-donor refugee costs or climate mitigation measures be eligible), and how to capture those GPGs with the most significant impact for developing countries.

How has finance for global public goods affected Canadian ODA in recent years? We explore in turn Canada's ODA allocations in response to the COVID-19 pandemic, the increases in Canadian in-donor refugee costs, and the financing of climate mitigation and adaptation through aid resources.

2. While provider responses were grossly inadequate from the perspective of the poorest countries, Canada was among the top providers of support for COVID-19 Control in developing countries.

The COVID-19 pandemic was global in scope with profound impacts that still persist in the poorest countries around the world, when much of the rest of the developed world has largely recovered. As a result of pandemic-era borrowing, combined with subsequent rate hikes and slow growth, 75 of the 119 low- and middle-income countries tracked by the IMF are in or at risk of debt distress in 2026. These impacts have been compounded by both conflict and increased vulnerability to climate change.[7]

Many DAC providers, including Canada, pivoted existing projects in 2020 and 2021 to respond to a human, social and economic crisis at the peak of the pandemic. It is not possible to track and measure these initial responses. But in 2020, the OECD DAC donors agreed to report their direct support for COVID-19 Control (health purpose code, 12264).

Cumulatively, in the three-year period, 2020/21 to 2022/23 Canada reported $2,334 million under the COVID-19 Control purpose code. For those three years it was also mostly additional to ODA for other purposes, increasing the total for ODA. This amount was 10% of total Real ODA for these years, and 15% of Real Bilateral ODA (discounting support for Ukraine in 2022/23). By 2023/24 allocations for COVID-19 Control dropped to $59 million, and were negligible in 2024/25 at $8 million.

Approximately 89% of these funds were delivered through Global Affairs Canada and 11% through the Public Health Agency of Canada. The latter ($250.3 million) is Canada's in-kind contributions of vaccines, originally purchased for use in Canada. After much debate, in-kind contributions of vaccines for developing countries were allowed to be included as ODA by the DAC in 2022. CSOs argued that these vaccines should not be included as they did not reflect any donor effort as they were purchased for use in Canada, and only belatedly donated.[8]

[7] Luis Felipe Lopez-Calva, et. al. "Post-pandemic trends in extreme poverty around the world," World Bank, January 7, 2026, accessed at https://blogs.worldbank.org/en/opendata/post-pandemic-trends-in-extreme-poverty-around-the-world-. Niclas Poitiers and Constaza Greppi-Maturana, COVID-19 Economic Impacts on Low-Income Countries: Preparing for the next shock," Bruegel, Working Paper #22, September 2025, accessed at https://www.bruegel.org/sites/default/files/2025-09/WP%2022%202025.pdf.

[8] DAC members agreed that these vaccines could be donated at a rate of US$6.72 per dose. For a discussion of the issues relating to donated vaccines see https://devinit.org/blog/counting-excess-vaccine-donations-oda-inflated-aid-2021/.

Table 2: Channels of Delivery for COVID-19 Control, 2020/21 to 2022/23

Channel Millions of Canadian Dollars	**Three-Year Cumulative Disbursements**	**Share of Total**
Bilateral - CSOs	$ 178.9	8%
Canadian CSO (share of CSOs)	$ 34.7 (19%)	
Foreign CSOs (share of CSOs)	$ 144.1 (81%)	
Bilateral - IFI Channels	$ 44.5	2%
Bilateral - Multilateral Channels	$1,793.2	77%
Bilateral - Other Channels	$ 302.8	13%
Multilateral - Other Channels	$ 14.4	0.6%
Total	**$2,333.8**	

Bilateral allocations through multilateral organizations were the main delivery channels for Canada's COVID-19 response, primarily through the GAVI Vaccine Alliance ($725 million), UNICEF ($530 million), WHO ($229 million), and the Global Fund to Fight AIDS, Tuberculosis and Malaria ($225 million), which together accounted for 95% of the bilateral multilateral channel. (**Table 2**)

Sub-Saharan Africa received 53% of the three-year total for Canadian Covid-19 disbursements. Asia was the recipient of 21%, and the Americas, 17%.

