

# Submission to the Finance Committee: Pre-Budget Consultations in Advance of the 2017 Budget

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## A case for increasing Official Development Assistance

Canadian citizens, businesses, and communities all benefit from global prosperity, security, and resilience. Yet that prosperity is limited and threatened by unprecedented levels of humanitarian need, women's inequality<sup>i</sup>, the growing threat of climate change<sup>ii</sup>, and low rates of global economic growth in recent years, particularly in emerging market and developing economies<sup>iii</sup>.

Increasing federal support for Official Development Assistance (ODA)<sup>iv</sup> contributes to a global context in which the Canadian economy can thrive. In particular, ODA investments in agriculture are effective at generating economic growth and reducing poverty<sup>v</sup>, taking immediate action on climate change, and empowering women as leaders and valued members of society.

Canada's current commitment to ODA is low by any reasonable measure. At 0.28% of GNI, Canada's aid levels are about half the average of G7 and Open Mid-Sized Economies (0.54%)<sup>vi</sup>, and far below the 0.7% target proposed by the United Nations. Canada should double its investment to its peer average as quickly as possible, and set out a timeline for reaching 0.7% GNI.

It is important to Canadians that our country play a constructive role in the world—and a strong investment in ODA aligns well with Canadians' values. We are defined by our compassion and generosity. We know that tackling the root causes of global instability, including addressing environmental degradation and promoting sustainable agriculture, is integral to combating its spread. And we know that ODA investments help build a more peaceful, prosperous and secure world for all, including Canadians.

## Recommendations

1. Canada should double its current level of Official Development Assistance (ODA) as quickly as possible so that we are at least on par with our peer group.
2. Canada should set out a timeline to reach ODA levels of 0.7% of our GNI
3. Canada should commit to making predictable annual increases in its ODA budget.
4. Canada can start by increasing investments in agriculture. Agricultural development plays a crucial role in addressing poverty and hunger, adapting to climate change and empowering women. Canada has a proven capacity to scale up investments in this area.

## About the Canadian Foodgrains Bank

The Canadian Foodgrains Bank is a partnership of 15 Canadian churches and church agencies working together to end global hunger.

We provide food assistance in times of food crises caused by conflict, natural disasters, economic disruptions, and chronic poverty. We work with households and communities to protect and rebuild their livelihoods during and following crises, and support the development of more productive, sustainable and resilient livelihoods necessary to reduce and end hunger and poverty. We also support nutrition programs to address malnutrition, seeking to improve dietary quality and feeding practices, and reduce disease that contributes to malnutrition. In addition to our international programs, we have an active program in Canada to engage Canadians in efforts to end global hunger, and have a public policy team that seeks to improve Canadian and international policies that will contribute to reducing and ending hunger.

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<sup>i</sup> Research from the UN's Food and Agriculture Organization shows that women could increase yields on their farms by 20-30 percent if they had access to the same level of productive resources as men. That increased productivity could in turn raise total agricultural productivity in developing countries by at least 2.5-4 percent. This could add up to 100-150 million more people achieving food security.

FAO (2011) *Women in Agriculture: Closing the gender gap for development*. Rome: Food and Agriculture Organization of the United Nations

<sup>ii</sup> There is a growing recognition that food insecurity driven by climate change is increasing the risk of conflict and migration, including contributing to the ongoing crisis in Syria. Without strong action on both mitigation and adaptation, climate change could result in an additional 10.1 million people who live in poverty, 10-20 percent more food insecure people in the world, and an increase in severe stunting rates by 62 percent in South Asia and by 23 percent in parts of sub-Saharan Africa, all by 2050.

<sup>iii</sup> Global economic growth has been slow in recent years, just 2.4 percent in 2015. In Sub-Saharan Africa, economic growth is expected to fall to just 2.5 percent in 2016, the slowest growth rate in 15 years. Agriculture-based economies have been hit particularly hard by low commodity prices and rock-bottom growth projections.

World Bank (2016) *Global Economic Prospects: Divergences and Risks*. Washington, D.C.: The World Bank

<sup>iv</sup> Canada's Official Development Assistance Accountability Act ensures that Canadian ODA is focused on poverty reduction and is consistent with aid effectiveness principles and Canadian values.

<http://www.international.gc.ca/development-developpement/partners-partenaires/bt-oa/odaaa-lrmado.aspx?lang=eng>

<sup>v</sup> The World Bank's 2008 seminal work on the important role agriculture plays in poverty reduction found that growth from agricultural development is at least twice as effective at reducing poverty as growth from other industries.

World Bank (2008) *World Development Report: Agriculture for Development*. Washington, D.C.: The World Bank  
Agriculture also contributes enormously to economic growth—one-third of GDP and three-quarters of employment in sub-Saharan Africa stem from agriculture, with livestock being the fastest growing subsector.

World Bank (2016) *Agriculture: Overview*, accessed June 22, 2016 from

<http://www.worldbank.org/en/topic/agriculture/overview>

<sup>vi</sup> The 0.54% average among peers includes Australia, France, Germany, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, United Kingdom, and United States.

<http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/>