



Ethiopia

ALTERED STATES:

The Social, Political, and Economic Forces Reshaping Philanthropy

TOPIC BRIEF | May 30, 2025.

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The Social, Political, and Economic Forces Reshaping Philanthropy

There's been a seismic shift in the landscape of development assistance in 2025. The tremors that were felt during the pandemic have turned into a full-scale earthquake with the withdrawal of the U.S. from its commitments to the humanitarian, development, equity, and climate imperatives that are central to achieving the UN Sustainable Development Goals (SDGs) by 2030.

This topic brief explores the current socio-political-economic environment, the headwinds facing development agencies and foundations, corporations, and individual philanthropists as they reorient themselves

within it, and the short- and longer-term potential impacts of current trends on philanthropy in Canada.

Although the situation is fluid, our goal is to assist with key supporter decision-making by highlighting the areas of greatest need – focusing on both international and domestic spheres – given the current events shaping development priorities.



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EXECUTIVE SUMMARY

Altered States: The Social, Political, and Economic Forces Reshaping Philanthropy

explores the major shifts underway in the global development landscape, spurred by compounding crises that gained ground during the COVID-19 pandemic, and have grown worse since then, with growing economic uncertainty and political instability, and the recent tariffs and other policy changes under the new U.S. administration. These changes are destabilizing systems of support that millions rely on.

The topic brief traces how the pandemic exposed vulnerabilities in the philanthropic sector, as donor engagement fell while global need rose. Economic recovery has been fragile and uneven and many in the Global South and within marginalized communities in wealthy countries like Canada have yet to see meaningful recovery.

Development agencies and philanthropists are grappling with the enormous challenge of filling the void left in a vastly changed social, economic, and political landscape.

The brief concludes with an urgent call to action: to prioritize investment where the need is greatest and where we can advance the Sustainable Development Goals for the most vulnerable populations internationally and in Canada.

This includes addressing critical areas of international need while redoubling efforts to support Indigenous communities in Canada as they work to counter escalating threats from climate change, the compounding impact of inflation and economic uncertainty on food and income security, and the erosion of progress towards reclaiming their sovereignty.

THE LEAD-UP

2020 to 2023: The pandemic and post-pandemic years

The COVID-19 pandemic marked a tipping point for the global aid system and set back advancements on the SDGs significantly. Just as the need for humanitarian and development assistance surged to unprecedented levels, donor capacity faltered.

The World Bank estimates that in 2020 alone an additional 70 million people were pushed into extreme poverty, reversing years of progress.¹ Food insecurity resurged, with the UN's 2023 *State of Food Insecurity in the World*

reporting that 122 million more people faced food insecurity than before the pandemic.²

As the world slowly – and unevenly – recovered from the pandemic between 2021 and 2023, inflation skyrocketed and economic uncertainty, including the fears of a recession, rose. The UN Development Programme reported a widening gap between the Global South and Global North post-pandemic, with OECD countries recovering from the pandemic much faster than lower-income countries.³

The likelihood of achieving the SDGs became increasingly bleak. According to the

UN Sustainable Development Goals Report 2024, “the scarring effects of the COVID-19 pandemic, escalating conflicts, geopolitical tensions, and growing climate chaos are hitting SDG progress hard.”⁴ The UN’s reporting revealed that just 17 percent of the SDG targets are on track. Nearly half are showing minimal or moderate progress, and progress on over one-third has stalled or even regressed.

Charitable giving in transition

Even before the pandemic, the infrastructure supporting charitable giving was weakening. Charitable donations in Canada had been on a steady decline for decades, with just under 17 percent of Canadians donating to charities in 2023, down from 25.7 percent in 1997. 2021 represented the largest single-year decline, occurring even before the impacts of high inflation were felt.

Increasingly, charities have become reliant on a consolidated pool of primarily older, higher-income donors who are giving larger gifts. Adjusting for inflation, 2022 donations were about \$250 million below 2020 donations and \$30 million below 2019 donations. As donations were dropping, demand was rising: by 2023, 40 percent of charities reported experiencing a lasting increase in demand since the pandemic.^{5,6}

In recognition of these new dynamics, the Government of Canada amended the

disbursement quota for registered charities in 2023, raising the required annual distribution of assets from 3.5 percent to 5 percent for charitable organizations with more than \$1 million in assets.

