

40
YEARS



**Canadian
Foodgrains
Bank**

A Christian Response
to Hunger

results

Written submission for pre-budget consultations for the 2024 Federal Budget

**By: Canadian Foodgrains Bank
and Results Canada**

Recommendation 1: That the Government commit to increase the International Assistance Envelope to at least CA\$8.5 billion, in line with the Government’s commitment to increase international development assistance every year toward 2030 to realize the United Nations Sustainable Development Goals.

Recommendation 2: That the Government publish an annual, detailed and forward-looking budget for the International Assistance Envelope adhering to best practices recommended by the International Aid Transparency Initiative.

Recommendation 3: That the Government provide immediate support for low- and middle-income countries experiencing food insecurity and nutrition crises by investing additional funding in mechanisms like the World Bank’s Crisis Response Window and UNICEF’s Child Nutrition Fund.

Recommendation 4: That the Government of Canada commit to topping-up its 2023 Federal Budget by investing an additional \$500 million over five years to global education to fulfill Canada’s commitment to invest new resources to support access to education for girls, refugees, internally displaced children and those living with disabilities.

Recommendation 5: That the Government reaffirm its commitment to ending tuberculosis globally by investing Canada’s fair share to TB research and development and innovations annually to improve tools to prevent, treat and diagnose TB.

Recommendation 6: That the Government commit to increase to 40% the proportion of SDRs received by Canada during the pandemic that it will rechannel to low- and middle-income countries through the Poverty Reduction and Growth Trust.

Canadian leadership in converging crises

As the world emerges from COVID-19, the damage wrought by the pandemic is disproportionately borne by those in low- and middle-income countries (LMICs). Since 2020, health systems globally have been overwhelmed, children have missed hundreds of days of in-class instruction through disruptions to education systems, and countries have taken on unsustainable levels of debt to combat the pandemic and deliver basic services. The intensifying effects of climate change, increasing global instability, violent conflicts, and the war in Ukraine have caused dramatic increases in the basic cost of living and food prices throughout LMICs putting millions of people at risk of falling into extreme poverty.

In 2021, the Government committed to steady increases to the International Assistance Envelope (IAE) to meet these growing global needs. Steady, sustained, and transparent increases will assure recipient programs and countries that Canada's commitment to a world without extreme poverty is not temporary. For this to happen, the government must make clear, detailed, flexible and forward-looking 5-year commitments which meet the best practices and standards recommended by the International Aid Transparency Initiative (IATI).

Canada's IAE should reach at least CA\$8.5 billion in 2024/25 to honour this commitment and to fill existing funding gaps. This would be a modest increase from the 2022/2023 IAE which was \$8.1B.

Fighting food insecurity and malnutrition

Prior to COVID-19, the world was already facing an incipient food and nutrition crisis. The pandemic only worsened the situation. COVID-19's economic fallout and necessary additional health spending resulted in a displacement of funds intended for nutrition. The 2022 Global Nutrition Report suggests that domestic resources for nutrition may not recover until 2030.¹

The invasion of Ukraine triggered two shocks that have disproportionately impacted the poorest countries: 1) the reduction in available global supplies of grain and fertilizers, and 2) increased inflation. These have resulted in unprecedented levels of food and nutrition insecurity and have been exacerbated by Russia's recent suspension of the Black Sea Grain Initiative (BSGI) and India's ban on rice exports.² The World Bank estimates that for "every additional 1 percent increase in food prices, nearly 10 million additional people could be living in extreme poverty."³ This means that more than 345 million people face high levels of food insecurity in 2023, and

¹ <https://globalnutritionreport.org/reports/2022-global-nutrition-report/>

² <https://www.reuters.com/article/ukraine-crisis-imf-idUKL1N39B25R;>
<https://www.reuters.com/markets/commodities/india-prohibits-export-non-basmati-white-rice-notice-2023-07-20/>

