

PRE-BUDGET CONSULTATIONS FOR BUDGET 2019 BY THE HOUSE OF COMMONS STANDING COMMITTEE
ON FINANCE

PROPOSALS FOR BUDGET 2018 – HIGHLIGHTS

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Before I begin, while I welcome the pre-budget consultation process, I choose not to talk about “Ensuring Canada’s Competitiveness.” Rather, I will be discussing how developing countries can too become competitive with young, educated and healthy workforces. But first they must break the shackles of abject poverty and its limiting effects. Canada can do its fair share by increasing our ODA to a level commensurate to our national income and focusing on proven, cost-effective interventions. I trust that in this democratic process my submission will be given the same consideration as anybody else’s.

Recommendation 1: Budget 2019 should set a timetable for meeting the OECD average for an ODA/GNI ratio by 2024 and set a timetable for reaching an ODA/GNI ratio of 0.7% by 2030, with 3 year rolling targets.

Recommendation 2: Budget 2019 should increase funding for research and development on TB, especially drug-resistant TB.

Recommendation 3: Budget 2019 should increase support nutrition programs in order to build human capital among the world’s poorest populations. As the host of the Women Deliver global conference and with Canada’s Feminist International Assistance Policy being at the heart of our ODA program, Canada should give special attention to the human capital of girls and women, including before and during pregnancy.

Recommendation 4: Budget 2019 should build on the leadership Canada has shown in educating women and girls in crisis by reversing our long decline in overall spending on global education.

We now spend 0.26% of GNI on ODA. The increase in the ODA in the last Budget of \$2 billion over five years was not an increase in real terms; it only matched the growth in the economy. Our ODA/GNI is still stuck at 0.26%¹.

From 1990 to the present, cuts to our aid budget were triple that of domestic programs in percentage terms. Given that aid accounts for a mere 1.7% (2017)² of total spending, this nickel-and-diming the poor was downright unconscionable.

We only spend about half the average of the G7 and “like-minded” countries. The gap also compares what we’ve been spending in aid during the last 20 years to our pre-1995 historical average of 0.46%. It is estimated that by not maintaining this average has cost over 7 million lives using a cost-per-life-saved metric.³

The last budget report by FINA (the Canadian parliamentary committee on finance) recommended an increase in ODA with the goal of allocating 0.7% of GNI to ODA by 2030.

In a 2015 study, 94% of Canadians said that it is important to improve health, education and economic opportunity for the world’s poorest people. As well, 62% of Canadians agree that Canada should be one of the leading countries in providing international development.⁴

If the government chooses to continue to avoid paying its fair share, it will have the dubious distinction of having the lowest commitment to international assistance of any Canadian government in the last half-century. As the government makes decisions on the next Budget, it must decide if it will continue to pursue a seemingly “Canada First” agenda. This form of nationalism is part of a disturbing trend among Western countries that risks destabilizing the world even more than today.

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For a country such as Canada where the flow of visitors, migrants and business collaborators is especially high, infectious diseases such as Ebola or tuberculosis (TB) are real threats. We must mention in particular the threat posed by drug-resistant tuberculosis, which is caused by the failure of individuals to complete the full course of treatment for TB.

Drug-resistant TB is difficult to detect, easily transmitted (a simple cough or laughter in a confined space is sufficient), potentially deadly and each treatment is very long and costs a minimum of tens of thousands of dollars. We all remember the impact of SARS on Toronto’s economy. We must take these types of threats very seriously given that there are hundreds of thousands of outbreaks of drug-resistant TB alone.

¹ Open Canada

² Canadian International Development Platform

³ Global Canada Initiative

⁴ Atlantic Council for International Cooperation (ACIC)

Since men and women of working age are the age group with highest incidence of the disease, productivity and the economy are negatively affected in high burden countries.

