

Brief to the House of Commons Standing Committee on Finance Priorities for the 2016 Federal Budget

Submitted by the McLeod Group

This submission is presented by the McLeod Group, an advocacy organization focused on international development issues. Over the years we have regularly provided policy advice and analysis to the international development community and to Canadian policymakers. This submission draws on a more comprehensive policy brief provided to the government soon after the October 2015 election. Background documents are available on our website at <http://www.mcleodgroup.ca/>.

In the key action points below, we lay out specific and attainable goals for re-committing Canada to supporting global development. Poverty reduction is still the premier global challenge, most recently enshrined in the [UN Agenda 2030 for Sustainable Development](#) with its flagship principle of 'leaving no one behind'. Ending poverty is also at the heart of Canada's *Official Development Assistance Accountability Act* (2008).

What's In a Name?

Official development assistance (ODA) is a term coined by the OECD Development Assistance Committee (DAC) to define and measure foreign aid. *Humanitarian assistance*, a sub-set of ODA, refers to assistance for natural disasters and complex emergencies.

Development cooperation is a broader term which includes ODA, but it can also include trade, security and immigration policies that may have an important bearing on a country's development and wellbeing.

Development cooperation, a broader concept than 'aid', is not an act of charity. It is about our future: developing countries with healthy people earning fair wages are potential friends, allies, markets and investment partners, while failed states are the breeding ground for instability, pandemics and terrorism. Development cooperation, including Official Development Assistance (ODA), is an investment for Canadians in global wellbeing and security.

Canadian ODA is now close to an all-time low, representing only 0.23% of GNI. Beyond the obvious need to commit to higher levels, however, Canada's priority should be improving the quality of ODA, which has declined in part because of excessive reporting requirements and a loss of committed staff. The solutions are complex, but they lie in clearer programming goals and closer engagement with development partners

Budget 2016: Key Action Points

The new budget should:

1. Formalize the government's commitment to implementation of the UN Agenda 2030 for Sustainable Development, with its core goal of eliminating global poverty. This commitment should drive all development cooperation programming.
2. Respect the Agenda 2030 principle of [universality](#) by developing a Canadian *domestic* action plan. Universality has implications for several federal departments as well as provincial and territorial governments.
3. Commit to a medium-term ODA target of 0.5% of GNI within the life of the current government. This will reflect established norms established by other Canadian governments between the 1970s and 1990s as well as current OECD averages. This should be net *new* funding and should result in an increase in real transfers to developing countries.
4. Allocate incremental ODA funding for FY 2016-17 to allow Canada to meet the UN aid target for least developed/poorest countries (LDC) of 0.15% of GNI. Canada's 2014 effort is reported by the OECD/DAC as about 0.08% of GNI. The Budget cost will be modest, perhaps less in total than recent commitments for Syrian humanitarian relief. It can be substantially met by reallocations and by revising the list of priority countries to emphasize LDCs.
5. Publically commit to a time frame for meeting the OECD target, first enunciated by Lester Pearson, of 0.7% target for ODA levels. This will set the tone for Canada's longer-term credibility with the international community.
6. Recognize that development cooperation is inherently risky. Much of it is, by nature, innovative. The purpose of innovation is to learn what works and what does not. The regulatory and managerial environment for ODA activities should embrace this principle.
7. Provide ODA funding on a more predictable basis, specifically by publishing four-year planning frameworks for all priority countries. This will respect long-standing commitments by Canada in international conferences on aid effectiveness.
8. Require a stronger programming focus on quality at all levels: quality planning and programming, quality in partnerships, quality in reporting, quality in public engagement.
9. Reduce the paper work. The enormous volume of planning and reporting required by the Canadian aid program has a negative impact on quality. Reporting obligations have

also become a serious burden for ill-equipped, often understaffed recipient-partners, causing delays in implementation, frustrating relationships and damaging effectiveness.

10. Approve and fund a stronger on-the-ground presence for implementing Canadian development cooperation activities. In order to respond effectively to Agenda 2030, most serious development programming, including Canada's, must now be driven by the policy agendas, thematic priorities and delivery mechanisms of LDCs. Effective Canadian partnership will require more decentralized staff and decision making, as well as more local professionals.
11. Establish updated rules, including greater transparency for managing the International Aid Envelope (IAE), to ensure *additionality* for unanticipated crisis calls on humanitarian aid, and for Canada's support to developing countries in connection with climate change. Canadian commitments should not be met by diverting funds from regular ODA.

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