

Implementing Canadian Ambitions: Supporting Global Development in Budget 2018

October 2017¹

***Issue:** This brief outlines some priority opportunities where Budget 2018 can make meaningful contributions to Canadian and global objectives in global development and humanitarian assistance – working in collaboration with partners to implement Canada’s new Feminist International Assistance Policy and improve the effectiveness of Canada’s development cooperation. The brief touches upon five areas where Canada can do this: through a ten-year timetable for increasing Canadian ODA; a strong focus on the poorest and most marginalized, in particular women and girls; a humanitarian response commensurate with growing needs; a commitment to new and additional climate finance; and greater transparency over spending.*

Introduction

Canada’s new Feminist International Assistance Policy (FIAP) represents a significant shift in the way that Canada delivers global development and humanitarian assistance. The FIAP’s ambitious vision is commensurate with Canadians’ ambitions for their country. In [poll](#) after [poll](#), Canadians say they want their country – and their government – to help build a fairer, more sustainable, and safer world by making development cooperation a priority in Canada’s foreign policy.

There is no clearer way of doing so than through sustained annual increases to the International Assistance Envelope (IAE), the most predictable way of growing Canadian Official Development Assistance (ODA). Canada can use ODA to support smart, strategic and impactful global development and humanitarian investments, working in collaboration with all development and humanitarian actors, including civil society organizations (CSOs). By focusing Canada’s ODA on supporting gender equality and empowering women and girls, the government has signaled its intention to play a leadership role in supporting the [Sustainable Development Goals](#) (SDGs), particularly Goal 5, and its commitment to a multilateral, globalist, progressive international system. However, implementing the new policy will require substantial new budgetary commitments alongside enhanced development practice.

This brief contains five thematic areas and seven concrete recommendations for inclusion in Budget 2018.

¹ An earlier version of this brief was submitted to the House of Commons Standing Committee on Finance as CCIC’s submission to consultations on Budget 2018.

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A. A timetable to increase Canadian Official Development Assistance

Canadian ODA fell from 2011, dropping from \$5.5 bn to \$4.9 bn in 2013-14. While Canadian ODA seemed to have bounced back in 2014-15, hitting \$5.7 bn,² the increase was inflated by one-off payments. In 2015-16, Canadian ODA dropped back to \$5.3 bn (0.27 percent of Gross National Income, per CCIC's calculations).³ In 2016-17, CCIC projects Canadian ODA to rise to \$5.5 bn, mainly due to growing in-Canada refugee resettlement costs, and remain at 0.27 percent of GNI.⁴

Meanwhile, the IAE – a more accurate measure of programmatic commitments to reducing poverty in developing countries – has remained virtually flat-lined in recent years. The additional \$128 mn announced in Budget 2016 for each of 2016-17 and 2017-18 is positive, but insufficient to position Canada as a global leader in the long term. The FIAP represents a major new shift in how Canada funds and delivers its international assistance, and it will need commensurate resources to succeed. Furthermore, in the wake of disproportionate cuts to human resources at Global Affairs Canada over the past decade, substantial new investments are needed to build the capacity of government and partners to implement the new policy, including its feminist and human rights-based approaches. This must occur without undermining Canada's existing programming and expertise. Although CCIC has heard informally that the anticipated IAE for 2017-18 has increased from \$4.75 bn to \$4.9 bn (excluding the discretionary Crisis Pool), no additional funding has been officially announced.

- 1. Budget 2018 should announce a ten-year timetable of predictable increases to the IAE, with the target of meeting the long-established, internationally-agreed target of 0.7 percent of Gross National Income (GNI) going to ODA.** As noted, the ODA-to-GNI ratio sits at 0.27 in 2016-17. If current funding and growth levels are sustained, by the end of this government's first mandate it will have the lowest average commitment to ODA as a percentage of GNI in half a century.⁵

Budget 2018 should launch a three-step plan to:

- a) bring Canada's development spending as a percentage of GNI back to 2011 levels (or 0.31), within this government's first mandate;
- b) catch up to Canada's global peer group and reach the unweighted OECD average (0.40 percent of GNI), by doubling the IAE and reaching 0.42 percent of GNI within five years (by 2022-23);
- c) become a global leader in development cooperation by achieving the target of 0.7 percent of GNI, within ten years (by 2027-28).

² Derived from figures included in the Statistical Report on International Assistance – Fiscal Year 2014-15.

³ All 2015-16 figures are derived from the Statistical Report on International Assistance – Fiscal Year 2015-16.

⁴ Derived from provisional numbers in the Report to Parliament on the Government of Canada's Official Development Assistance 2016-17. Since this does not include provincial and municipal contributions to Canadian ODA, these have been estimated.

⁵ Robert Greenhill and Celine Wadhwa. January 11, 2017. "On paying its global share, Canada's not back—it's far back." <https://www.opencanada.org/features/paying-its-global-share-canadas-not-backits-far-back/>.

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Based on current spending and growth patterns, CCIC estimates that committing to a ten-year timetable for increasing Canadian IAE to achieve the 0.7 target would entail year-on-year increases over the next three years of \$760 mn in 2018-19, \$877 mn in 2019-20, and \$1,013 mn in 2020-21. This would achieve the first step of raising Canada's ODA to GNI ratio to at least 0.31 by 2019-20 – where Canada was before the cuts of the last five years.

B. A focus on the poorest and most marginalized

In the context of gradual, sustained annual increases to the IAE, the government should set near and medium-term targets for allocating resources within that envelope, focusing on the poorest and most marginalized – as per the Minister of International Development's [mandate letter](#). This will build on the FIAP's commitment to direct 95 percent of all bilateral international development assistance to programming with gender equality and the empowerment of women and girls as either a principal or integrated target. Canada's overall focus must be in line with the principal purposes of Canada's ODA as defined by the [ODA Accountability Act](#) – to reduce poverty, promote international human rights and their realization, and respond to the voices of the poor – and aligned with priorities of governments and CSOs in developing countries. In this vein, CCIC welcomes the FIAP's adoption of a human rights-based approach to development.

