

Written Submission for the Pre-Budget Consultations in Advance of Federal Budget 2023

by Cooperation Canada

Headline recommendation:

That the Government of Canada commit to increasing its international assistance envelope each year over the next three years to reach a minimum of \$10 billion in the 2025 budget, in line with the government's own commitment to year on year increase towards 2030 to realize the United Nations Sustainable Development Goals (SDGs).

Sub-Recommendation 1: Support the development of human capital by investing in the health, education, and empowerment of the most vulnerable.

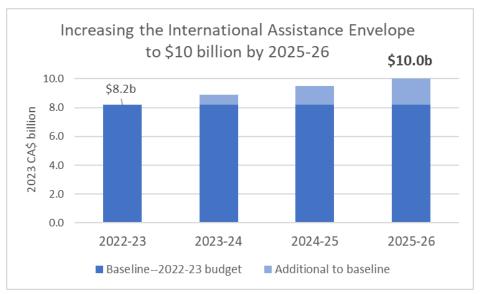
Sub-Recommendation 2: Invest in the restoration and protection of our shared natural capital with increased funding to initiatives that have climate adaptation as the principal purpose.

Sub-Recommendation 3: Explicitly commit to a do-no-harm approach in humanitarian assistance preventing the diversion of funds from existing to new crises.

Sub-Recommendation 4: Outline a coherent feminist foreign policy that ensures the mutually reinforcing roles of diplomacy, international assistance, trade, and defense while supporting global and local feminist leadership.

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Note: This graph is based on the 2022 <u>LSE-Brookings report</u> (2022). US\$96 billion in additional ODA is needed by 2025 compared to 2019, and with Canada's share of OECD-DAC GNI of 3.6%, this would be equivalent to spending CA\$4.6 billion more on the IAE in 2025 compared to 2019, for a total IAE of around \$10 billion by the 2025-26 budget. The increase should be in 2023 dollars so that it is adjusted to inflation moving forward.

International assistance is key to reaching the Sustainable Development Goals (SDGs). Investing an additional \$1.9 billion by 2025 over the \$8.1 billion baseline announced in Budget 2022 aligns with the Government of Canada's commitment to increase international development assistance every year to support the global sustainable development agenda. Such an investment would be relatively modest in the context of growing global needs and demands, yet signal Canada's commitment to global leadership in a world fraught with economic instability, inequality, and geopolitical fractures.

Recognizing the current fiscal context, we recommend an investment of \$0.6 billion of new and additional funding in Budget 2023. This increase would meet the government's commitments to increase international assistance every year, articulated in the 2021 Speech from the Throne and the Minister of International Development's 2021 mandate letter.

Canada's international aid has seen a notable boost in recent years, driven by the government's response to COVID-19. Indeed, the aid budget grew from \$5.5 billion in 2019-2020 to \$7.7 billion in 2020-2021, and to \$8.1 billion in Budget 2022-23. This welcome injection of support ensured none of Canada's pre-existing aid programs were cut amid the pandemic response. In a context of multiple and intersecting global crises, the 2023 federal budget cannot do less. It must secure the baseline of \$8.1 billion and commit to a three-year timetable for sustained increases.

A country's commitment to global development and humanitarian aid is often measured by its "aid-to-wealth" ratio. Recent increases in Canada's aid budget brought this ratio to 0.31% in 2021. Though lower than the average 0.33 aid-to-wealth ratio in OECD-DAC countries in 2021¹ (with France and Sweden hitting 0.52% and 0.92% respectively), the recent aid increase is in line with the government's commitment to feminist global leadership, articulated in the Feminist International Assistance Policy (FIAP) and expressed in the recent \$1.2 billion pledge for the replenishment of the Global Fund to fight HIV, tuberculosis, and malaria.

In face of the multiple compounding crises that erode global stability, bold global leadership is needed now more than ever. Long-term and predictable international assistance funding is imperative to preserve the hard-won development gains of the recent years and achieve the ambition of Canada's FIAP. Canada cannot tackle every problem alone. But political will and political courage to continue to step up and step out as a global leader can position Canada as a country that matches words with action and makes meaningful contributions to human development and natural capital around the world.

Sub-Recommendation 1: Support the development of human capital by investing in the health, education, and empowerment of the most vulnerable.

Investing in human capital is about acknowledging the centrality of the 'leave no one behind' principle embedded in the SDGs. COVID-19 forced Canada to face, at home and abroad, the amplification of long-standing systemic inequalities and their repercussions, including heightened violence against women and children, shrinking access to essential health services, and disruptions to education. Targeted investments to reach the poorest and most vulnerable, especially when competing priorities and multiple crises arise, are the most effective way to build global resilience and mitigate or even prevent future crises. Our recommendations for Budget 2023 rest on the imperative that Canada deploys its political and financial weight to maintain its existing commitments to gender-responsive and integrated investments in health and education.

² https://pm.gc.ca/en/news/news-releases/2019/06/04/government-canada-makes-historic-investment-promote-health-and-rights

As a feminist leader, Canada must continue to advance the health, rights, and well-being² of women, adolescents, children, and gender diverse individuals. System-wide investments in health ensure the safety of communities everywhere, equipping the global community to deal with future health threats. When the pandemic hit in 2020, the world was unprepared, but existing tools and infrastructure for other diseases like tuberculosis or Ebola helped jump-start adequate responses. In contrast, the global community was caught flat-footed when monkeypox cases began to appear in North America and Europe, mainly because of decadeslong disregard of monkeypox cases in other countries. Strengthening the ability of regional and national health systems is the most effective way to prevent, detect, and respond to future threats.

