



## **Written Submission**

# **Pre-Budget Consultations in Advance of the 2020 Budget**

## **Canadian Council for International Co-operation (CCIC)**

## List of Recommendations

### ***Part I: Integrating Sustainability Across Society and Economy***

**Recommendation 1:** That the Government focus on revenue generation and stability in federal revenues through progressive fiscal policy reforms.

**Recommendation 2:** That, building on current efforts to establish an interim strategy to implement the 2030 Agenda for Sustainable Development, the Government launch a national multi-stakeholder commission to guide implementation of Canada's 2030 Agenda National Strategy through a comprehensive, costed, whole-of-society action plan that aligns government policy with the Sustainable Development Goals (SDGs), and establish a coherent whole-of-government framework of indicators for meeting and measuring Canada's 2030 Agenda priorities at home and abroad.

**Recommendation 3:** That the Government develop a process for the charitable sector and government to jointly identify and recommend actions for broader legal and regulatory reform for the charitable sector.

### ***Part II: Leading a Sustainable World***

**Recommendation 4:** That the Government increase Canada's spending on global development and humanitarian assistance over 10 years, through predictable 15% annual increases to the International Assistance Envelope (IAE).

**Recommendation 5:** That the Government dedicate at least 50% of Canada's international climate finance to investments in adaptation, in the context of increasing climate finance and reaching Canada's fair share.

**Recommendation 6:** That the Government dedicate 50% of bilateral aid to least developed countries (LDCs), low-income countries (LICs) and fragile contexts.

**Recommendation 7:** That the Government establish a new international assistance effectiveness action plan, with clear targets in line with international aid and development effectiveness commitments.

**Recommendation 8:** That FinDev Canada, and Global Affairs Canada through any repayable contributions, allocate at least half of its investments to initiatives that reduce gender inequality, such as through women-led small- and medium-sized enterprises (SMEs) in low-middle income countries (LMICs) and LICs.

## **Introduction**

Budget 2020 represents an opportunity for the Government of Canada to create enhanced conditions for sustainable and inclusive economic opportunity.

The rapidly changing global climate is both a standalone and cross-cutting risk vector – bringing with it a complex set of challenges to human and environmental security. Floods and wildfires, forced migration and invasive species, economic hardship and industrial transition: all of these are actual and imminent results of what this committee has rightly called a climate emergency.

A responsible, sustainable, and just transition to a low-carbon economy will be a significant, long-term and whole-of-society effort. The Government of Canada should pursue the revenue generation that will be required to ease people and sectors affected by this transition. The full breadth of Canada’s economy must be engaged, including the charitable sector.

Transition is necessary to survive. It is also an opportunity to thrive and to lead by example. Budget 2020 should include commitments to use current and future economic growth – fueled by the returns on investments in a low-carbon transition – to enhance Canada’s global leadership in sustainable development and humanitarian assistance.

### ***Part I: Integrating Sustainability Across Society and Economy***

***Recommendation 1: That the Government implement progressive fiscal policy reforms to ensure stability in federal revenues and build capacity for sustainable investments.***

Decades of tax cuts have severely constrained the federal government’s ability to be nimble during economic downturns, invest and expand public services and government programs, and reduce income inequality – all of which will be necessary to ensure a responsible, sustainable, and just low-carbon transition. According to [one analysis](#), in 1992, the five-year average of total government expenditures as a share of GDP was 48.6 percent. In 2016, the five-year average was 40.1 percent. In the context of today’s \$2 trillion economy, the difference represents \$170 billion annually in government investments that never happen. Budget 2020 should contain fiscal measures that begin to restore the federal government’s capacity to invest in a more sustainable economy and society – including aiming to change tax, social and macro-economic policies and frameworks that aggravate income inequality and/or are biased against women.

Fiscal measures that directly or indirectly subsidize the production and use of fossil fuels directly incent unsustainable carbon-intensive activities, distort markets, give inappropriate price signals, and discourage investments in renewable energy and energy efficiency. Budget 2020 should initiate the elimination of all fossil fuel subsidies and create incentives for a just transition to a low-carbon economy – in line with G7 commitments in 2016 and 2018.

***Recommendation 2: That, building on current efforts to establish an interim strategy to implement the 2030 Agenda for Sustainable Development, the Government launch a national multi-stakeholder commission to guide implementation of Canada's 2030 Agenda National Strategy through a comprehensive, costed, whole-of-society action plan that aligns government policy with the Sustainable Development Goals (SDGs), and establish a coherent whole-of-government framework of indicators for meeting and measuring Canada's 2030 Agenda priorities at home and abroad.***

A framework for a transition to a sustainable future is provided by the 2030 Agenda for Sustainable Development and its interconnected 17 Sustainable Development Goals (SDGs). With this in mind, the SDG Unit at Employment and Social Development Canada should establish a new high-level multi-stakeholder national commission engaging the three levels of government, Indigenous authorities, civil society, the private sector and other Canadians.

The national commission should be mandated to inform and monitor implementation of a comprehensive and costed 2030 Agenda National Strategy. This should include developing a national framework of indicators working closely with provinces, territories and municipalities to collect subnational data, disaggregated by age, race, ethnicity, and gender, among other things. The action plan must support alignment of Canadian policy with the 2030 Agenda principle of "Leave No One Behind," which requires prioritizes the multi-dimensional character of poverty and the structural barriers to reducing inequality.

