



Engineers Without Borders Canada

Submission to Canada's Pre-Budget Consultation on Budget 2017

Executive Summary

Engineers Without Borders Canada welcomes the ambitious global role Prime Minister Justin Trudeau and the Minister of International Development and La Francophonie Marie-Claude Bibeau have outlined for Canada as together we implement and advance the 2030 Agenda for Sustainable Development to eradicate poverty by 2030.

EWB supports Canada's long-term development focus on raising the poorest and most vulnerable out of poverty, on empowering women and girls to not only survive but thrive, on generating opportunities for youth and on using the Sustainable Development Goals and the Paris Agreement as frameworks for action. We are committed to ensuring that Canada is delivering funding and programs in the most effective ways to contribute to the Sustainable Development Goals and having the greatest impact on communities, families and individuals that truly need it.

There are three broad recommendations that we would like to detail in this submission:

1. Make smart investments in youth and public engagement
2. Invest in a new Development Strategy
3. Got to the next level on transparency and open data

Make smart investments in youth and public engagement

Invest in high quality volunteerism

Canadians play—and will continue to play—an important role in achieving the new and ambitious 2030 global Sustainable Development Agenda, which applies to all people in all countries. Canada is especially recognized as having developed one of the most extensive and innovative models of volunteering in international development.

Development-oriented volunteerism mobilizes and harnesses Canadians' power and potential to effect sustainable, inclusive economic changes that address the specific needs of women and youth. Volunteerism exemplifies Canadian values of global citizenship, diversity and inclusion, compassion and acceptance, trust and respect, and the spirit of collaboration as volunteers work side-by-side with those they support throughout their assignments.

We recommend the Government of Canada continue its Volunteer Cooperation Program and:

1. **Improve Canadians' perceptions of development.** Recognize the importance of the engagement of Canadians on global issues and global citizenship as part of Canada's vision, and the role Canadian volunteers play in public engagement efforts. Evaluate GAC partner organizations, and build their capacity for the effectiveness of their communications to Canadian citizens, to ensure that the narrative they provide about developing communities are fair, representative and indeed inform and educate the public rather than reinforcing stereotypes about poverty and vulnerability. Africa especially suffers first and foremost from the oversimplifications made about its people, its civil society, its leaders and its markets. Changing Canadians perceptions toward a more informed view of Africa, and poverty in general (even domestic) should be a central agenda championed and supported by Global Affairs Canada.
2. **Support research and development** around private sector involvement in Canadian international development volunteer programs to better understand how to engage private sector and to continue to engage Canadian volunteers in meaningful and effective ways.

Invest in a new Sustainable Development Strategy

Against the background of the 2030 Sustainable Development Agenda, it is urgent that Canada reverse its long trend of reducing official development assistance. But more money alone will not meet the Sustainable Development Goals. The government must adopt a holistic approach that includes funding increases, new development tools, robust private-sector engagement and efforts to fight climate change. Only this whole-of-government approach will enable Canada to stake out a leadership position as we collectively strive to achieve the SDGs by 2030.

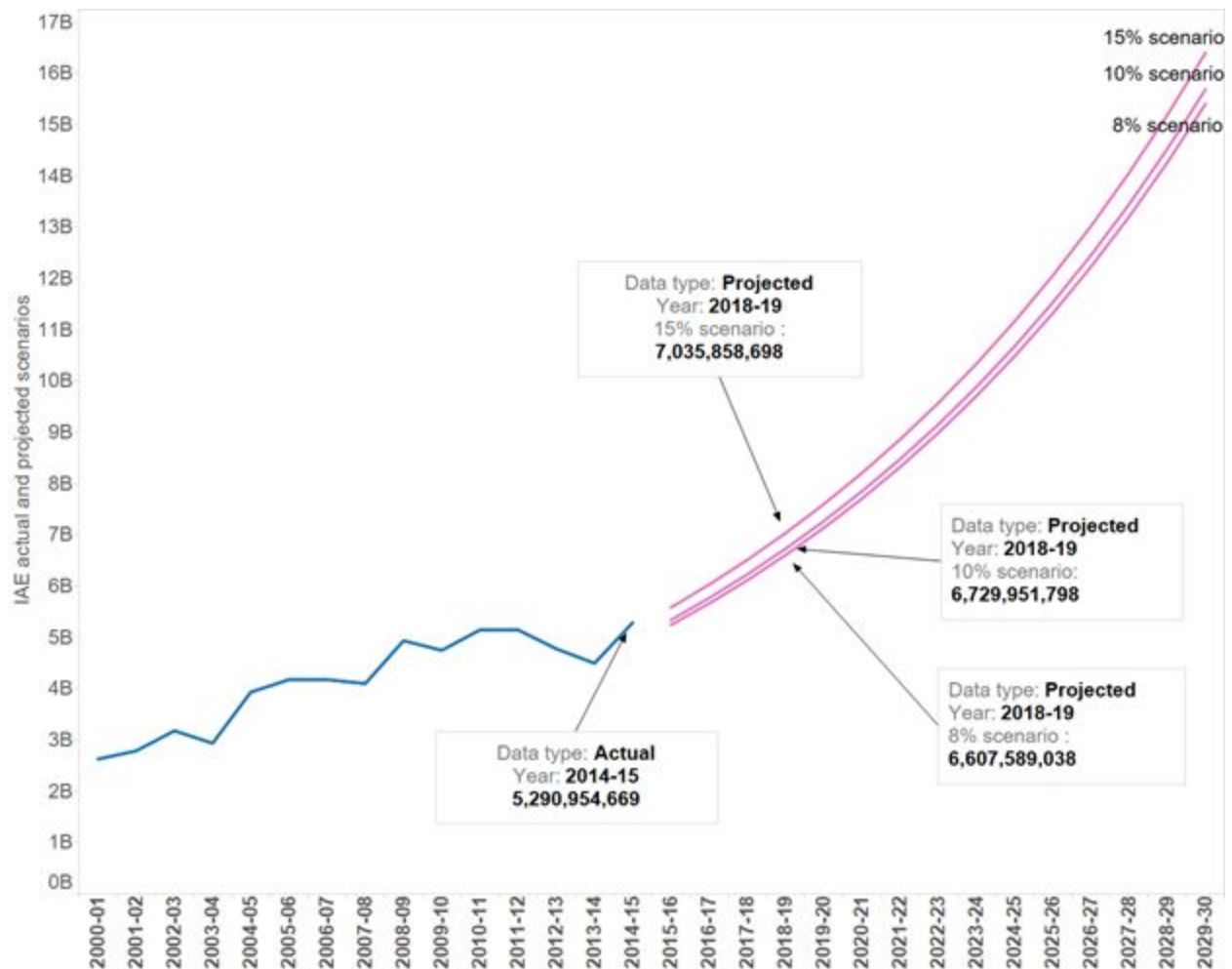
Commit to a ten-year timetable of predictable increases (new and additional financing) to the International Assistance Envelope of 10% annually, beginning in Budget 2017 to the end of the 42nd Parliament.