At the global level, over these three years, 2020 to 2022, DAC providers disbursed on average US$6.1 billion annually towards Covid-19 Control in developing countries. Canada ranks 4th in its allocations among its DAC peers, accounting for 9.5% of these disbursements. (**Table 3**) This performance is well above its usual ranking among providers, ranging from 12th to 15th position (see **Briefing Note One**).

Table 3: Ranking Canada's Support for COVID-19 Control

Three Year Average Share of DAC Total Support for COVID-19 Control (2020 to 2022)

	Provider	**Share of Covid-19 Control Purpose Code**
1	United States	23.6%
2	Germany	20.5%
3	Japan	11.5%
4	**Canada**	**9.5%**
5	United Kingdom	5.2%
6	France	5.1%
7	Korea	4.8%
8	Australia	3.5%
9	Spain	3.2%
10	Norway	3.0%
	22 Other Providers	10.0%

Source: DAC CRS

Canada mobilized substantial resources for developing countries in response to the pandemic. However, despite rhetorical emphasis on the importance of solidarity in responding to Covid-19 as a global public good, most providers, including Canada, pursued policies of "vaccine nationalism". Canada in fact

withdrew vaccines from the COVAX facility, meant to serve primarily low-income countries, and along with other developed countries was accused of hoarding vaccines.[9] The result was slow vaccination in developing countries and a significant loss of trust in the international system.

Global public goods, in the context of a pandemic, cannot be delivered through voluntary bilateral arrangements. An equitable response requires advance market commitments for vaccines and the sharing of technology and intellectual property rights so that developing countries are not reliant on developed-country suppliers. In May 2025, WHO member states adopted the first Pandemic Agreement, explicitly built to address the structural inequities and governance failures of the COVID response. It was greeted with mixed reactions from CSOs.[10]

3. The inclusion of the support for a growing number of refugees arriving in Canada, particularly from Ukraine in 2022 and 2023, has inflated Canadian ODA levels.

Support for refugees in provider countries is a human rights obligation and clearly a global public good. However, CSOs have challenged ODA inclusion of these expenditures, which are made exclusively in provider countries. While essential, they do not reflect the central purpose of ODA as a measure of provider efforts in the reduction of poverty and inequalities in developing countries. CSOs have long maintained that these expenditures do not belong in ODA.

The growing number of refugees arriving in Canada from conflict-affected and fragile contexts has had a varying, but often very significant impact on the levels of Canadian ODA. Under the rules established by the OECD DAC, DAC members may include official financial support for refugees hosted in the provider country for their first year.[11] According to the DAC, the rationale for the inclusion of this support is humanitarian:

> "Refugee protection is a legal obligation for OECD member states, all of whom are States party to the 1951 Geneva Convention Relating to the Status of Refugees and its 1967 Protocol. Assistance to refugees may be considered as humanitarian in nature and is provided with the aim of ensuring the dignity and human rights of beneficiary populations. Assistance to provide reception/protection to refugees originating from ODA-eligible countries, in the donor country (temporary sustenance for up to 12 months) is included in ODA to reflect the financial effort of

[9] Oxfam Canada, "Oxfam reaction to Canada taking Covid-19 vaccines from COVAX program," February 19, 2021, accessed at https://www.oxfam.ca/news/oxfam-reaction-to-canada-taking-covid-19-vaccines-from-covax-program/.

[10] Paula Dupraz-Dobias, "NGOs allege rights abuses by western countries in deadlocked pandemic agreement talks," Geneva Solutions, July 13, 2026, accessed at https://genevasolutions.news/global-health/frustrated-by-deadlocked-pandemic-treaty-talks-ngos-allege-rights-abuses-by-western-countries; MSF, "Countries must lay groundwork to turn Pandemic Agreement commitments into access for all," Press Release, May 15, 2026, accessed at https://msfaccess.org/countries-must-lay-groundwork-turn-pandemic-agreement-commitments-access-all.

