

# **Written Submission for the Pre-Budget Consultations in Advance of the 2019 Budget**

**Engineers Without Borders Canada**

## Recommendations

**Recommendation 1:** Commit to predictable annual increases in Official Development Assistance (ODA) with the goal of allocating 0.7% of gross national income to the International Assistance Envelope (IAE) by 2030.

**Recommendation 2:** Develop and implement a broad range of innovative financing tools for international development guided by an overarching strategy.

**Recommendation 3:** Utilize the Government of Canada's domestic Innovation Agenda to address global poverty and inequality.

## Executive Summary

We thank the House of Commons Standing Committee on Finance for the opportunity to participate in the pre-budget consultations for budget 2019. In the following pages we present our proposals related to economic growth and Canada's competitiveness, both of which are fundamentally linked to Canada's place in the world.

Canada's global engagement is good for both Canada and the world. It not only expands our access to global markets, but also ensures a strong Canadian brand that builds trust with existing partners. Additionally, through innovation and financing, we can also ensure greater global prosperity, which benefits everyone.

The 2019 budget is an opportunity for Canada to reaffirm our national commitment to this idea. In the budget, EWB recommends increasing funding to Official Development Assistance (ODA), making strategic use of innovative financing mechanisms, and leveraging Canada's domestic innovation agenda for global good.

### **Recommendation 1: Commit to predictable annual increases in Official Development Assistance (ODA) with the goal of allocating 0.7% of Gross National Income to the International Assistance Envelope by 2030.**

Official Development Assistance (ODA) is fundamental to our commitment to global prosperity. Guided by Canada's flagship Feminist International Assistance Policy (FIAP), this funding helps the world's most vulnerable populations, particularly women and girls. Increases to ODA can directly translate into investments in vital services for people around the world, such as healthcare and education; however, Canada still lags behind in its international assistance spending.

Despite increases seen in Budget 2018, Canada's ODA is projected to remain at a historic low making up 0.26% of GNI. Canada's spending on international assistance is among the lowest of all G7 countries and is well below the OECD DAC average of [0.32% of GNI](#). When it comes to our ODA spending, Canada falls behind many of our global partners. In fact, a recent peer review by our OECD partners also recommended that Canada establish a timeline to realize the global standard of committing 0.7% of GNI to ODA.

In order to achieve our international commitment of 0.7% of GNI, Canada needs to commit to a 10-year timetable of predictable annual increases of at least 15% to our IAE. Annual 15% increases (including projections outlined in the 2018 federal budget) would take the IAE from \$5.5 billion in 2018-19 to \$6.3 billion in 2019-20, \$7.3 billion in 2020-21 and \$8.4 billion in 2021-22 and is consistent with Recommendation 85 last year's Finance Committee Pre-Budget

Consultation Report. This stability in development funding will allow for strategic planning and implementation of this spending.

These increases in ODA spending will strengthen Canada's ability to achieve the goals set out by the truly transformative Agenda 2030 and Feminist International Assistance Policy (FIAP). In addition to the role ODA spending plays an important role in strengthening Canada's role as a global leader and partner.

While the main purpose of ODA spending should be poverty reduction, it is also directly connected to Canada's global competitiveness. In a report released in November 2017, the Canadian International Development Platform found that the average return on a dollar of net ODA was [\\$1.19 in exports](#). While tying ODA to trade is largely detrimental, returns can still be made as investments in shared prosperity allow for better access to new and existing markets and consumers.

### **Recommendation 2: Develop and implement a broad range of innovative financing tools for international development guided by an overarching strategy.**

Alongside ODA increases there is also a critical need to develop and implement new innovative financing tools and mechanisms to achieve Canada's international development goals. For example, according to the United Nations, the Sustainable Development Goals (SDGs) face an annual [funding gap of about \\$2.5 trillion](#), with some estimates of this gap being closer to [\\$4.5 trillion per year](#). Addressing the many challenges in the world today requires new ways of thinking about and funding development. This is why it is critical for the Government of Canada to implement a strong innovative financing policy in the 2019 budget.

The good news is that Canada has already taken steps to develop and implement these tools. The announcement and subsequent operationalization of FinDev Canada in the 2015 and 2017 budgets is a great example of this, as is the creation of the Innovative Assistance Innovation Program (IAIP) and the Sovereign Loans Program (SLP) in the 2018 budget. However, these programs are just a start. There is a need to develop a variety of aid instruments with varying levels of concessionality in order to be able to apply them in different country contexts and across a variety of sectors.

In Budget 2019, Canada must take some key steps to push forward this innovative financing agenda. First, the development of an overarching strategy for innovative financing will allow for the cohesion and harmonization of much needed innovative financing tools. Second, the development of additional tools that can supplement and support this work, such as increased technical assistance through Global Affairs Canada, can help maximize impact. Finally, incorporating a gender impact focus for these innovative financing tools will ensure continuity with the FIAP and also allow for the strongest possible development outcomes.

### **Recommendation 3: Utilize the Government of Canada's domestic Innovation Agenda to address global poverty and inequality.**

In order to be able to achieve the goals set out in Agenda 2030 and create shared global prosperity Canada also needs innovate in our development work. Through the domestic Inclusive Innovation Agenda (IIA), it is possible for our country to be a global leader in innovation. However, the question of how to make sure that this innovation can be used to maximize global good still remains.

This IIA may be a powerful tool but the Government of Canada needs to be deliberate in its application. Innovation itself does not inherently address inequalities or injustices, and, in fact, may perpetuate these problems. Innovations do not always come with climate impact assessments or considerations on how they impact the world's most vulnerable, but if applied conscientiously they can allow economies to leapfrog and can directly address some of the most crucial causes of poverty.

In Budget 2019, there are some key ways in which Canada must work to ensure that the positive impacts of innovation are maximized and negative externalities are minimized. First, Canada should develop measures within the IIA that take into account the impacts that new innovations may have on different people, particularly women and girls. Canada's IIA does not examine how benefits and risks of specific innovations might be unevenly distributed amongst the population, and the inclusion of strong gender-based analysis mechanisms could be a bold step to improve this.

Second, broadening global access to the innovations produced in Canada through publicly funded initiatives such as the Supercluster Initiative could have substantial impacts on Canada's international development work. For example, directly connecting the innovations created by the Smart Agri-Food Supercluster to agricultural development programming could create new opportunities for farmers all over the world.

The incorporation of a global impact mindset into Canada's domestic innovation agenda could be a powerful way to increase shared global prosperity, and Canada's competitiveness in a shifting global landscape. All that is required is bold thinking and application of this agenda. Engineers Without Borders Canada will provide a more detailed exploration of this topic in its upcoming report "Innovation for Global Impact" which will be co-published with the Munk School of International Affairs in September 2018.

## 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. The organization provides systems change leadership training and opportunities for 1,800+ active members through a network of 40 chapters in Canada; seed funding, talent and mentorship to social entrepreneurs in sub-Saharan Africa, enabling them to scale their success and transform the lives of people in their communities; and providing evidence-based policy recommendations on Canada's international development assistance and financing activities.

For more information, please contact Prateek Awasthi, Director of Policy and Advocacy, at [prateekawasthi@ewb.ca](mailto:prateekawasthi@ewb.ca).