

Pre-Budget Consultation Submission

August 1, 2017

Executive Summary

RESULTS Canada is a global movement of passionate citizens committed to raising their voices to build a world without extreme poverty. For almost thirty years our volunteers have harnessed the enormous power of advocacy by engaging with their Members of Parliament and their fellow voters from all across Canada.

The Committee has invited Canadians to share their priorities for the 2018 budget specifically focused around the themes of productivity and competitiveness. We believe that investing in international assistance is a strategic investment benefiting both Canadians and the world.

In November 2016, the Standing Committee on Foreign Affairs and International Development called on the government to spend 0.35 percent of Gross National Income (GNI) by 2020 on official development assistance (ODA), and to reach 0.7% by 2030. In December, the Finance Committee concurred in its Report on the Pre-Budget consultations. Yet the 2017 Federal Budget showed no increase to the International Assistance Envelopment. At an estimated 0.26%, Canada's development spending is well below the internationally agreed 0.7% target and near an all-time Canadian low.

The Canadian Government recently released its Feminist International Assistance Policy which focused on empowering women and girls as a driver to end extreme poverty. The policy is ambitious but with no new funding it will fail to be transformative.

Canadian leadership abroad pays dividends to Canadians at home. By investing in key global sectors, Canada can stimulate economic growth, boost the global labour force, and reduce the treatment and healthcare costs associated with disease and malnutrition. Some of Canada's biggest trading partners including China and South Korea were former recipients of massive amounts of international aids. These countries are now important economic partners and markets for Canadian products¹

To that end, we urge you to prioritize increasing Canada's support for official development assistance in the 2018 budget. Specifically our government must immediately increase ODA by 1 billion dollars per year for three years and develop a ten-year timetable to achieve 0.7 percent of GNI in order to contribute our country's fair share to eradicating poverty and fighting inequality.

¹ <https://www.opencanada.org/features/paying-its-global-share-canadas-not-backits-far-back/>

What can increased Canadian investments in international assistance accomplish?

Ending Epidemics

When we invest in immunizing children abroad and strengthening health systems of vulnerable countries we are also protecting Canadians from disease. Scientists have estimated that the “next fast-moving airborne pathogen could kill more than 30 million people in less than a year”.² We know that a disease is more likely to turn into an epidemic in unstable countries with weak health systems. Infectious diseases don’t pay attention to political borders and the only way to keep Canadians safe is to continue to invest in health systems, immunizations and research and development.

Global polio eradication efforts are a great example of an international assistance investment that has paid dividends for Canadians. Many Canadians have a personal experience with this debilitating disease and it was only a generation ago that polio affected thousands of our parents and grandparents. Canada’s support of the Global Polio Eradication Initiative has been relatively modest with \$750 million since 1988, yet the impact has been incredible. 2.5 billion children have been immunized worldwide and now there are approximately 40 cases of polio per year down from 40 per hour in 1988.³ This has saved the global economy an estimated 27 billion dollars (factoring in health care costs and lost work hours).

Beyond just polio we know that investing in vaccination is extremely cost-effective. A 2016 study conducted by Johns Hopkins found that for every dollar invested in vaccination in the world’s poorest countries, US 16 is expected to be saved in healthcare costs and lost wages and productivity due to illness and death.⁴

Global pandemics are an increasing concern. A recent survey of 30,000 insurance industry experts around the world found that pandemics topped the list of extreme long-term risks that matter most for the insurance industry. The West African Ebola epidemic in 2014 killed more than 10 000 and infected 20 000 more but could have been much worse if not for the polio program infrastructure already put in place. Canada’s financial support for polio eradication paid off in helping to limit the impact of the Ebola outbreak as did our efforts to research vaccines for the disease.

Global Health R&D

World leaders have begun to recognize that in our increasingly interconnected world we must use global approaches to address global problems. The G20 recently put health on its agenda for the first time and declared anti-microbial resistance a major threat to our health and economies. It is estimated that 700,000 people worldwide are already dying each year because of drug-resistant infections. Each patient developing a resistant infection results in about USD 10,000 to 40,000 extra healthcare costs. The cumulative economic cost of AMR will reach 100 trillion dollars by 2050 if no action is taken now.⁵

Canadians are just as vulnerable to these superbugs including, drug resistant tuberculosis and pneumonia. The former Head of the WHO Margaret Chan has warned “the world is heading towards a post-antibiotic era in which common infections will once again kill”.

² http://www.huffingtonpost.co.uk/bill-gates/bill-gates-foreign-aid_b_16100784.html?utm_hp_ref=uk&ir=UK

³ <http://polioeradication.org/polio-today/history-of-polio/>

⁴ <http://www.gavi.org/about/value/cost-effective/>

⁵ <http://www.oecd.org/about/secretary-general/g20-health-ministers-meeting-fighting-antimicrobial-resistance.htm>

R&D into Diseases of poverty (including drug-resistant strains) is woefully underfunded, and there are substantial gaps in the innovation model for novel drugs and vaccines. There is a significant role for both Canadian researchers and the federal government to play in addressing these challenges. Funding in Canada into R&D products for neglected diseases totaled only USD \$79 million from 2010-2015. This is extremely low when we compare to countries during the same time frame such as the UK (USD \$231 million) and US (USD \$2.1 billion).⁶ We are failing to take advantage of Canada's world class researchers and facilities and need a fully-funded government wide global health R&D strategy.