[11] For the DAC rules governing costs for in-donor refugee support (recently updated in 2017), see https://www.oecd.org/en/topics/sub-issues/oda-eligibility-and-conditions/in-donor-refugee-costs-in-official-development-assistance-oda.html and the DAC Statistical Reporting Directives, page 34 - 39, accessed at https://one.oecd.org/document/DCD/DAC(2024)40/FINAL/en/pdf.

hosting refugees and the sharing of responsibility with developing countries that host the vast majority of the world's refugees."[12]

The capacities of DAC providers to meet their human rights obligations in this regard are in no way equivalent to aid in support of an African developing country hosting refugees from conflict-affected neighbouring countries.[13]

The inclusion of in-donor refugee costs is discretionary for DAC providers. Canada began including these costs in 1993. In 2025, only two providers – Australia and Luxembourg – did not include these costs in their ODA. Some providers, particularly those with legislated targets for their ODA, take these costs directly from these legislated amounts for ODA, thus diminishing resources available for development and humanitarian purposes in developing countries. The United Kingdom has been particularly egregious in this regard, spending more than a quarter of its aid budget in 2022 and 2023 in support of refugees in the UK, significantly more than it spent bilaterally in Asia and Africa combined. While slightly lower in 2025, it still consumed 18% of the UK aid budget.[14]

Most other providers, such as Canada, add these costs to their ODA total, but do not budget them from allocations intended for international assistance (in Canada, the International Assistance Envelope), thus significantly inflating their ODA.

Chart 2 demonstrates the inflation of Canadian ODA since 2015/16 resulting from the inclusion of these costs. Over the seven years up to 2021/22, Canada's in-donor refugee support averaged around 11% of Net ODA. In 2024/25, this support accounted for a quarter of Canadian ODA (25%), largely due to Canada's generous reception of Ukrainian refugees.

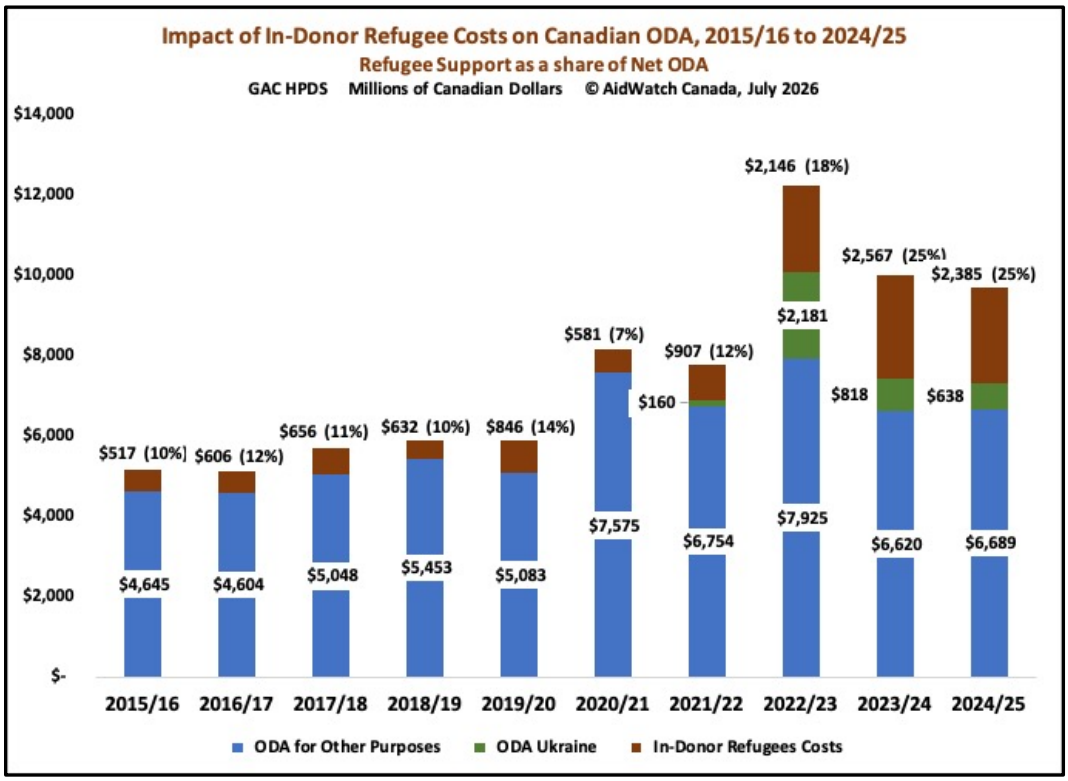
Taking into account in-donor refugee costs, growth in Canadian ODA is much more modest in recent years, mostly the result of support for Ukraine. ODA available for other humanitarian and development purposes (excluding refugee costs) increased by only 9% from 2015/16 to 2019/20. ODA for these other purposes jumped by 49% in 2020/21 and reached a peak in 2022/23. But since then, it has declined from $10,106 million to $7,327 million in 2024/25. When support for Ukraine is also factored out, the decline in Canadian aid resources for purposes beyond in-donor refugee costs and Ukraine is 16% from 2022/23 to 2024/25. By 2024/25 it had declined to its lowest level since 2019/20 ($5,083 million). (**Chart 2**)

