

Should Canada reduce spending on foreign aid?

General background

Foreign aid is a key part of the global economy, totalling hundreds of billions of dollars and taking the form of grants, loans, and gifts (including goods and services) being voluntarily transferred amongst countries – usually from the more developed Global North to the developing Global South. It goes towards areas including but not limited to health, sanitation, education, and infrastructure, as well as on refugees within donor countries.

In the 2023-2024 fiscal year, Canada spent \$12 billion on foreign aid. This included \$6.8 billion in official development assistance (government aid that goes directly towards economic development/welfare in developing countries), or 0.34% of their gross national income (all earnings by a country's people and businesses). This makes the country the 6th largest total provider of official development assistance and 15th largest as a percentage of their gross national income.

Foreign aid spending became a contentious topic during the 2025 federal election, with now-Prime Minister Mark Carney promising not to cut foreign aid while Pierre Poilievre's Conservatives vowed to divert \$9.4 billion in foreign aid over the next four years to military and domestic spending.

For more information:

- [What is foreign aid? How "Official Development Assistance" is measured](#) (Our World in Data)
- [Donor Profile: Canada](#) (Donor Tracker)
- [Election 2025: What are the Parties Saying About Foreign Aid?](#) (Centre for International Policy Studies)

Yes

*Here are some reasons why people might argue that the Canadian government **should reduce spending** on foreign aid.*

Canadians are struggling at home

Canadians across the country are facing a financial pinch, with households now having to spend a greater share of their income on basic needs as well as on debt repayments. Likewise, the country is facing a housing shortage (estimated to be nearly 300,000 by 2030) contributing to a rise in the cost of both buying and renting. Before helping anyone else, Canada needs to invest in solutions for its own citizens.

Not meeting our NATO commitments

Last year, Canada spent 1.37% of its gross domestic product – or the value of all goods and services produced in a country – on defense, making us one of eight NATO member countries to not meet the 2% target. This gap was targeted by American President Donald Trump, who said it spends billions to protect Canada, as well as in a bipartisan letter from 23 American senators in 2024. As tensions continue to rise with the United States, Canada needs to spend less on foreign aid and more on defense.

Can cause issues for countries receiving funds

Critics of the current foreign aid system have said that it can cause developing countries to get stuck in an “aid trap.” This means that the countries receiving it become dependent, and it can undermine their ability to govern themselves due to the conditions that are often attached to receiving foreign assistance.

Government needs to represent interest of all Canadians

As shown by the 2025 election cycle, there is a lot of disagreement among Canadians about where and in what capacity we should be sending foreign aid. A [recent Nanos poll](#) also showed that nearly a third of Canadians want a decrease in foreign and humanitarian aid, and Conservatives – who won 41% of the popular vote – have charged that our aid goes towards what they define as “dictators, terrorists and global bureaucracies.” The government needs to represent the interest of Canadians, and not making major changes to foreign aid policy betrays this mandate.

Read More

- [Breaking free from the aid trap: time for Africa to halt international financial institutions' austerity policies](#) (Bretton Woods Project)
- [Canada could cut deal with U.S.—increase defence spending, remove tariffs](#) (Fraser Institute)
- [It's not a “vibecession.” Canadians are really struggling more, and the data proves it](#) (Canadian Centre for Policy Alternatives)

No

*Here are some reasons why people might argue that the Canadian government **should not reduce spending** on foreign aid.*

Opportunity to fill gaps left by USAID

Canada has long been associated with peacekeeping and democracy, but Trump's cuts to the United States Agency for International Development – the American agency that provides foreign aid and development assistance, commonly known as USAID – opens up an opportunity for us to take on an even greater leadership role in the area. This is particularly relevant now, as the United States had previously spent the most (\$64.7 billion USD, or approximately \$88.8 billion CAD) on official development assistance and cuts may leave millions in a lurch. Experts also warn that non-democratic powers like Russia and China may step in to expand their influence.

Not meeting United Nations target

In 1970, a United Nations General Assembly resolution passed stating that members should aim to spend 0.7% of gross national income on official development assistance; last year, only four countries reached or exceeded this goal. While slightly above average (currently 0.33% of all member countries' gross national income combined goes towards official development assistance), Canada still sits at a little under half of this target at 0.34%.

Fixing structural inequality

The majority of Canada's foreign aid goes towards the Global South (the exception being Ukraine since its war with Russia began), which includes all or parts of Africa, Latin America, the Caribbean, Asia, and Oceania. From around the late 1400s to early 1900s, the people of these areas were exploited and their resources were extracted which contributed to the economic advancement of European colonizers and settlers. These inequalities persist to this day, to the general benefit of the Global North including Canada. Reducing spending on foreign aid means failing to uphold our commitment to reduce inequality around the world.

Spillover effects

Investing in peace, stability, and infrastructure in developing countries has positive ripple effects for the donor country. It can, for instance, open up new markets for Canadian businesses and investments, and having legitimate opportunities can steer young people away from being radicalized into criminal and/or terrorist groups.

Read More

- [Foreign aid can help strengthen the economies of donor countries by boosting business](#) (The Conversation)
- [Canada should fill the void in democracy development left by the Trump administration](#) (Policy Options)
- [The economic impact of colonialism](#) (Centre for Economic Policy Research)
- [What do Canada's political leaders want to do with foreign aid?](#) (CTV)