

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

Engineers Without Borders Canada

**CANADIAN INTERNATIONAL
DEVELOPMENT PLATFORM**

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Executive Summary

We thank the House of Commons Standing Committee on Finance for the opportunity to participate in the pre-budget consultations for budget 2021.

The pandemic has accelerated change in an already [disordered world](#). It is imperative for Canada to adjust course and properly resource its foreign policy now as we grapple with some of the most serious global challenges since the Second World War. The future of our own security and our economic well being will be directly tied to the next steps we take.

We are putting forward three recommendations:

R1: Commit to a 5 year objective of bringing our contributions to official development assistance to 12.8B annually;

R2: Commit to paying 5% of the global funding needed for vaccine research, production and deployment. Earmark \$2B in 2021's budget for that purpose;

R3: Unlock an additional \$150m immediately toward local private sector solutions in sub Saharan Africa in healthcare, food security, education, and financial inclusion as part of FIAP Action Area 3.

Recommendation 1 - Commit to a 7% annual increase to IAE over 5 years to bring our annual contributions to \$12.8B in 2025 (double 2019 levels).

The 2021 budget is an opportunity to set Canada on a multi year course to increase development funding commensurate to Canada's strategic needs in navigating a new world order and reflecting a whole-of-Canada mobilization towards the SDGs.

Canada for decades has been under-resourcing long term international efforts and goals. Our involvement in defense, trade and development are anemic. On defense we spend only 1.3% of GNI - less than the 2% agreed upon through NATO - on ODA we spend 0.28% of GNI - much less than the 0.7% agreed upon through the UN.

First, the benchmarks set out multilaterally are just that, benchmarks: the bare minimum every nation should be putting forward. It is our obligation as an ally and as a prosperous and generous country to put resources toward security and toward helping the world's poorest and most vulnerable people.

The needs are big, and are only about to get bigger. COVID19 has revealed the fragility of our food systems and exposes the most vulnerable to the very high risk of food insecurity. Women are also disproportionately affected. According to a [study conducted by the UN](#), women are the ones who do most of the informal cross border trade. Closures of borders to contain the spread of the virus has led to women losing more money. Canada must support these women as we know that they need help not only in matters of food security and health issues but also economically. In Africa, the work of numerous women's rights activists and women peacebuilders is being made more difficult as women struggle to have their voices heard, especially during a pandemic. Addressing women specific needs to weather the pandemic will imperatively call on Canada to increase ODA.

Second, as a middle power needing to create diversified long term partnerships, under-resourcing our foreign policy is no longer a viable option. Canada is an open mid-sized economy. We depend on liberalized trade, investment and migration flows. Developing countries are where Canada draws essential human capital, via immigration, that is necessary to support our labor market, economic growth and social development; Some of our fastest growing trade partners including destinations for Canadian exports are in developing countries; Some of the fastest growing investment destinations for Canadian capital are among developing and emerging economies, evidently in Asia, and increasingly in Africa with the creation of a continental free trade agreement. In the context of the COVID19 pandemic, the reopening of our own economy is interdependent on the reopening of those economies. Canada's future prosperity depends on a safe, stable and prosperous global economy that works for all countries and all sections of society. Our contribution to global development helps achieve just that.

There is precedent for a government to successfully set a path to increased ODA. In 2002 Canada announced that it would double the IAE. This was achieved through an annual 8% budget escalator built into the IAE. The approach enhanced predictability and transparency and it spanned different political parties: the Liberals commitment was upheld by Conservatives, a significant achievement

both in terms of commitment to development and going beyond politics.

We suggest that the same is achievable now. While our large budget deficit - created by the necessary response to the COVID19 pandemic - will certainly spark a wave of discourse toward “balancing the budget”, Canadians know that we still have one of the strongest balance sheets on the planet, and public support for global solidarity is high presently. We believe that Canada’s commitment to development today is an issue that elevates Canadians beyond politics.

We suggest that this goal can be achieved in two steps: Step one, a \$2.15B additional funding committed specifically to pandemic response in 2021, bringing ODA to close to \$8.6B (see recommendation 2 and 3). Step two, increase ODA levels predictably at 7% annually thereafter to reach \$12.8B annual contribution by 2025.

Recommendation 2 - Commit to paying 5% of the global funding needed for vaccine research, production and deployment. Set aside \$2B in 2021 toward the Access to COVID-19 Tools (ACT) Accelerator.

Canada has put forth so far \$850 million towards the global COVID response and we commend you for your leadership. We welcome the government's domestic response in helping Canadians through the toughest of times. The Canadian government has done a great job to address the domestic needs of Canadians and provided the necessary support to keep Canada safe. Our principled public commitment to equitable global access to an eventual COVID19 vaccine is exemplary.

However the world’s global response to this pandemic will require significant additional contributions from Canada.

