

Leveraging Open Data to Analyze Canada's Development Expenditure

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by

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Introduction

Allegations of large lapses in Canada's development expenditure have been one of the most important narratives in Canadian aid in recent years. However, there has been considerable confusion regarding the amounts lapsed. A wide range of estimates have been reported and discussed publically at different points in time during the same fiscal cycle. Part of the reason for this is that advocates, analysts, journalists and others have tended to use different data sources and methods. These varied approaches, albeit internally consistent, necessarily lead to differences in the aggregate.

At the same time Canada's rank and reputation as a transparent foreign aid donor has been rising globally, relative to its peers (Bhushan 2013).¹ While there are lingering questions as to whether this performance really equates to greater accountability not only to Canadian taxpayers but also partners in developing countries, it is clear that the level of access to open aid data has improved considerably (Bhushan and Bond 2013). This is especially true since the launch of the (former) Canadian International Development Agency's (CIDA) open data portal (2011), CIDA's publication to the International Aid Transparency Initiative (IATI) standard (2012) and a host of public engagement and outreach efforts on open data policy and technology (Bhushan and Higgins 2011; Bhushan 2014).

The aim of this study is to demonstrate how open data can be leveraged to analyze Canada's development expenditure. Given the seriousness of lapsed spending allegations, we examine this issue in detail from a range of perspectives. It is vital to have a document of record that is methodologically transparent so that the analyses can be reproduced. To ensure this, customized datasets developed to undertake this analysis will be made freely available with necessary metadata, documentation and through interactive visualizations.

The purpose of the paper is also to discuss how NGOs, CSOs, analysts and others can examine such issues in the future; and to lay the foundation for a wider discussion on strategies that can be used to affect change not only by shedding light on the data and analytical issues but also visualizing the policy process.

What is the lapsed spending narrative in a nutshell?

In the 2010 federal budget, the Government of Canada (GoC) announced a 'freeze' in aid spending which was to be capped for a period of 5 years at the 2010 level. In the 2012 federal budget however the government announced plans to cut foreign aid spending by about 7.5% over the next 3 years. The 2013 federal budget announced yet further changes with the amalgamation of CIDA into foreign affairs, and the creation of a new Department of Foreign Affairs Trade and Development (DFATD). Fiscal year 2012-13 is also when we expected to see the cuts start to take effect, which had been estimated at around \$151 million in 2012-13, \$191 million by 2013-14 and \$319 million by 2014-15 (Bhushan 2013b).

¹ In the 2013 Aid Transparency Index Canada ranked 8th out of 67 donors, and 3rd among major bilateral donors.

By April 2013, reports based on preliminary analyses of the data indicated that as much as \$800 million in expected development expenditures were allowed to lapse by the department (Berthiaume 2013). CSO and NGO aid experts placed the lapse spending figure at between \$800 million and \$1 billion, or 20% to 25% of total departmental budgets (McLeod Group 2013).

It is important to note however that the data sources and methods underlying these analyses were not mentioned explicitly. Later in the year, by July 2013, the lapse analysis became clearer and the estimated lapsed amount also came down substantially. For instance, drawing on the Parliamentary Budget Office's Integrated Monitoring Database (PBO-IMD), Morales (2013) reported the lapsed estimate to be around \$380 million in grants and contribution expenditures that were supposed to take place in 2011-12, representing a lapse of about 10%. Others, relying on PBO data and quarterly financial reports estimated the lapse to be \$419 million or around 13% (Berthiaume 2013b).

Only later in the year, by November (2013), when the actual audited figures are made available, was the lapsed amount for the previous fiscal year decisively pegged at around \$300 million, or nearly 10% of the planned budget (Berthiaume 2013c, Fekete 2013).

The evolution of this story raises more questions which existing analyses address insufficiently. We will try and shed more light on these. For instance, are lapses in spending entirely additional to budgeted cuts, i.e. are lapses consistent with the formal understanding of a fiscal lapse? How do recent lapses compare over time, including with past austerity periods? What does the in-year cycle of expenditure reveal about projected and actual lapses, what does it indicate about the pattern of approvals and expenditures more generally? How and where can advocates, analysts and CSOs affect the policy process?