³ <https://blogs.worldbank.org/opendata/pandemic-prices-and-poverty#:~:text=The%20latter%20could%20play%20a,be%20living%20in%20extreme%20poverty.>

nearly 150 million people are on the verge of returning to extreme poverty and experiencing food deprivation.⁴

The ongoing global food crisis compounds an already dire global child malnutrition crisis. An estimated 45 million (6.8%) children under 5 are affected by wasting in 2022, of which 13.6 million (2.1%) suffered from severe wasting. Wasting, when a child's weight is too low for their height, is the most life-threatening form of malnutrition and disproportionately affects those already most marginalized, including women and girls. The Gender Nutrition Gap estimates that "there are 150 million more women and girls who are hungrier than men and boys."⁵

Canada has a unique opportunity to support two mechanisms that deal directly with the food and nutrition crisis. First, UNICEF's Child Nutrition Fund (CNF). The CNF is a country-led fund that matches donors' investments in life-saving nutrition interventions for women, adolescent girls and children with investments made by national governments`, doubling the impact of every dollar invested. The CNF is seeking US\$600 million to scale up actions in 15 countries worst affected by the global food and nutrition crisis. As a world leader in nutrition, a strong contribution from Canada would have a huge impact.

Second, the World Bank's Crisis Response Window (CRW) provides funding for countries eligible for International Development Assistance (IDA) to respond to three types of severe crises: 1) natural disasters, 2) public health emergencies, and 3) economic crises. As a result of the ongoing food and nutrition crises, the CRW's three-year budget for low-income countries has been depleted and the World Bank is now seeking a US\$6 billion replenishment for 2024/2025. Canada should make a strong pledge at this replenishment.

Quality Education

The lingering impacts of COVID-19, coupled with conflict and climate changes have devastated global education. According to a recent World Bank report, an estimated 70% of 10-year-olds around the world are unable to understand a simple written text, up from 57% pre-pandemic.⁶ A generation of students now risks losing \$21 trillion in potential lifetime earnings, or the equivalent of 17% of today's global GDP.⁷

To build a healthy, peaceful, prosperous and equitable world, Canada must continue to champion of women and girls' rights, and its long-standing political leadership in global

⁴ <https://www.wfp.org/global-hunger-crisis>;

⁵ <https://www.who.int/teams/nutrition-and-food-safety/monitoring-nutritional-status-and-food-safety-and-events/joint-child-malnutrition-estimates>; <https://www.care.org/news-and-stories/resources/150-million-more-women-hungry/>

⁶ <https://www.unicef.org/media/122921/file/StateofLearningPoverty2022.pdf>

⁷ <https://www.unicef.org/media/122921/file/StateofLearningPoverty2022.pdf>

education, most notably as the architect of the Charlevoix Declaration on Quality Education for Girls, Adolescent Girls and Women in Developing Countries. Backed by a Canadian investment of CA\$400 million, leveraging a historic CA\$3.8 billion from the G7 and other partners in 2018, Charlevoix funded projects have had life-changing and positive impacts for the most marginalized learners, including girls, refugees and displaced children and youth. Global Affairs Canada's recent report to Parliament confirmed that Canada's Charlevoix investment alone has reached 4 million girls and women across 55 projects in Africa, Asia, Latin America and the Middle East.⁸

Unfortunately, Budget 2023 did not specify a renewed investment in global education, and more than two thirds of Charlevoix funded projects have wrapped up and ceased operation. The world is looking to Canada to reaffirm its commitment to quality education and to protect its legacy as a leader for girls' education. Canada cannot turn the tide on the global education crisis alone, but it can lead by example and mobilize other world leaders to do the same. This starts with securing CA\$500 million over 5 years towards in global education at the upcoming Global Refugee Forum in December 2023. This commitment should be reflected in the 2024 budget.