We know that achieving equitable access in low and middle income countries will cost anywhere between \$30-60 billion for vaccine procurement, therapeutics, and other health administration costs. Canada should be giving its fair share at a 5% rate as outlined by GAC’s policy on cost sharing. We believe this is possible. Even at the upper estimates of a \$60 billion price tag, a 5% contribution from Canada would represent just \$3 billion likely spread between 2021 and 2022. Representing about 1c on the dollar, it is still a mere drop in the bucket of what we are spending on ourselves for pandemic recovery. This urgent investment is both a good public health and economic policy as a vaccine that is not accessible to all would undermine our own recovery. No one is truly safe until everyone is safe.

Hence we ask that the budget 2021 set aside \$2 billion toward the ACT Accelerator.

Recommendation 3 - Immediately add \$150m to bilateral spending toward FIAP’s Action Area 3 - Growth that Works for Everyone, specifically in Sub-Saharan Africa.

The pandemic has stricken the women who run small businesses in sub Saharan Africa. Alas,

unlike the supportive response we have seen across Canada, there is no CEWS or E.I. to be spoken for in a place like rural Uganda. [EWB ventures in Africa are showing us](#) an unequivocal picture of hardship, and deep economic crisis as well as hunger. Without continued support, many of the gender inclusive gains made in Africa over the past few decades are being threatened not just by COVID-19 but by economic collapse. It is imperative for Canada to consider its bilateral response focused on Africa, and increase the level of programmatic funding available to the FIAP's Action Area 3 on Growth that Works for Everyone.

Increasing funding in this Action Area can also be an opportunity to catalyze a whole-of-Canada approach to our response. Thus far, programming under the FIAP has been mostly siloed. As one telling example, budget envelopes such as ISED's Innovative Solutions Program remain unspent by GAC to our knowledge. The missed opportunity is immense. Diaspora organisations, innovative impact investors, and Canada's technology innovation know-how can be mobilized through creative programming. The role Canada must begin to play now is supporting innovative and impact focused businesses in sub-Saharan Africa that are responding to the COVID-19 crisis on the ground and are part of local economic recovery. By acting boldly and early in partnership with Africa's emerging economies, Canada can play a leading role, mobilize our national inclusive tech innovation know-how to help those in need, and to create lasting partnerships that will be good for Canada's diversified economic future. Two specific areas for immediate impact are evident to us from consultation with our partners:

1. Create a Health Logistics acceleration facility focused on supporting local last-mile distribution companies and community level health capacity. A crucial question for Canada today should be: How might we ensure that when available, a vaccine is indeed distributed to all people? If we wait until the last minute to address this logistics question, then only a top down militaristic style operation by large international NGOs will be possible. [These are known to undermine the local private sector and present serious threats to long term resilient recovery](#). Instead, a smart early investment in supporting innovative companies using technology to bridge the last mile distribution challenge now can help leapfrog this otherwise daunting challenge. EWB Canada is currently leading a consortium designing such a vehicle. A commitment as small as \$50m toward such a facility would catalyze significant private investment and build last mile distribution capacity across the African continent.
2. Create a small business technical and financial assistance facility that mobilizes Canada's private sector know-how in key sectors: FinTech, Agriculture and Food, Education Technology and Health. The facility could align itself to the focus of the [Impact Rescue Facility](#). A \$100m contribution by Canada delivered through a handful of Canadian impact investment partners could likely catalyze \$1B toward SME financing. Here again, EWB's experience in seed stage investment and Talent exchange shows that it is possible to deliver results and create new partnerships fast, even in times of social distancing.

About Engineers Without Borders Canada

Engineers Without Borders Canada (EWB) brings people and ideas together to tackle the most crucial causes of poverty and inequality. We provide systems change leadership training for 1,800 youth across Canada every year, through a network of 40 city and University based chapters; We support social businesses in sub-Saharan Africa with seed funding and with talent matched remotely from Canada's private sector, Engineering profession and Universities, enabling them to scale their impact and benefit the lives of people in their communities. We provide evidence-based policy recommendations on Canada's international development assistance and financing activities.

For more information, please contact Mohit Bagri, Policy and Government Relations Coordinator, at mohitbagri@ewb.ca

About Canadian International Development Platform

The goal of the Canadian International Development Platform is to leverage open data and big data to enhance policy relevant analysis of international development issues, and to engage Canadians by grounding discussions in the best available evidence. Our conviction is that development is much bigger than foreign aid. To provide a comprehensive picture of Canada's engagement with developing countries we cover a range of data including aid, trade, investment and migration and remittance flows from a development perspective. The Platform is based at the Norman Paterson School of International Affairs (NPSIA), Carleton University, Ottawa. www.cidpnsi.ca, info@cidpnsi.ca