The remainder of this paper is organized as follows. In order to analyze the above we first need to understand the fiscal cycle in Canada. The next section attempts to do this (and also visualizes the overall process of allocation, expenditure and reporting). The section thereafter discusses data and methodological issues in assessing expenditure lapses. The sections after that analyze the patterns of allocation, expenditure and lapses in recent years, as well as the in-year cycle of grants and contribution expenditure. Official explanations of lapses and debates about the same are also analyzed. The concluding section summarizes key messages and raises discussion questions.

Understanding the Fiscal Cycle: Allocation, Expenditure and Reporting²

This section provides a brief overview of the fiscal supply and reporting cycle, and visualizes the same. Such an overview is important, especially for advocates, CSOs, analysts and others, to be aware of opportunities to affect change or demand greater transparency and accountability within the policy process.

Key Documents and Supply Periods

There are 3 key documents in the fiscal allocation, expenditure and reporting cycle in Canada: the Budget, the Main Estimates and the Public Accounts of Canada (PAC).³

The fiscal year of the Government of Canada (GoC) runs from April 1 to March 31. Each fiscal year is divided into three parliamentary supply periods – or the process by which the government asks parliament to appropriate funds in support of approved programs and services. Supply periods are designated as follows: First period: April 1 to June 23; Second period: June 24 to December 10; Third period: December 11 to March 26 (TBS).

The Federal Budget and Main Estimates

While most of the emphasis is placed on the federal budget, many observers do not realize that the budget is merely the government's overall policy statement on spending and revenue generation, it does not authorize the government to spend money. This is done through the estimates process (Library of Parliament 2012).

According to some analysts the timing of the budget and indeed the policy statements contained therein have tended to matter less and less in recent years in Canada. While these capture media and campaigner's imagination the government has significantly changed the nature of the budget.

For instance prior to 2012 it was possible to get a clear understanding of policy intentions through the budget documents. This has changed in the 2012 and 2013 budget, which were criticized for their vagueness and lack of detail. Moreover, both budgets were followed by massive Budget Omnibus Bills which contained major changes to large amounts of legislation, most of which was not referred to at all or only vaguely in the budget. So the omnibus bill in recent years has become far more important than the budget itself (Clarke and DeVries 2014).

² This section summarizes more detailed official guides from the Treasury Board Secretariat of Canada and the Library of Parliament. These were complemented by information requests sent by the author to the PBO.

³ Other important documents in the fiscal cycle include the Report on Plans and Priorities (RPP), Supplementary Estimates (SE), Departmental Performance Reports (DPR) and the Economic and Fiscal Update. The budget, main estimates, RPPs and to some extent the SEs are forward looking documents. The others are reporting documents.

By standing order of parliament, the main estimates, which are the government's detailed spending plans for each department for the coming year, must be tabled on or before March 1 by the president of the Treasury Board (TBS). For our purposes, the key start date of the fiscal cycle therefore is the tabling of the main estimates.⁴

Expenditures are authorized by parliament either by ongoing statutory authority or through annually voted appropriations. It is worth noting that about 60% of government expenditure is by ongoing statutory authority and does not require annual parliamentary vote.

Report on Plans and Priorities and Supplementary Estimates

Shortly after tabling the main estimates the government tables the Reports on Plans and Priorities (RPPs) from each department. The RPPs set out the results departments expect to achieve with the expenditure authorities provided. They also specify how financial and human resources are to be allocated by program activity (Library of Parliament 2012).

In addition to the main estimates the government seeks parliamentary approval to spend funds through supplementary estimates. The first supplementary estimates (A) are typically tabled in May, following that additional supplementary estimates (B and C) are tabled in October and February. Supplementary estimates contain details for funding required for items in the budget, or funding to meet unanticipated needs, which were not included in the main estimates.

The total of the main estimates and supplementary estimates gives us the total available expenditure authority (EA), by departments, and disaggregated further by vote, program area or activity.

Departmental Performance Reports

In November the government tables Departmental Performance Reports (DPRs) which set out performance against expected results outlined in the previous year's RPPs. However, because many organizations set vague objectives to begin with, which makes it very difficult if not impossible to verify whether an organization has met objectives or not, most DPRs conclude they have met the majority of objectives. This is a clear weakness of such official reports as a guide to performance. Another weakness is that organizations tend to focus on activities rather than objectives they intend to achieve with those activities (Library of Parliament 2012).