Food security and improved nutrition

Almost 795 million people around the world have too little to eat or are malnourished—the vast majority of whom live in developing countries, where 12.9 percent of the population is undernourished. As one of the world's largest donors to basic nutrition programs, Canada has been a global leader in supporting critical nutrition programs that reduce child mortality and boost economic growth. Malnutrition 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 yet another generation.

Jim Kim, the President of the World Bank calls investing in the early years of a child's development an investment in "gray matter infrastructure". In a 2016 speech he made clear how important addressing stunting is: "I've talked about three huge global threats that affect all of us – forced displacement, climate change, and pandemics. But there's another threat that has escaped the world's serious attention, and frankly it is the issue which is the most damning for all of us working in development: the unconscionably high rates of childhood stunting in middle- and low-income countries"

There are remarkable short-term and long-term benefits to prioritizing nutrition spending. Investing in nutrition can lead to enhanced economic growth through job creation, increased productivity, and resource savings. Indeed, children with access to proper nutrition do better in school, and in adult life they earn 20% more in the labour market and are 10% more likely to own their own businesses.⁷

As Mr. Kim further elaborates "Of all our investments in infrastructure, I believe that investments in grey matter infrastructure could be the most important of all. Neuronal infrastructure is quite possibly the most critical infrastructure that countries need in facing an uncertain future – where economic growth will depend much more on digital competency in an increasingly service-oriented economy and much less on low-skilled jobs in agriculture and manufacturing".⁸ As Canadian companies look for new markets to invest in and also seek an increasingly skilled workforce at home these investments will be critical for increased productivity.

Inclusive and Quality Education

Despite strong progress over the last 15 years more than 263 million children and youth remain out of school, the majority of them girls. Education is not only a fundamental human right, but it has a remarkably positive effect on both incomes of individuals and the economic growth of countries. One

⁶ <http://policycures.org/downloads/Y7%20GFINDER%20full%20report%20web%20.pdf>

⁷ <http://siteresources.worldbank.org/NUTRITION/Resources/281846-1131636806329/NutritionStrategyCh1.pdf>

⁸ <http://www.worldbank.org/en/news/speech/2016/04/05/remarks-world-bank-group-president-jim-yong-kim-development-global-interdependence>

extra year of schooling increases an individual's earnings by up to 10% while each additional year of schooling raises the average gross domestic product (GDP) growth by 0.37%.

Education also has profound benefits beyond economic, girls that are kept in school beyond grade 7 are more likely to marry later, less likely to die in pregnancy or childbirth, likelier to have healthier children and more likely to send their own children to school. The societal and economic benefits of education are clear, so why is education continually underfunded? Canadian support to education has fallen to \$207.6 million in 2014 or 7.8% of total Canadian ODA, down from a high of 12.2% in 2010. Globally, the financing gap for education is estimated at US \$39 billion⁹.

Funding education is one of the smartest investments we can make. An educated global workforce means more Canadian companies abroad can find the skilled workforce they need to succeed.

Climate Change

Increasing environmental sustainability is one of Canada's key commitments. Whether we live in Canada or abroad, we all rely on the environment for everything from food and water, to the resources to grow our economies. A changing climate threatens the livelihoods of the world's most vulnerable people, including women and girls. As the most recent Global Affairs Canada's ODA Report points out, "environmental sustainability and the fight against climate change are inseparable from other critical development challenges such as gender equality, economic growth, governance and human rights, peace and security, humanitarian assistance and resilience".¹⁰ Furthermore, environmental challenges know no national boundaries. An increase in ODA would better support programs and policies that address these challenges, like renewable energy and desertification and deforestation. These investments will protect access to life's basic necessities and bolster economies, both in the Global South and in Canada. Minister McKenna's mandate as Minister of Environment and Climate Change specifies that she is to help restore Canada's reputation for environmental stewardship and to provide leadership in combatting climate change. ODA plays an important role in her ability to achieve these goals.

Peace and Security

Responding quickly and effectively to international humanitarian crises is another key Canadian priority. The world has been plagued by crises in recent years, like droughts, earthquakes, and widespread displacement as the result of conflict. In his role as Minister of National Defence, Minister Sajjan ensures the Canadian Armed Forces are ready to provide disaster relief and support peacekeeping operations abroad and some of Canada's international assistance is used to bolster this work. Other areas of ODA spending also contribute to national security in a less direct, yet equally important way: research shows a strong correlation between poverty and conflict. By investing in stable livelihoods and economic growth, international development spending creates the conditions necessary for peace to flourish. When we invest in ensuring people have access to the nutrients and healthcare they need, and in making sure children are educated, we set the stage for positive economic growth and stable livelihoods. This in turn helps rid the world of the desperate conditions in which extremism and violence are bred.

⁹ http://globalpovertysolutions.ca/_docs/Canadian%20Funding%20for%20Global%20Education.pdf

¹⁰ http://international.gc.ca/gac-amc/assets/pdfs/publications/daaa-lrmado_1516_report.pdf

Conclusion

If Canadian funding for international development continues to decrease or remain flat-lined, our country will simply be unable to adequately respond to the complex challenges that currently confront the world. Moreover, a renewed commitment to leadership in international development will be necessary to foster the collaborative global partnerships that will allow Canada to meet its strategic goals, including winning a non-permanent seat on the UN Security Council.

Thank you for the opportunity to contribute to the 2018 pre-budget consultation process. We would welcome the opportunity to present our recommendations before the Standing Committee on Finance's pre-budget consultation hearings.