[12] DAC Statistical Reporting Directives, op. cit., page 34.

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

[14] BOND, "UK Government is spending more UK aid on refugee costs in the UK than in both Africa and Asia ," April 5, 2023, accessed at https://www.bond.org.uk/press-releases/2023/04/uk-government-is-spending-more-uk-aid-on-refugee-costs-in-the-uk-than-in-both-africa-and-asia/. One, "UK aid: First evidence of Prime Minister's cuts emerges, with £1bn slashed and deeper reductions looming," Press Release, April 9, 2026, accessed at https://www.one.org/press/uk-aid-cuts-first-evidence-one-billion-fcdo-figures/.

Chart 2: Impact of In-Donor Refugee Costs in Canadian ODA



Where does Canada rank among its DAC peers in its inclusion of in-donor refugee costs?

In 2025, DAC members reported US$23 billion for in-donor refugee costs for that year or 13% of total ODA, down from US$28 billion in 2024. In 2025, Canada ranked 6th among its DAC peers in the amount of in-donor refugee costs reported, but 3rd in its share of Canada's ODA in that year (after Ireland and Latvia).[15] Canada's ranking since 2023 has been affected by its already noted strong support for Ukraine and Ukrainian refugees, relative to other DAC providers. (See **Section 5** below)

DAC members report different levels of official support for these costs for refugees. The costs per refugee can vary substantially. At US$10,100 per refugee, Canada ranked 7th in the per refugee / asylum seeker cost across DAC countries in 2022 and 2023. This relatively high per-refugee cost for Canada may be due to special benefits received by Ukrainian refugees in those years. Ranking above Canada were the United Kingdom (US$25,600), Ireland (US$19,400), Switzerland (US$18,500), Denmark (US$13,800), Norway (US$13,500) and New Zealand (US$12,700).[16]

[15] Note that this ranking is based on OECD DAC preliminary ODA statistics for 2025, which are collected on a calendar year basis and will differ from Canadian statistical reports, which are on a fiscal year basis. See OECD DAC, "ODA in 2025 – Preliminary Data, Detailed Summary Note," April 9, 2026, accessed at https://one.oecd.org/document/DCD(2026)8/en/pdf.

[16] Ian Mitchell and Sam Hughes, "The Costs of Hosting Refugees in OECD Countries and Why the UK Is an Outlier," Centre for Global Development, Blog, September 25, 2024, accessed at https://www.cgdev.org/blog/costs-hosting-refugees-oecd-countries-and-why-uk-outlier.

4. Canada's response to the climate emergency in a deteriorating ecological and climate context is not additional and is increasingly affecting the level of aid allocations for other purposes.

Canada's international response to the climate emergency has been largely drawn from the International Assistance Envelope and forms an increasing amount of its ODA allocations. In 2024/25, disbursements for climate mitigation and climate adaptation were 24% of its Real Bilateral ODA for that year.