The FIAP has announced the government's intention to move from a countries-of-focus model for delivering international assistance towards a type-of-country approach. In implementing this shift, the government should ensure that Canada's emphasis remains on supporting the poorest and most marginalized people. While the move to more responsive programming can make Canadian assistance more adaptable and targeted, it must still support long-term investments, predictability of funding for partners, and flexibility to account for unanticipated developments.

In implementing the FIAP, the government should work with a diverse range of actors – including Canadian CSOs – to maximize impact by utilizing each partner's expertise and capacity. Canada's work with civil society partners should aim to be as flexible and responsive as possible – in keeping with [Canada's Policy for Civil Society Partnerships for International Assistance](#).

Budget 2018 should also be guided by the 2030 Agenda for Sustainable Development and the SDGs, the development framework adopted at the United Nations in September 2015.

- 2. Budget 2018 should dedicate half of programmable ODA to least developed countries (LDCs), low-income countries (LICs), and fragile states.** This recommendation is complementary but additional to the FIAP commitment to dedicate “no less than 50 percent of its bilateral international development assistance” to sub-Saharan Africa. This commitment will help ensure that Canada's development dollars target some of the poorest countries – at no additional cost. Canada currently allocates between 40 and 45 percent of its ODA to LDCs, LICs, and fragile states.
- 3. Budget 2018 should initiate a process towards allocating 0.15 percent of GNI to LDCs by 2027-28.** This commitment will help ensure that a predictable and significant portion of Canada's development dollars reach people in the poorest countries. As a starting point, in the next five years, Canada could

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shift from around 0.09 percent of GNI to 0.12 percent by 2022-23. This would require allocating approximately \$2.8 bn to LDCs by 2022-23.

- 4. Budget 2018 should showcase the government’s new commitment to empowering women and girls – disproportionately affected by inequality, poverty and climate change.** In the FIAP, the government announced a new five-year \$150 mn fund to “support local women’s organizations and movements that advance women’s rights in developing countries.” In Budget 2018, the government can substantiate this commitment by announcing the first tranche of funding through this fund, make it additional to the existing IAE, and ensure an emphasis on predictable, long-term, responsive, and flexible programming.

C. Responding to growing humanitarian needs

Canada’s response to humanitarian disasters is an area of growing importance, with Canadian humanitarian assistance rising from \$528 mn (2012-13) to \$738 mn (2015-16). As of 2015-16, humanitarian assistance represented 14 percent of overall spending (up from 10.4 percent five years before).

CCIC concurs with the government in recognizing the importance of humanitarian funding, including through its three-year commitment of \$840 mn for Syria and Iraq. However, the baseline funding budgeted for humanitarian assistance has remained virtually stagnant at just over \$300 mn per year. The difference is made up by intra-departmental transfers from other programs – reducing the amount of funding going to developing country governments, diminishing the predictability of programming in all areas, and undermining Canada’s overall efforts.

- 5. Budget 2018 should initiate a process of gradually increasing the baseline level of humanitarian spending, to a level reflective of growing global humanitarian need and in step with the overall growth of the IAE outlined in Recommendation 1.** As the IAE grows, a larger proportion should be allocated to increasing the baseline budget for humanitarian assistance (prevention, response, relief and recovery). This should be done with the aim of bringing the baseline humanitarian budget in line with its typical year-end proportion within the IAE, allowing more long-term, timely, predictable, and effective funding for humanitarian action.

D. New and additional climate finance

The government has demonstrated its commitment to leadership on climate change – including new climate finance. However, it has still not publicly made it clear whether the \$2.65 bn [committed for climate finance](#) will be new and additional funding, or drawn from the existing IAE. Canada should meet the [Paris Agreement](#)’s call for signatory countries, including Canada, to balance adaptation and mitigation efforts. Moreover, at least 50 percent should be in the form of grants and not loans, as per developing countries’ requests. While some allocations are still to be made, Canada is far off the mark on these targets. Finally, in line with Canada’s international commitments, climate finance should be aligned with the [principles for effective development cooperation](#).

- 6. Budget 2018 should clarify that the government’s climate financing initiatives will be new and**

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additional to the existing IAE and include a balance between mitigation and adaptation efforts, and between grants and loans. The government's commitment to funding action on climate change is welcome and needed. It should not come at the expense of existing and expanded investments in global poverty eradication through the IAE. Budget 2018 should make it clear that this is *not* the case.

E. Greater transparency over spending

The [Official Development Assistance Report to Parliament](#), released under the [Official Development Assistance Accountability Act](#), and the [Statistical Reports on International Assistance](#) both provide important accounts of how Canada's development investments are spent by the whole of government. However, because the timing of their release is delayed – respectively six months and one year after the previous fiscal year – key information for analysis is slow to emerge. Unfortunately, in 2010 the Government of Canada stopped publicly disclosing the IAE in advance of the coming fiscal year. The FIAP laudably commits to disclose the IAE annually. However, the timing (and therefore the usefulness) remains unclear. Budget 2018 is an opportunity to specify the details of this commitment.

- 7. Budget 2018 should publicly disclose the level of the International Assistance Envelope *for the coming year* and commit to doing so on an annual basis moving forward.** At no additional cost, this measure will improve the accountability and predictability of Canada's international assistance efforts and enable better tracking of aid effectiveness – commitments that Canada made at the 3rd and 4th High-Level Fora on Aid Effectiveness.