



Oxfam Recommendations for Federal Budget 2016

Oxfam's vision is a world free from injustice and poverty. Yet today, just 62 people own as much wealth as half the world's population, and more than 700 million people can barely afford to feed their families. A crisis of this magnitude requires bold action, and Canada is well placed to lead. Below are Oxfam's four priority recommendations on how Canada can tackle global poverty and inequality in Federal Budget 2016.

1. Recommendation 1: Increase the International Assistance Envelope.

Canadians want their country – and their government – to make international development a priority within our foreign policy. We encourage the government to increase the aid budget, and specifically the International Assistance Envelope (IAE). The IAE is the most accurate measure of on-the-ground programming to reduce poverty in developing countries. Failure to increase the IAE in Budget 2016 would be a missed opportunity and deeply disappointing.

According to Canadian Council for international Co-operation (CCIC), Canadian ODA has been falling since 2011, dropping from \$5.5 billion to \$4.9 billion in 2013-14. Overall Canadian aid will appear higher for 2014 and 2015, but will be inflated by a one-off concessional loan to Ukraine and a double payment to the World Bank's International Development Association in 2014, and unusually high refugee resettlement costs in 2015. The international assistance envelope (IAE) – a more accurate measure of our real programmatic aid commitments to reducing poverty in developing countries – has remained flat-lined. Canada's ODA to GNI ratio has dropped to 0.24, the second-lowest level in Canadian history.

Oxfam welcomes the new government's commitments to restoring Canada's leadership in the world and to helping the poorest and most vulnerable. The 2016 Budget offers an opportunity to the Canadian Government to follow through with these promises, by **announcing a ten year timetable of predictable increases to the International Assistance Envelope, so as to meet the UN aid target of 0.7 percent of GNI going to official development assistance. Oxfam supports CCIC's proposal of a ten year timetable for increasing our IAE which would entail year-on-year increases over the next four years of \$726M in 2016-17, \$840M in 2017-18, \$971M in 2018-19, and \$1,124M by 2019-20.**

These increases would achieve the medium-term goal of raising Canada's ODA to GNI ratio to at least 0.38 – the highest level in 25 years – by the end of the Government's first mandate. These modest increases would earn Canada clout and recognition on the global stage – and would make a crucial difference in the lives of people living in poverty.

The aid budget should be dedicated to supporting the poor in least developed countries (LDCs), low-income countries (LICs), fragile states and middle income countries. It should be targeted towards initiatives that support countries' own efforts, including through public financial management and the strengthening of civil society.

The world is changing and becoming more complex and, as such, the government needs to build on commitments on climate change and humanitarian assistance. But these commitments must be additional to the existing IAE. They should not come at the expense of other essential investments in global poverty eradication.

Finally, Budget 2016 should make aid more transparent and accountable by committing to publicly disclose the level of the International Assistance Envelope on an annual basis, and to fully disburse funds that have been committed for international development cooperation and humanitarian assistance, ending the practice of lapsing unspent funds.

2. Recommendation 2: Tackle poverty through the lens of inequality by investing in women and youth

The Prime Minister and other world leaders have promised to eradicate extreme poverty by 2030. However, rising inequality is threatening the realization of this goal. Recent research shows that unless poor people's incomes grow faster than those of the rich, 200 million people will still be trapped unnecessarily in extreme poverty by 2030.

To tackle inequality, Budget 2016 must focus on the marginalized groups that bear the brunt of that inequality. These are often women and youth. A key trend behind rising inequality is the increasing return to capital versus labour. Women and youth, who already make up the majority of underemployed, low paid and precarious workers around the world, are being left behind.

If we are to see a serious shift in the conditions for women and youth, there will need to be investment in the very part of civil society that will lead the effort.

Budget 2016 should invest in women by increasing support for women's rights organizations. Scaling up funding for women's rights organizations would promote women's transformative leadership, provide budget support for social services that help lift women out of poverty, and help tackle structural causes of women's economic inequality such as violence against women and lack of reproductive rights.

Canada should ensure that 20 percent of all aid investments have a principal focus on advancing gender equality and women's empowerment. A significant portion of this money should be directed to women's rights organizations. Canada should also reinstate country and regional-level gender equality funds, given the proven effectiveness of these funds.

Budget 2016 should also support youth empowerment and youth-led development initiatives, with a focus on active citizenship, and youth employment and entrepreneurial opportunities.

3. Recommendation 3: Increase the proportion of humanitarian funding dedicated to gender responsive disaster risk reduction (DRR).

Over the past few years, the growing number of humanitarian crises has almost overwhelmed the international system's ability to respond. The number of extreme weather events, in particular, is increasing due to climate change. Poor countries, and the most marginalized people within them, are most vulnerable to such disasters due to weak infrastructure, poor governance, and precarious rural livelihoods.

Oxfam believes that Canada could maximize the effectiveness of its humanitarian spending by increasing its focus on disaster risk reduction (DRR), helping to build countries' resilience to the shocks and stresses that come from natural disasters, climate change, and political and economic crises. Key to this is ensuring that programming takes account of the gender specific capacities and vulnerabilities to prepare, confront and recover from disasters. Globally and in Canada, however, there is still little investment in DRR. Canada should become a leader in this smart and cost-effective approach. Reducing risk is not solely a humanitarian issue. Helping countries vulnerable to disasters build their resilience and reduce the risk of future disasters is good for long-term development as it tackles the inequalities that make people more vulnerable to the shocks and stresses that they face.

To adequately respond to the world's growing humanitarian needs, Budget 2016 should start a process of **gradually increasing the baseline level of humanitarian spending, to allow more long-term, timely, predictable, and effective funding for humanitarian action. It should also increase its annual budget allocation to gender responsive disaster preparedness and risk reduction activities.**

4. Recommendation 4: Put an end to tax havens and support global tax reform

Oxfam believes that an important source of development financing is lost when rich individuals and companies avoid paying their fair share of taxes. Tax avoidance and evasion denies governments, including the Government of Canada, valuable resources needed to tackle poverty and inequality. **We encourage the government to increase the Canadian Revenue Agency's ability to crack down on tax evasion by**

requiring there to be “economic substance” to any offshore subsidiaries for the purposes of calculating income taxes, as was proposed in Bill C-621 in 2014.

The government should also support global tax reform to prevent multinationals from cheating developing country governments of vital tax revenue -- revenue that could be invested in health care, education and other areas that improve equality. **More specifically, the government should implement the measures to combat corporate tax base erosion and profit-shifting (BEPS) that have been proposed by the OECD and G20, including country-by-country reporting of corporate profits and taxes paid, strengthening beneficial ownership registration, and preventing the abuse of tax treaties. It should also support a second generation of tax reforms which includes all countries on an equal footing and tackles the key problems that are not adequately addressed by the BEPS project.** These efforts must be coupled with measures to strengthen governance and fight corruption in developing countries, to ensure that these resources benefit the poorest and most vulnerable.

While not the only intervention needed, ending tax havens and supporting global tax reform are critical to mobilizing the massive resources required to fulfil Canada’s commitments to implementing the Sustainable Development Goals and to tackling climate change and extreme economic inequality.