Canada has made three five-year pledges for international climate finance: $2.65 billion for the period, 2015/16 to 2020/21, doubling to $5.3 billion for the period, 2021/22 to 2025/26, and $5.9 billion for the period 2026/27 to 2030/31. In accounting for these pledges, Canada only includes "principal purpose" climate finance for mitigation and adaptation (where the primary objective of the project is climate mitigation or adaptation). Significant purpose climate finance (where climate finance is one among several objectives) is reported by Canada to the UN Framework Convention on Climate Change (UNFCCC), but to date (July 2026) has not been included in accounting for progress in its five-year climate pledges.

A new climate pledge, 2026/27 to 2030/31

The Government increased its five-year pledge for 2026/27 to 2030/31 to $5.9 billion from $5.3 billion, but the structure of this pledge bears little resemblance to its previous pledges.[17] The $5.3 billion pledge was implemented solely by Global Affairs Canada and Environment and Climate Change Canada. GAC set out policy goals with strong accountability to development effectiveness, and with regular in-depth consultations with civil society actors. Almost half of the new pledge ($2.7 billion) will be implemented by FinDev Canada, an arms-length body, focused exclusively on private sector development in developing countries. FinDev's transactions largely fall outside the terms and conditions of the ODA Accountability Act. Global Affairs will be implementing only $3.0 billion over five years, a decrease of 43% from the $5.3 billion pledge.

Preliminary analysis suggests that the new pledge is a significant set back in Canada's climate finance for the most vulnerable countries and populations, particularly for adaptation and loss and damage finance. FinDev Canada has placed limited emphasis on these countries and populations, and its private sector instruments are often ill-suited for reaching them. Adaptation has accounted for only 16% of FinDev's climate finance to date, and all these initiatives were implemented in dual purpose, mitigation/adaptation, transactions. Only 7% of its climate finance portfolio were transactions involving Least Developed Countries, with 13% in Lower Middle-Income Countries.[18]

While GAC is expected to give some priority to vulnerable countries and populations, its $3 billion likely will be spread across a diversity of purposes and multilateral initiatives. The new pledge has no public policy guidance, policy goals or accountability framework (July 2026). At several meetings with CSOs, GAC officials have suggested that its implementation will be consistent with the overall GAC pivot towards

[17] For an analysis of the new pledge see Brian Tomlinson, "Less than meets the eye: Canada's new climate pledge and what it might mean for vulnerable countries, Some preliminary observations," May 2026, accessed at https://aidwatchcanada.ca/wp-content/uploads/2026/05/Less-Than-Meets-the-Eye.pdf.

[18] For a detailed analysis of FinDev Canada and climate finance see Brian Tomlinson, "FinDev Canada and Climate Finance: Implementing $2.7 billion in new climate finance," Briefing Note Four, July 2026, accessed at http://aidwatchcanada.ca/wp-content/uploads/2026/07/Briefing-Note-4-FinDev-July-2026.pdf.

"mutually beneficial economic partnerships". Based on current allocations of GAC and FinDev Canada, it is expected that adaptation and loss and damage will make up between 25% and 35% of the new $5.9 billion pledge.

The new pledge remains far removed from Canada's fair share (about 4.3%) of the US$300 billion annual global climate finance goal to be achieved by 2035. The expected decline in Canada's adaptation finance is reflected in projections for other developed country providers' climate finance, which may drop to US$10 billion in 2026, also far from the renewed target of $120 billion committed at COP30 in Belém, Brazil in November 2025.[19]

Reporting climate finance to the UNFCCC

Canada reports its climate finance to the UN Framework Convention on Climate Change (UNFCCC) through its UNFCCC Biennial Report.[20] In addition to the climate pledges noted above, this Report to the UNFCCC also includes "significant purpose" climate finance where one of the objectives of the project is mitigation or adaptation, but the project's main objective is other development purposes. Canada also includes in this Report official flows for climate finance projects that are not eligible to be included as ODA as well as very basic information on private sector finance mobilized by official flows (e.g. through Export Development Canada and FinDev Canada).

Through the UNFCCC, developed country providers of climate finance had promised that their principal purpose climate finance would be "additional" finance for developing countries. But unfortunately, they have never agreed on the definition of additional. Canada includes almost all its climate finance reported to the UNFCCC within its annual ODA.