This change, designed to unlock more funding during a time of heightened need, had a disproportionate effect on foundations involved in international development, which tend to be larger and which (along with corporations and individual major donors) represent about 11 to 13 percent of overall charitable expenditures.



THE CURRENT STATE OF PLAY

2024: A weak recovery and dramatic rupture

Signs of global economic recovery began to emerge towards mid-2023 even as geopolitical tensions escalated and inflation remained high. Supply chains were regaining strength and the costs of food and consumer goods were finally starting to plateau, although they remained considerably higher than their pre-pandemic levels.

In June 2024, the World Bank declared that global growth, albeit still weak, was stabilizing for the first time in three years. They warned that the world's poorest countries would not enjoy that growth because of punishing levels of debt service, constricting trade possibilities, and costly climate events. They stressed that the poorest 75 countries eligible for assistance from the International Development Association would need international support.⁷

At the beginning of 2025, the new U.S. administration imposed global tariffs and withdrew from almost all its foreign aid commitments through the United States Agency for International Development (USAID). The steady decline in support for progressive social policies such as diversity, equity, and inclusion (DEI), green energy, and climate change initiatives ramped up.

These trends have had severe repercussions for charitable organizations like Kinvia (formerly Canadian Feed The Children), and others working for international development, environmental (which includes agriculture and food security), and refugee causes, and for philanthropists and major

funders of these causes – not to mention the millions of people around the world to whom they offer lifesaving support.

Global tariffs and an uncertain economic picture

The imposition of global tariffs by the U.S. has ignited trade wars, caused inflation and interest rates to climb, provoked renewed fears of recession, driven market volatility, and caused widespread and ongoing economic uncertainty.

According to the Bank of Canada, tariff policy reversals are driving much of the uncertainty, which falls into two categories: which tariffs will be imposed and how long they will last and, more broadly, how the tariffs will affect the economy. They add, “The unpredictability of U.S. policy has already led some businesses to lower their outlook for future sales. Businesses are also delaying investment and new hiring. Many households plan to spend more cautiously. If broad-based tariffs are imposed and stay in place, it’s unclear how exactly households and businesses will react. What is clear is that there will be less demand, less economic growth and higher inflation.”⁸

Many countries’ gross domestic product (GDP) are predicted to contract. Costs will rise (and, in some places, are already rising). Beyond recession, there is a worrying possibility of stagflation: persistent high inflation combined with high unemployment and stagnant demand in a country’s economy.

Adding to the concern is that, in the face of shifting global alliances and trade

relationships, many countries, including the U.K., France, Belgium, Sweden, and the Netherlands, are reducing their development funding to spend more on defence and this trend is expected to continue.⁹

The coming economic storm is likely to contract charitable giving even further.

The dissolution of USAID

The shuttering of USAID – the world’s largest aid agency with a presence in over 100 countries – threatens to unravel years of progress and jeopardizes the lives and futures of millions across the Global South. In an instant, approximately \$60 billion was removed from the global system of foreign assistance.^{10,11}

The immediate effects have been chaotic and life-threatening. International non-governmental organizations (INGOs) and local non-governmental organizations (NGOs) responsible for distributing funding and overseeing programming in communities have terminated staff and halted projects.

As just one example of the damaging consequences, the World Food Programme (WFP) has suspended dozens of its operations due to severe funding shortages, including one in Ethiopia that was providing malnutrition treatment for 650,000 malnourished women and children. According to a WFP spokesperson, more than 3.6 million people in Ethiopia alone will lose access to assistance if



more funding is not received by June.¹² Approximately 80 percent of USAID is allocated to emergency aid, with the remaining 20 percent directed toward non-emergency or development-focused initiatives.¹³ However, the line between “emergency” and “development” is often unclear and the two are intrinsically linked.

Programs such as agriculture, maternal and child health and nutrition, sexual and reproductive health and rights, children’s education including school nutrition, and community capacity building are intended to build the kind of social and economic resilience that will enable people to better withstand crises.

These are precisely the types of programs that INGOs like Kinvia and its long-time local NGO partners support.

Movement away from progressive social and climate policies

The reversal of DEI policies and climate programs in the U.S., and the contagious backlash against them spreading elsewhere in the Global North, threatens to stall and even eliminate important initiatives that contribute to the betterment of millions of lives and to global stability.