For the last 20 years, Canada's commitment to official development assistance (ODA) averaged a mere 0.3 per cent of gross national income (GNI)—well below Canada's leadership position under Prime Ministers Pierre-Elliott Trudeau and Brian Mulroney. It is now even lower, at about 0.28 per cent, which is barely half of the 0.54 per cent average commitment of the G7 and other advanced mid-sized economies.

Making a strong ODA commitment beginning in Budget 2017 would not only signal a reframing for Canada's international assistance and a global statement of progressive Canadian values, it also would be decisive for setting the course toward success on the Sustainable Development Goals.

We believe that by committing to predictable increases to Canada's international assistance of 10% annually, beginning in Budget 2017 to the end of the 42nd Parliament, and a timetable to double the total envelope in real terms before 2023 will set Canada on a path toward supporting the implementation of the 2030 Sustainable Development Agenda, a key deliverable of Minister Bibeau's mandate letter. This funding should be directed to deliver long-term development programs to the poorest and most vulnerable peoples, particularly those living in fragile and conflict areas.

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The graph outlines a range of scenarios with escalating levels of ambition toward 2030 - the year when the global community has committed to eradicating poverty. In the absence of greater transparency of the International Assistance Envelope, in terms of the amount of total funding, and with the understanding that the 2014-15 envelope is distorted due to a double payment to the World Bank and a contribution to Ukraine, this scenario is based on averages from the years 2012/13 - 2014/15.



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Go to the next level on Transparency and Open Data

A commitment to funding increases to programming supporting the poorest and most vulnerable must all be underpinned by a government that is open and transparent and encourages other governments to do likewise. Canada has made great advances in this area, with legislation and with our participation in global initiatives; now it is time for us to walk the talk.

Resume publishing full financial data on the IAE

EWB recommends that the Government of Canada return to publishing full IAE financial data in addition to predictable long-term increases, which is consistent with Canada's commitment to open and transparent government.

Reform Canada's Income Tax Act's rules to give charities and nonprofits more flexibility when investing for social impact

EWB has worked with the MaRS Center for Impact Investing to outline in their IAR submission toward *Delivering Results in International Assistance*. EWB has experimented in the past 6 years with making strategic investments in social enterprises that create social benefits through sustainable economic growth. We are drawing on two experiences to make recommendations here:

1. Our direct investments in innovative social impact ventures in Sub Saharan Africa
2. Our work in partnership with the Lundin Foundation on supporting the Mobile Business Clinic in Ghana - a program aimed at supporting entrepreneurs in their business growth journey

In both cases, the Income Tax Act and its guidance undermines the effectiveness and sustainability of our results and impact.

In the case of our direct investments, which are structured under the Program Related Investments guidelines, the level of direct reporting and control imposed by the guidelines is over-burdening startup entrepreneurs, and mis-directs their attention toward compliance and away from their market realities. We have compensated this issue by bringing embedded capacity to the ventures we support and streamlining our processes but still, the process is more cumbersome than is needed. Requirements in the PRI guidelines are also unclear. As a consequence, the legal transaction costs for each investments (proper structuring of the contracts) often amount to more than the sums invested. Development effectiveness is certainly lost in redhibitory overheads.



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In the case of our work in supporting the Mobile Business Clinic, the grant restrictions we operate under make it impossible to charge for the value (or part of the value) of the service delivered by the Mobile Business Clinic. The situation is ironic: the program seeks to establish sustainability for the Mobile Business Clinic service to local entrepreneurs, and yet, the Mobile Business Clinic, by virtue of being a charitable initiative, is prevented from even testing what its service is actually worth in the eyes of the entrepreneurs it serves. This guarantees that the program will not be sustainable beyond the subsidized project years.

When operating in the private sector, and seeking to foster sustainable economic growth for impact, charities must be allowed to operate differently. Our recommendation joins that of the MaRS CII: Let charities and nonprofits intend to earn a surplus where the surplus is used to advance the charity or nonprofits' purpose.

Engineers Without Borders Canada (EWB) is an international development organization and an international community founded in 2000. For more than 15 years, our community of more than 2500 students and young professionals have worked toward creating systemic change in Canada and Sub-Saharan Africa for a thriving and sustainable world, where everyone can meet their basic needs and grow to their full potential. We do this by investing in our members and partners' leadership, championing policy ideas that can make aid and international development efforts more effective, and supporting early stage social ventures to have impact at scale.

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