While concessional climate finance is eligible to be included as ODA under DAC rules for ODA, developing countries have understood this additionality to mean additional to ODA for other purposes. It is therefore increasingly important to highlight the impact of increasing climate finance in response to the climate emergency in the context of ODA for other purposes.

The scale of Canada's climate finance

Canada's climate finance disbursements through ODA have been increasing since 2015/16.[21] (**Chart 3)**

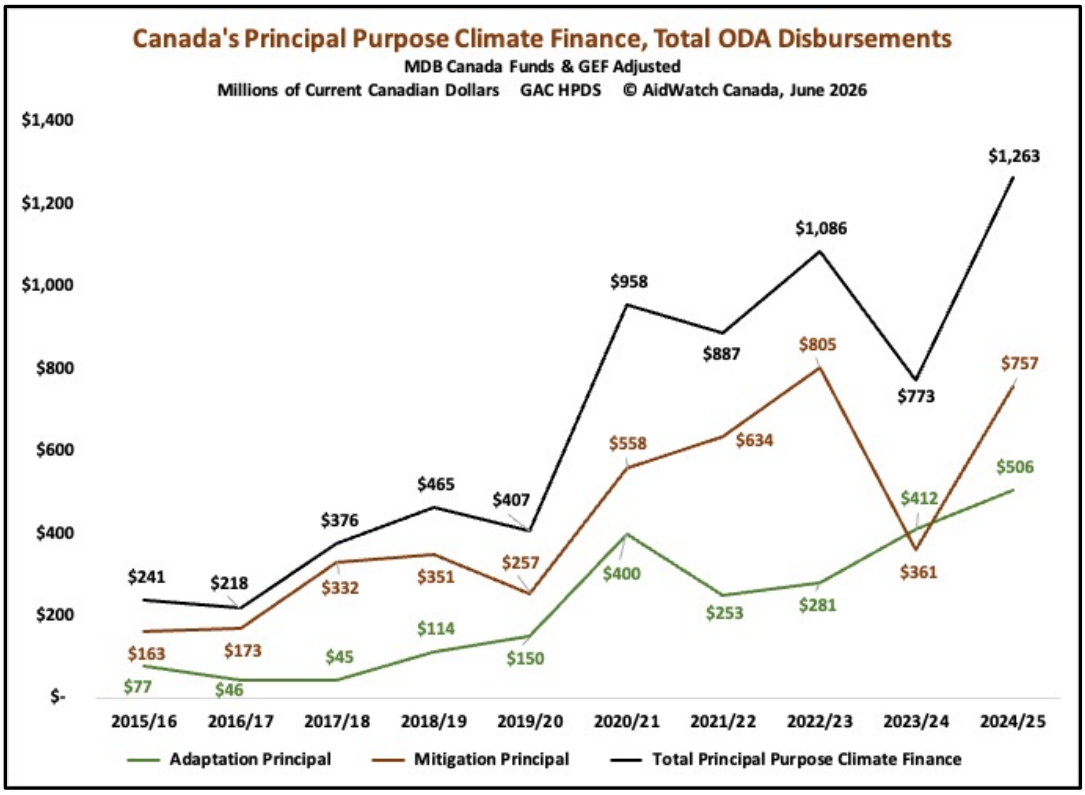
[19] See CARE Denmark, "Hollow Commitments 2025: An Analysis of Developed Countries' Climate Finance Priorities and Plans," June 2025, accessed at https://care.ca/wp-content/uploads/2025/06/CARE_Report-Hollow-Commitments-2025-REV1.pdf. For Canada's fair share see, ODI Global, "Fair Share of Climate Finance," nd, accessed at https://odi.org/en/about/our-work/a-fair-share-of-climate-finance/. Canada's fair share (4.3%) of the US$300 billion per year target for 2035 is approximately Cdn$18.7 billion (exchange rate of $1.45). The new five-year pledge ($5.9 billion) is a mere 6.3% of this fair share.

[20] Government of Canada, "2024 Biennial Transparency Report," November 2024, accessed at https://unfccc.int/documents/645162.