Actions aligned with the aims and values of the Sustainable Development Goals are inherently progressive and equity-based, designed to achieve a more sustainable future for all by addressing global challenges like poverty, inequality, climate change, and environmental degradation.

Equity-based development, long championed by Canada and other governments, addresses income polarization and the barriers to economic participation that leave those on the margins struggling in economic precarity.

The SDGs specifically demand that implementing countries “leave no one behind” and put the needs of the most vulnerable

first. The SDG universality principle means that actions are to be undertaken both domestically and internationally.

In Canada, this means addressing chronic inequities facing Indigenous Peoples who experience disproportionate income, health, and food insecurity deficits compared to the rest of Canada.^{14,15,16} These communities will be the hardest hit by economic contractions, uncertainty, and inflationary pressures – and possibly also by the diversion of funds to priorities outside of Canada.

It will be important for INGOs like Kinvia, who work both domestically and internationally, and our supporters to address international needs while remaining committed to community-led food and income security and sovereignty programs that are crucial to Indigenous communities in Canada.



Neqotkuk (Tobique First Nation – Perth-Andover NB)

Canada stepping into leadership

Prior to his recent election, Prime Minister Mark Carney said that he would not cut foreign aid and that “Our vision is that this is a time for Canada to lead ... in ensuring that we play a role that Canada always has, which is to be generous and to be effective in our support of those who are most vulnerable around the world.”¹⁷

There were some details set out in the Liberal Party’s platform about its proposed approach to international development. The party committed to maintaining its \$800 million budget for humanitarian aid and support for climate financing (including private sector financing for emissions reduction, food security programming, and economic development), Ukraine, Arctic security, sexual and reproductive rights for girls and women, and assistance to 2SLGBTQ+ individuals facing persecution abroad.

The new government is signalling a high degree of inclusion and commitment to Indigenous issues. However, its messaging on foreign assistance has been less clear.

The government’s announcement in May 2025 of a two-tiered cabinet, with senior ministers and junior secretaries of state, emphasized an almost single-minded focus on the Canadian economy and the economic and security relationship with the United States.¹⁸ The international development portfolio, formerly part of the Minister of Foreign Affairs’ mandate, is now at the junior

cabinet level, with Randeep Sarai appointed as Secretary of State (International Development).

So far, there is little in terms of explicit support for the Feminist International Assistance Policy initiated under the previous Liberal government. As the Centre for International Policy Studies notes, the Liberal platform promises a full foreign policy review, which would include development policy, however “the Liberal platform has completely dropped any reference to feminism.”¹⁹ What it does say is the following:

We will not forget what Canada stands for – a world where everyone can live with equal rights, dignity, and respect. ... Liberals will continue to stand behind the institutions that support Canadian values and our global stability, including the UN and its agencies.

We must never forget that our sovereignty, security, and prosperity are tied to broader global stability. At a time of rising global conflict and authoritarianism, there are those who are stepping back from global leadership. Canada believes in open cooperation, in the free flow of goods, services and ideas.

*If the United States no longer wants to lead, Canada will.*²⁰

NAVIGATING THE NEW LANDSCAPE

The combination of USAID cuts, tariffs, and the U.S.'s retreat from global leadership evidenced by actions such as its withdrawal from the Paris climate accords, the World Health Organization, and the SDGs, results in a fundamentally changed and more dangerous world order that has wide-ranging impacts on the health, well-being, and stability of the planet and everyone on it.

What is required now is a collective effort by development agencies and philanthropists to sort out the new priorities of a vastly changed world, stepping in to fill the vacuum and address the greatest needs that now exist.

Recently, the Gates Foundation announced an escalated timeline for a total spend-down

of its capital.²¹ But even Bill Gates – the sixth-richest person on Earth, whose foundation pays out nearly \$9 billion annually (more than any other charity) – cannot fill the yawning gap alone.

There is talk in large-donor communities of creating consortia to pool resources, teaming up with financial institutions to provide concessional loans for healthcare and other types of programs, and funding initiatives that strengthen countries' economic systems by improving revenue generation and debt management. Most foundations are looking to scale up activities within their existing areas of focus, seeking efficiencies and, of course, impact.

But the facts are inescapable: there is more need than dollars to meet that need and some hard choices will have to be made.