***Recommendation 3: That the Government develop a process for the charitable sector and government to jointly identify and recommend actions for broader legal and regulatory reform for the charitable sector.***

A whole-of-society approach must include Canada's strong charitable sector. Canada's charities [employ](#) approximately two million Canadians, represents 8.1% of GDP and makes up a core element of Canada's national identity. A legislative and policy environment that is fully conducive to charities realizing this full potential ensures that Canadian not-for-profit organizations can do their best possible work, benefiting Canadians.

Canadian charities are currently governed by common law interpretations of an antiquated statute. The time for a thoughtful and comprehensive reform is now. Canadian charities, including CCIC, are eager to work with the government and parliamentarians to develop a vision for a 21<sup>st</sup>-century Canadian regulatory and legislative framework for the charitable sector. This recommendation supports the fourth recommendation of the [Consultation Panel on the Political Activities of Charities](#) and the mandate letters of the Ministers of [Finance](#) and [National Revenue](#). It also builds on the actions of the federal government to address other recommendations from the Consultation Panel, including with respect to public policy dialogue and development activities, and on recommendations of the [Special Senate Committee on the Charitable Sector](#).

## ***Part II: Leading a Sustainable World***

Through the above measures to strengthen the sustainability of Canada's economy and society, Canada will be positioned to enhance its global leadership through constructive global engagement. Global engagement will boost Canada's reputation and competitiveness while also contributing to a more stable and predictable multilateral system better able to address the challenges facing the international community.

In [poll](#) after [poll](#), Canadians have said that helping others around the world is part of what makes us Canadian – and that they want the federal government to make development cooperation and humanitarian assistance a foreign policy priority. The following recommendations identify specific ways to increase and sustain Canada's contribution to a fairer, more sustainable, and safer world.

***Recommendation 4: That the Government increase Canada's spending on global development and humanitarian assistance over 10 years, through 15% annual increases to the International Assistance Envelope (IAE).***

Official Development Assistance (ODA) provides a key resource in fragile and conflict-affected contexts that struggle to attract other sources of financing – and which will be most severely affected by climate change. ODA is essential to realizing the core poverty and inequality goals of the 2030 Agenda to leave no one behind. Yet Canada currently invests just 0.28% of gross national income (GNI) in international development and humanitarian assistance – [below the average](#) of OECD countries, and below Canada's historic average contribution. Based on current funding and growth levels, at the end of this government's mandate in 2019 it will have the [lowest average commitment](#) to ODA as a percentage of GNI of any Canadian government in half a century.

Annual 15% increases (including projections outlined in the 2019 federal budget) would take the IAE from \$5.7 billion in 2019-20 to \$6.5 billion in 2019-20, \$7.5 billion in 2020-21 and \$8.6 billion in 2021-22. This is consistent with the recommendation in last year's Finance Committee [Pre-Budget Consultation Report](#) that Canada “[i]ncrease its official development assistance with the goal of allocating 0.7% of gross national income to the International Assistance Envelope by 2030, with three-year rolling targets.” The House of Commons Committees on [Finance](#) and [Foreign Affairs and International Development](#) made similar recommendations in 2016 and 2018. A recent [peer review of Canada](#) by the OECD also recommended that Canada establish a timeline to realize the global standard of committing 0.7 percent of GNI to ODA.

This “fiscal escalator” will generate predictable annual increases in the aid budget, double the IAE in five years, and allow partner countries to absorb increases effectively and in accordance with their priorities. As the IAE increases, a proportionate amount should be allocated to the core humanitarian budget (prevention, response, relief and recovery), including multi-year and standalone gender-in-emergencies funding. This will help address growing global humanitarian need resulting from climate-related disasters, protracted conflicts, and other causes.

In accordance with Canada’s [Civil Society Partnerships Policy](#), these additional resources should be accompanied by new, flexible, diverse and responsive funding mechanisms suitable for a variety of civil society partners.

***Recommendation 5: That the Government dedicate at least 50% of Canada’s international climate finance to adaptation, in the context of increasing climate finance and reaching Canada’s fair share.***

***Recommendation 6: That the Government dedicate 50% of bilateral aid to least developed countries (LDCs), low-income countries (LICs) and fragile contexts.***

***Recommendation 7: That the Government establish a new international assistance effectiveness action plan, with clear targets in line with international aid and development effectiveness commitments.***

***Recommendation 8: That FinDev Canada, and Global Affairs Canada through any repayable contributions, allocate at least half of its investments to initiatives that reduce gender inequality, such as through women-led small- and medium-sized enterprises (SMEs) in low-middle income countries (LMICs) and LICs.***

These four measures will strengthen Canada’s ability to facilitate a truly transformative feminist international assistance agenda that responds to the needs of women’s rights organizations, meets the ambitious gender programming targets in the Feminist International Assistance Policy, and ensures that gender equality and women’s empowerment are truly at the heart of Canada’s international assistance programming. More broadly, they will help ensure that a predictable and significant portion of Canada’s development dollars targets some of the poorest people in the poorest countries – the people whose lives and livelihoods are at greatest risk from climate change and other threats, and the countries with the least capacity to address these dangers. These measures will further align Canada’s programming with principles of aid and development effectiveness at no additional cost and fill key financing gaps to help meet the needs of people living in poverty.

*The Canadian Council for International Co-operation is Canada's national coalition of civil society organizations working globally to achieve sustainable human development.*

*With 80+ members including many of Canada's leading development and humanitarian organizations, CCIC convenes and coordinates the international cooperation sector in Canada and offers independent research and analysis on Canadian and global agendas and trends.*

*A nationally and internationally recognized voice on questions of development effectiveness, the role of civil society globally, and Canada's role in the world, CCIC works with its members and partners to end global poverty and to promote social justice and human dignity for all.*