[21] See C4D/AidWatch Canada's up-to-date review of the different aspects of Canada's climate finance at http://aidwatchcanada.ca/canadian-climate-finance/. For a summary of current allocations of Canada's climate finance $5.3 billion pledge, see Brian Tomlinson, "An Overview of Canadian International Climate Finance, 2015/16 to 2023/24: Key Trends and Future Directions," October 2024, a paper prepared for the Canadian Coalition on Climate Change and Development (C4D), accessible at http://aidwatchcanada.ca/wp-

Annual disbursements for climate finance relating to the five-year $2.65 billion commitment reached a peak of $954.5 million in 2020/21, the last year for meeting that commitment. By 2024/25, Canada had disbursed a total of $4 billion of the $5.3 billion pledge, reaching a peak of $1,263 million in 2024/25.

Chart 3: Canada's Principal Purpose Climate Finance



Almost two-thirds (64%) of these disbursements have been targeting mitigation purpose, with 36% so far directed to adaptation. (**Chart 3**) The Government committed to an adaptation target of 40% of the $5.3 billion by 2025/26. In dollar terms, adaptation finance will have more than doubled to $2,120 million in the 2021/22 to 2025/26 period, from a total of $1,004 million in the previous 2015/16 to 2020/21 five-year period. To date, no targets have been announced for the new $5.9 billion pledge and as noted above, adaptation is expected to be a lesser share of this total pledge.[22]

Canadian CSOs have called for principal purpose climate finance to be additional to Canada's ODA for other purposes. To enable transparency in this regard, climate finance should be identified in the International Assistance Envelope separate from IAE budgetary allocations for ODA in order to track its additionality.

content/uploads/2024/10/Revised-Saved-Changes-October-Summary-of-Canadian-International-Climate-Finance.pdf

[22] The CSO climate and development coalition, C4D, have proposed a 40% / 40% split for adaptation and mitigation, with 20% dedicated to loss and damage. The structure of the $5.9 billion pledge, with $2.7 billion, delivered through FinDev Canada will make this challenging to achieve. Given FinDev's orientation to mitigation, it would like require GAC to devote more than 90% of its $3 billion to adaptation and loss and damage.

Canada's new climate pledge for the first time sets out a target for private sector finance mobilized by official resources. FinDev intends to mobilize over $3 in private capital for every $1 of public investment through FinDev's concessional finance facility. With $732 million invested in this facility through the new pledge, FinDev expects $2.2 billion in private sector finance. According to its latest report to the UNFCCC, Canada mobilized $207 million in private finance over two years, 2021 and 2022.

The 2026 Spring Economic Update goes on to state that "together with other existing sources of climate finance, such as support through multilateral development banks and Export Development Canada, as well as private finance catalyzed by public resources, the government's goal is for Canada to deliver over $13 billion in climate related support to developing countries over the next five years." Taking the reported amounts in Canada's UNFCCC report as given, combined with the $5.9 billion commitment, these would total about $8.4 billion over the five years. Canada expects considerable increases in multilateral bank climate finance (which is expected) and in mobilized private finance (which is also realistic given the allocation of $2.7 billion to FinDev Canada) to reach its $13 billion target.

What has been the impact of Canada's climate finance on Real Canadian ODA?