While the international effects of the trends we've outlined are clear, there will be inescapable and severe impacts of these trends for Indigenous communities in Canada as well.

Indigenous Peoples in Canada continue to work towards meaningful progress on longstanding issues such as inadequate housing, inequitable access to the social determinants of health, food and income insecurity, and the impacts of climate change. As the economy contracts in the coming months and years, and charitable giving priorities are reconsidered, Indigenous communities are likely to be hardest hit.

It is imperative that we continue to walk alongside Indigenous Peoples in support of their right to self-determination and sovereignty, not just to fulfill our SDG obligations but to uphold and advance our commitment to truth and reconciliation.

At Kinvia, we are applying our efforts where we can have the most impact: in Ethiopia and Uganda, which are among the countries hardest-hit by the cessation of USAID; in Ghana, where climate change continues to devastate the livelihoods of smallholder farm families; in Bolivia, where sexual and gender-based violence and children's education are some of the most urgent priorities; and in Canada, where Indigenous communities are steadily reclaiming strength and sovereignty from a legacy of colonial oppression.

We invite all concerned Canadians to join us in solidarity with our partners in Canada and internationally as they rise to the new challenges of a vastly changed landscape for sustainable, community-led development.



PRIORITIES

INTERNATIONAL



Agricultural Development and Productivity

Training, resources, and infrastructure to improve crop yields and diversify agricultural production among smallholder farmers. Includes promoting climate-smart and sustainable farming practices, enhancing access to markets, and strengthening value chains.



Maternal and Child Nutrition

Interventions that reduce malnutrition among pregnant and lactating women and children under five. Activities encompass nutrition education, supplementation programs, and support for breastfeeding to ensure adequate nourishment during critical developmental periods.



School Nutrition Programs

Initiatives that provide nutritious meals to children in educational settings, encouraging school attendance and improving learning outcomes. Programs often serve as a safety net for food-insecure families and contribute to breaking the cycle of poverty.



Water, Sanitation, and Hygiene (WASH)

Projects to improve access to clean water and sanitation facilities, promote hygiene practices, and prevent waterborne diseases. WASH interventions are integral to enhancing overall health and nutritional status in communities.



Community Resilience and Capacity Building

Efforts aim to strengthen the ability of communities to withstand and recover from shocks such as natural disasters, economic crises, or conflicts. This includes developing early warning systems, emergency preparedness plans, and diversified livelihoods.

INDIGENOUS COMMUNITIES IN CANADA



Local Food Systems

Support for Indigenous-led initiatives to reclaim, revitalize, and build sustainable local food systems through land-based education, traditional agricultural practices, and infrastructure such as food forests and community gardens. Programs are grounded in Indigenous knowledge systems and governance.



Nutrition, Food Security and Health

Community-led programs that increase access to nutritious, culturally appropriate food and address the root causes of food insecurity. This includes school and community nutrition, traditional food harvesting, nutrition education, food preparation and preservation, capacity-building for local food producers, and nutrition for health and disease prevention.



Environmental and Cultural Protection and Sovereignty

Initiatives that uphold Indigenous rights to resource use and development in their traditional territories, cultural preservation, and climate resilience, including support for Indigenous-led land and water stewardship, climate adaptation, conservation, and intergenerational traditional knowledge sharing. These efforts reinforce cultural continuity and self-determination.



Beardy's & Okemasis' First Nation

ENDNOTES

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CATALYZING COMMUNITY-LED CHANGE SINCE 1986

Ethiopia

Kinvia, previously known as Canadian Feed The Children, works in solidarity with communities as they build local, self-determined, sustainable systems to provide food for their children, youth, and families across generations.

Our core belief is that food and nourishment is a human right. Together with our donors, we are committed to community-driven solutions that address the unique needs of children, youth, and their communities by:

- advancing food security and working towards food sovereignty
- focusing on school nutrition and quality education
- embedding climate action and gender equality

We now reach close to 270,000 people in 133 communities in five countries.

We remain steadfastly committed to financial transparency, accountability, cost efficiency, and social impact, and have been recognized as a Top 100 Rated Charity by Charity Intelligence for nearly a decade, most recently in 2024.

Thank you for joining us as we work together toward our vision of a world in which children, youth, and their communities thrive, realizing their full potential.



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