TB REACH provides small grants to fund innovative approaches to finding and treating TB patients, who are the hardest to reach, patients who would otherwise go untreated. It is willing to invest in riskier projects applying new approaches and technologies that would otherwise not secure funding from other sources. Since its inception in 2010, TB REACH has awarded US\$127 million in grants to 222 projects in 51 countries worldwide. This program has produced remarkable results at relatively little cost. Canada is the primary funder and should continue to support innovation in this area

If we can help find better ways to detect and treat TB worldwide, perhaps we can apply the discoveries here at home. The rate of incidence among Canada's Inuit population is reportedly to be as high as 300 times that of our non-Indigenous population.⁵ Just last March, a 14-year old Inuit boy from Newfoundland succumbed to the disease.⁶ How he contracted the disease remains a mystery.

They are susceptible to illness because many Inuit same live in similar conditions as those developing countries, specifically lack adequate housing, malnutrition is commonplace due to a lack of affordable food and scant employment opportunities mean too many families have trouble making ends meet. This goes to show that TB respects no borders.

For these reasons, the importance of funding research on diagnostics and treatment of TB was specifically highlighted in the Charlevoix G7 Summit Communique, and it is important for the 2019 Budget to act on this declaration.

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Malnutrition can have irreversible impacts on a person's growth, development, health, and even survival from the womb to the tomb. It can result in stunting (low height for age), impaired cognitive function, a weakened immune system, and significant decreases in future earning power—irreversibly continuing the cycle of poverty for another generation. It also puts more stress on over-burdened health care systems.

On the other hand, children with access to proper nutrition do better in school, and in adult life. They earn 20%⁷ more in the labour market and are 10% more likely to own their own businesses.⁸ For every dollar invested toward malnutrition, the cost-benefit ratio for low- and middle-income countries is \$16.⁹

⁵ Indigenous Canada

⁶ The Globe and Mail

⁷ World Health Assembly

⁸ Scaling Up Nutrition

⁹ World Bank

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I applaud the government for its announcement at the G7 Summit to commit \$400 million in new and an additional funding for educating women and girls in crisis. This leveraged another \$3.4 billion from other countries and the World Bank. This shows that when Canada speaks with its cheque book, the world listens. It is probably the only good thing to come out of the Summit.

However there are still almost 200 million¹⁰ out-of-school children, 2/3 of them girls, who will not benefit from this announcement because they are not living in regions affected by conflict or instability.

A World Bank study released a few years ago concluded that the biggest factor behind the stellar rise of the Asian "Tiger" economies was not access to natural resources or to capital, but an educated population. South Korea is a shining example. While its northern neighbour has been investing heavily for decades in weapons of mass destruction, South Korea has done the same only in "weapons of mass instruction". Today, it is ranked second behind Finland as having the best educational system in the world. From the rubble of war, it has become an economic powerhouse and a world leader in innovation.

This is one example of how investing in human capital and intellectual infrastructure can transform a country. Canada's new Feminist International Assistance Policy (FIAP) recognizes that promoting gender equality and empowering girls and women is the best way to build a more stable, prosperous and equitable world.

The best way to realize these goals is by investing in education which has been proven to increase women's earning power, reduce maternal deaths and child marriages and empower them to fight for their rights. The World Bank has stated that investing in girls education is the biggest bang for our ODA buck.

Everybody's talking about impact the wave of aging baby boomers will have on all of us. But there is another wave in the South called the "youth bulge" (a demographic trend when a country's infant mortality rate decreases faster than fertile rate). For instance, about 41% of the people in Africa are below 15 years old.¹¹ Providing them with a quality education would give them hope, goals and opportunity and inject into a developing country a new source of skilled labour. The alternative is more children growing up to be illiterate, disenfranchised and vulnerable to radicalization on an unprecedented scale. The first scenario is commonly referred to as a demographic dividend; the second as a demographic time-bomb. The window of opportunity for donor countries is closing fast.

¹⁰ Global Partnership for Education

¹¹ African Institute for Development Policy (AFIDEP)

In order for FIAP to have any real impact, the ten-year decline in Canadian support to global education must be reversed. For instance, Canada's support in this area fell precipitously from US\$438 million in 2010 to US\$262 million in 2016, a 40%¹² decline.

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¹² Donor Tracker