Canada has been a leader in global education particularly for the most marginalized learners, including girls, refugees, and internally displaced children. In partnership with Canadian civil society organizations, the government has delivered results through the Charlevoix Declaration, reaching 4 million girls since 2018 with access to good quality, gender-transformational education. It is critical that the government protect and increase its investments to ensure greater access to inclusive, equitable and quality education for the world's most marginalized children.

Investing in human capital reaps socio-economic benefits. These benefits arise through fewer early deaths, fewer health conditions, and improved labor-force participation of healthier and more skilled people.

Sub-Recommendation 2: Invest in the restoration and protection of our shared natural capital with increased funding to initiatives that have climate adaptation as the principal purpose. Budget 2023 must address the causes and consequences of the global food crisis. Food security is a human right³. Investing in the global natural capital is our best guarantee that this fundamental right is protected.

After two decades of progress towards a world without hunger, global food insecurity started to rise in 2017. Indeed, extreme climatic events, distorted global food supply chains, and more recently the war on Ukraine hamper the availability of and access to food. According to the 2022 Global Report on Food Crises, 193 million people are currently living in severely food insecure contexts across 42 countries, with children under five accounting for at least 27 million. Rising food prices, increasing energy prices, and tightening financial conditions each

² https://pm.gc.ca/en/news/news-releases/2019/06/04/government-canada-makes-historic-investment-promote-health-and-rights

³ https://documents-dds-ny.un.org/doc/UNDOC/GEN/N22/428/88/PDF/N2242888.pdf?OpenElement

have important effects on their own, but together they can create vicious cycles of social instability and conflict. No country can be safe in instable world.

Putting women at the forefront of food systems help to address long-term inequalities while improving family's well-being, communities' stability, and resilience, along with food and nutrition security. Food security cannot be achieved without nutrition security. Food security ensures that people can survive and do not go hungry. Nutrition security goes an extra step by addressing root causes of malnutrition and allowing for the early detection, prevention, and treatment of wasting. Canada has long been a leader on global nutrition. We need this leadership to continue.

Climate change is a threat multiplier, exacerbating challenges such as biodiversity loss, violence and conflict, and food insecurity. Transformative climate action is essential to reach all SDGs. In 2021, Canada has made significant progress by announcing the doubling of Canada's climate finance contributions to \$5.3 billion over five years. But Canada can and should do more to close the climate finance gap and meet its fair share in bilateral climate finance contributions.

To ensure the effectiveness of climate finance, Canada should boost its support for locally driven civil society and women-led initiatives addressing climate adaptation. At least 50 percent of climate finance should target gender-responsive climate adaptation programs. Canada's climate finance should be grant-based and support countries most at risk of climate impacts and least able to adapt, including Small Island Developing States and fragile contexts.

Sub-Recommendation 3: Explicitly commit to a do-no-harm approach in humanitarian assistance preventing the diversion of funds from existing to new crises

Budget 2023 should plan for a robust crisis pool which acknowledges rising humanitarian needs, allowing to address emerging crises without diverting funds from existing ones. The Budget must also explicitly increase funding for anticipatory action to support resilience in at-risk communities and prevent crises' escalation. This can be done by ensuring that local organizations, including women's organizations, working on the frontlines are supported.

Far too many people are being left to die of hunger because of the global lack of commitment to prevent and respond to food crises. Canada has stepped up to address the effects of these crises but can go further by increasing funding that is explicitly flexible to avert famine and save lives and livelihoods. This would allow Canada to act more quickly to close the funding gap in humanitarian appeals for the most underfunded hunger crises.

Sub-Recommendation 4: Outline a coherent feminist foreign policy that ensures the mutually reinforcing roles of diplomacy, international assistance, trade, and defense while supporting global and local feminist leadership

There can be no effective implementation of Canada's FIAP without alignment with our foreign policy more broadly. Canada should ensure coherence and embed feminist approaches in Canada's whole foreign policy. The Ukraine crisis revived the debate about NATO's pledge to spend at least two percent of gross domestic product on defense annually, while aid-to-wealth commitments remain a marginal talking point. Modernizing threat deterrent infrastructure must go together with bolstering economic empowerment and social stability around the world. A feminist approach to foreign policy should recognize equity and equality as determinants of conflict prevention and peace consolidation.

Our feminist foreign policy must align with the localization agenda, recognizing that long-established habits of sidelining and underfunding grassroots and national NGOs render humanitarian and development initiatives far less effective than they could be. Local and national organizations have their fingers on the pulse of development and emergency needs, understanding the socio-political context in which crises unfold. Localization of humanitarian and development assistance is therefore essential to achieve the SDGs. We recommend that Global Affairs Canada shift its internal mechanisms to align with a growing set of international commitments to localized interventions.⁴

Conclusion

Investments in international assistance have worked, allowing notable progress on combatting deadly diseases, stabilizing financial systems, promoting life in dignity, and advancing sustainable development – and Canadians agree. As a medium-weight power, Canada has a legacy of global engagement and an appreciation of the interconnectedness of our world and our collective well-being. While Canada cannot be everything to everyone everywhere, it can be strategic and coherent in its deployment of international assistance, focusing on places where it matters most, where it has built gains and momentum over the years, and where it can pave the way for other countries to join forces. Investing at least \$10 billion by 2025 is a fair contribution by Canada. Failure to do so will be costly, for Canadians and for communities across the globe.

⁴ Including OECD-DAC instruments like the <u>Recommendation</u> on Enabling Civil Society in Development Co-operation and Humanitarian Assistance and the <u>Recommendation</u> on the Humanitarian-Development-Peace Nexus.