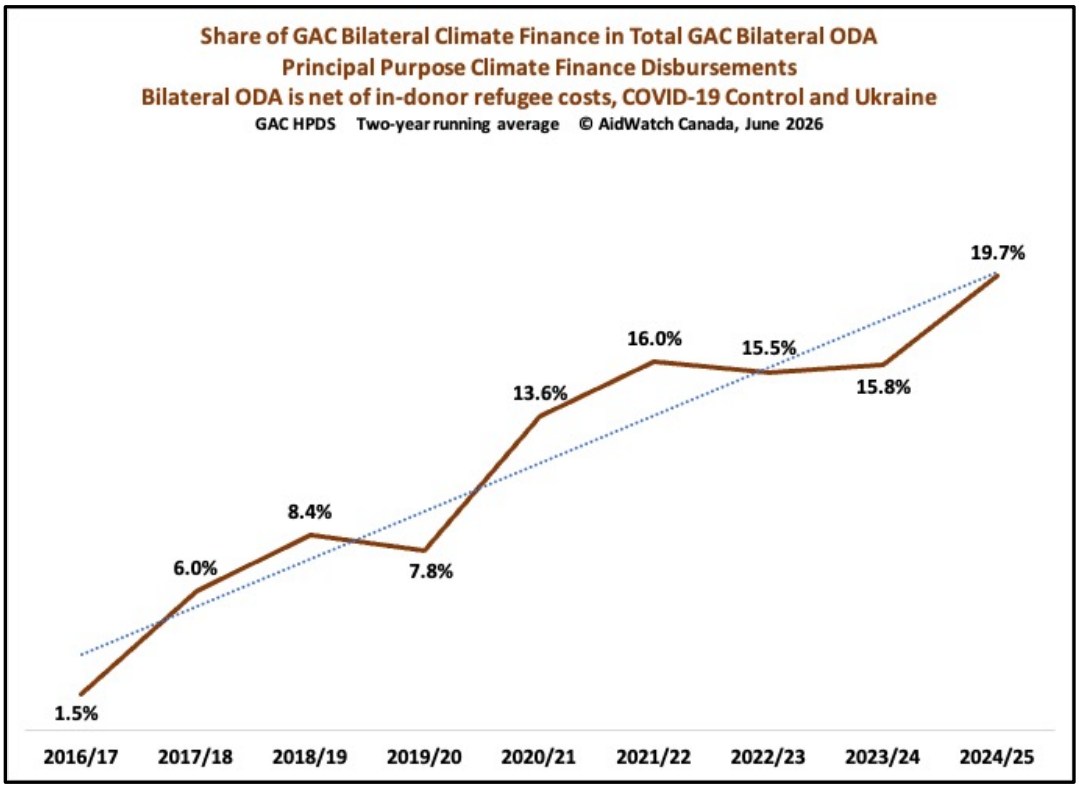
Chart 4 demonstrates an increasing impact of climate finance on Canada's ODA since 2015/16, net of in-donor refugee costs, COVID-19 Control and Ukraine, to allow for comparisons with years prior to 2020/21. A large share of Canada's climate finance is allocated through bilateral finance, the part of Canadian aid over which the government has decision-making control in its allocation to different development purposes.

In 2024/25, the Government allocated 24% of its bilateral aid to climate finance. Calculated as two-year averages to smooth out allocation discrepancies, by this year (2024/25), this share for principal purpose climate finance has grown to 20% from 8% in 2019/20. (See **Chart 4**)

Adaptation finance was only 9% of bilateral aid in 2024/25 (two-year average). Mitigation finance made up 11%. Several experts have made the argument that 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. As noted above, ODA is meant to be provider efforts that benefit "the economic development and welfare of developing countries" as its main objective. If the activity is mainly mitigation, it is hard to claim that the developing country is the primary beneficiary, when the actual benefit of reduced greenhouse gases is diffused globally. 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.[23] In 2024/25, excluding mitigation finance in bilateral aid, would have freed up $623 million for other purposes.

[23] See Charles Kenny, "On aid and climate, do not make the poor pay twice," Center for Global Development, October 27, 2020, accessed at https://www.cgdev.org/blog/aid-and-climate-dont-make-poor-pay-twice. Charles Kenny, "Official Development Assistance, Global Public Goods, and Implications for Climate Finance," Policy Paper , October 27, 2020, accessed at https://www.cgdev.org/publication/official-development-assistance-global-public-goods-and-implications-climate-finance. These arguments were also made in a report of an Experts Group advising the Government of Norway on the future of Norwegian aid: Norwegian Ministry of Foreign Affairs, *Investing in our Common Future: A new framework for development policy,* 2022, accessed at https://www.regjeringen.no/contentassets/a068ca8930d84774b58d64f01058c02f/en-gb/pdfs/e-1017-e_investing-in-a-common-future.pdf.

Chart 4: Two-Year Average share of Climate Finance in Canadian ODA
(Net of COVID-19 Control and support for Ukraine)



Note: 2020/21 to 2024/25 is less COVID-19 Control and support for Ukraine to allow comparisons with earlier years.