Ending tuberculosis and preparing for the next pandemic

Health systems have been devastated by the impacts of the COVID-19 pandemic. Decades of progress in the fight against longstanding epidemics like tuberculosis (TB) have been lost. As resources were shifted from TB to address COVID-19, fewer people with TB received the care they urgently needed. This resulted in global deaths from TB increasing for the first time since 2005 and TB regaining the title of the world's deadliest infectious disease.⁹ Increased investments in TB are essential to getting back on track towards ending TB by 2030.

Addressing the threat of TB also contributes to furthering a broader health agenda. Existing TB infrastructure formed the backbone of the world's response to COVID-19, and remains a cornerstone for pandemic preparedness. A program to address TB strengthens laboratory networks and front-line health care workers in a way that builds up primary health care systems and adds building blocks to the attainment of universal health care.

Addressing the TB epidemic will also depend on the development of new and more effective tools to prevent, diagnose, and treat TB. TB research and development (R&D) has long been underfunded, demonstrated by the archaic tools that are routinely used to address this ancient

⁸ <https://www.international.gc.ca/transparency-transparence/assets/pdfs/international-assistance-report-rapport-aide-internationale/2021-2022/2021-2022-vol1-en.pdf>

⁹ <https://www.who.int/teams/global-tuberculosis-programme/tb-reports/global-tuberculosis-report-2022>

disease. The only vaccine against TB is over 100 years and of limited effectiveness, and current widely available treatment options are long, complicated, and toxic.

At the United Nations High-Level Meeting (UN-HLM) on TB in 2018, member states, including Canada, committed to funding US\$2 billion annually to R&D for TB. To meet this goal, the “fair share” targets were established, which Canada has never met – hitting only 67% of the target in 2021. To make matters worse, the annual funding needed for TB R&D has more than doubled due to years of severe underfinancing as well as the impacts of the COVID-19 pandemic on TB programming. The Stop TB Partnership’s Global Plan to End TB 2023-2030 calls on funders to contribute US\$5 billion annually for TB R&D. In 2021, only US\$1 billion was raised.

Canada must meet the updated “fair share” target of allocating 0.15% of its total R&D expenditure to TB and champion the development of new tools to prevent, diagnose, and treat TB.

Supporting the finances of low-income countries, virtually cost-free

The Minister of Finance has at their disposal non-budgetary instruments that can be used to reinforce IAE expenditure. One such instrument is the approximately \$20 billion Special Drawing Rights (SDRs) Canada received from the International Monetary Fund (IMF). The IMF issued \$650 billion worth of funds in SDRs, which low- and middle-income countries that do not have international currency reserves could use to pay for their imports. However, the SDRs were allocated in proportion to the size of a country’s economy, which means that the large majority of the SDRs went to advanced economies of the G7, including Canada.

Two years after this issuance, countries that are worst hit by the converging crises are unable to pay for imports like food and fuel because they do not have euros or dollars. This, while billions of dollars in SDRs continue to lie unused by rich countries, including Canada, that have no use for its SDRs as their international reserves are already well stocked.

The IMF has set up different channels for countries like Canada to lend their SDRs to low- and middle-income countries at very low rates. While Canada has lent 18% of its SDRs to LMICs in Africa, Latin America, and the Caribbean at no cost to the taxpayer, advanced economies like Japan, France and Australia have committed to lend 40% of their newly acquired SDRs. Likewise, Canada should re-channel a further 22% of its SDRs to countries in these regions.

In April 2023, the IMF noted that its Poverty Reduction and Growth Trust (PRGT), a prime vehicle for long-term lending to low-income countries and a route to re-channel SDRs by high-income countries, was facing a US\$4.7 Billion shortfall in loan resources. In July 2022, the G20 Ministers of Finance called “for further ... loan pledges to the PRGT.” Canada should take the lead and fill the majority of the PRGT loan resource gap by rechanelling SDRs into the Trust.

Canada has an opportunity to play a leading role in the fight to eradicate extreme poverty. This requires that the Government step-up to address immediate and acute crises and remains a reliable and consistent development partner over the long term.