

News Release
For immediate release

Federal budget does little to tackle global poverty and inequality

Ottawa, April 22, 2015. The Canadian Council for International Co-operation (CCIC) believes that Canada can and must do better to tackle global poverty and inequality, promote women's rights and arrest climate change - all crucial challenges of our times. In this regard, it is disappointed by the lack of concrete measures in Budget 2015 to address these pressing global challenges at a time when opportunity is knocking at our door.

Budget 2015 contains no announcement to improve Canada's performance in aid spending. With no planned increases to international assistance, Canada remains at the back of the pack in terms of its relative contribution to a more secure and prosperous world – currently sitting in 16th place out of 28 donor countries.

“What is sorely needed from Canada is a clear signal that we will provide positive and decisive leadership in growing our aid budget and implementing measures to reduce the inequality gap,” said Julia Sánchez, President-CEO of CCIC and convenor of the [“We Can Do Better”](#) campaign. “Instead, this budget contributes little to stem growing inequality or to provide assistance to the poorest and most vulnerable in developing countries.”

Canada's international reputation has suffered in recent years as Canada's contribution to aid spending, as a percentage of Gross National Income (GNI), has fallen steadily from 0.34% to 0.24% – a far cry from the United Nation's target of 0.7% of GNI.

“We know that international aid alone won't put an end to poverty, but when used strategically and invested in people and organizations, it is a powerful tool,” indicated Sánchez. “A country as privileged as Canada has to lead by setting the example and upping its game”, she added.

CCIC was also hoping that Canada would announce, as part of the budget and ahead of the climate conference in Paris later this year, how it would reduce its own carbon emissions and how it would support developing countries in coping with the impact of climate change. But the budget was silent on this front too.

Budget 2015 does however include an announcement of the intent to create a Development Finance Initiative (DFI). DFIs work with the private sector to promote development and investment in developing countries.

“Although this can be a good idea in principle, the experience of DFIs in Europe has been underwhelming”, warned Sánchez. “Developing countries and the local private sector are often the last to benefit, with funds going mostly to support donor country exports and financial intermediaries. We are very interested to see how a Canadian DFI will buck that trend.”

CCIC believes that Canada's private sector does have a role to play in helping to promote sustainable and inclusive development, but especially in a context where the aid budget has decreased so

significantly, it is very important that the DFI be funded with new money, and not from the aid budget. It must also include measures to ensure that most of the support goes to where the real impact can be had – having meaningful development impacts on the ground and filling a financing gap for local private sector firms in the poorest countries.

Federal budget 2015 was just the first of many key moments to come this year where Canada has the opportunity to show leadership on the global scene. In September we will see the adoption of a new set of Sustainable Development Goals for all countries. At the end of this year we will see the negotiation of a climate deal that should avert catastrophic climate change. With Canadians also heading to the polls in 2015, the scene is set for Canadians to collectively step up to the challenge.

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-Founded in 1968, the [Canadian Council for International Co-operation](#) is a coalition of Canada's leading voluntary sector organizations working to end global poverty and to promote social justice and human dignity for all.

-The "[We Can Do Better 2015](#)" campaign is calling for greater leadership from Canada in this pivotal year, with specific focus on addressing three key global challenges - growing inequality, the impacts of climate change and advancing women's rights.

-More information on DFIs:

Kwakkenbos, Jeroen (2012). *Private Profit for Public Good? Can investing in private companies deliver for the poor?* Brussels: Eurodad. Retrieved from: <http://www.eurodad.org/files/pdf/520a35cb666a7.pdf>

Romero, Maria-Josée (2014). *A Private Affair - Shining a light on the shadowy institutions giving public support to private companies and taking over the development agenda.* Brussels: Eurodad. Retrieved from: <http://www.eurodad.org/files/pdf/53be474b0aefa.pdf>

Vervynckt, Mathieu (2014). *Going Offshore - How development finance institutions support companies using the world's most secretive financial centres.* Brussels: Eurodad. <http://www.eurodad.org/files/pdf/5457b8e273cfa.pdf>

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