In this sense the RPPs and DPRs may be perceived as being of limited value. However they can be used for basic analyses. For instance, because RPPs are forward looking and reflect the department's planning, the financial estimates therein could be used to assess how close departments are in budgeting for their expected needs, if the RPPs (for the previous year) are

⁴ New initiatives announced in the budget are not included in the main estimates.

compared with actual performance in later audited results.⁵ A weakness of this approach when applied to development spending is that given the nature of expenditure, supplementary requirements during the course of the year – e.g. to respond to crises or humanitarian emergencies – can be quite large. Almost by definition these are difficult to anticipate and plan for at the start of the cycle.

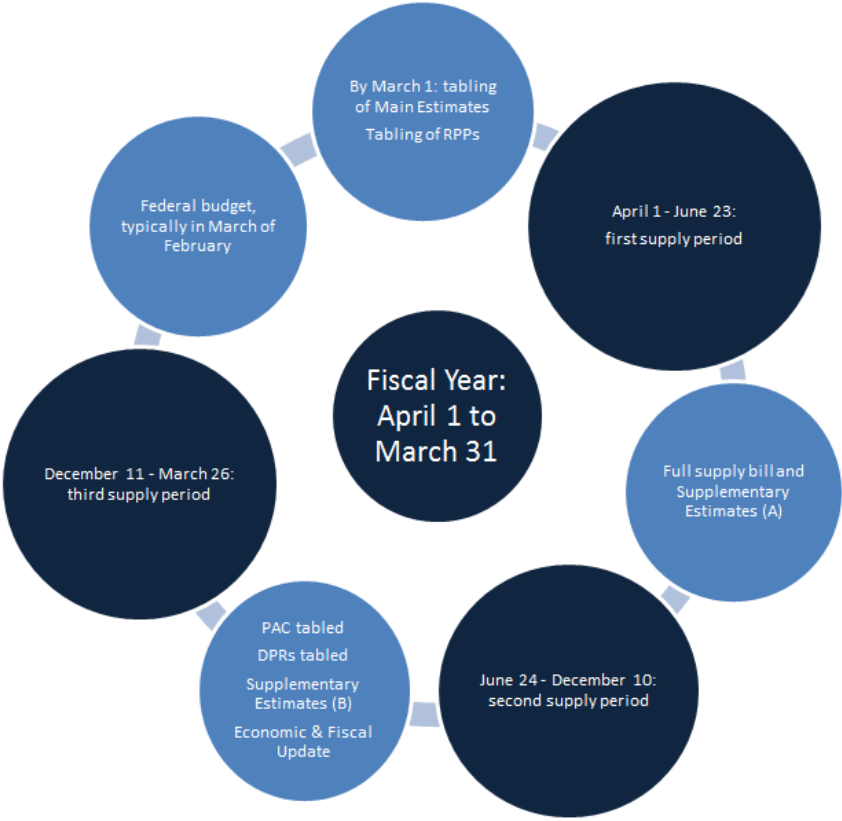
Public Accounts

By November the Public Accounts of Canada (PAC) are tabled. These are the consolidated audited financial statements for the recently completed financial year. While the estimates (main and supplementary) seek approval or expenditure authorities to spend funds, the PAC outlines how much was actually spent and on what by each department (though still at a fairly aggregate level).

Comparing total expenditure authorities alongside actual expenditure from the audited financial statements gives us the fiscal expenditure lapse, in the technical sense of the term. In short, the PAC is by far the most important document in analyzing expenditure lapses as they comprise the official audited financial statements. However they present other limitations as discussed below.

⁵ Despite these obvious weaknesses RPPs have an important role to play in foreign aid spending transparency, as they form the basis for forward spending guidance, both to the OECD-DAC and to IATI. A key principle of the aid transparency movement is to facilitate more predictable aid, and improve information sharing between development partners. If the RPPs are inadequate in this regard then it follows that even though forward spending data may be available, it is of little real value as it may be unreliable. Another weakness is RPPs don't set out such information in granular detail, which would be required for development partners for planning purposes.

Figure 1: Understanding the Fiscal Cycle in Canada



Source: author, drawing on Library of Parliament (2012) and TBS.

Data and Methodological Issues

Innovations in Open Data

Several important innovations have taken place in recent years with the proliferation of open data across various levels in Canada. Firstly, data from the PAC is now made (partially) available through the Treasury Board of Canada's (TBS) open data portal. However a weakness is that these are only available for a handful of recent years. Second, the Parliamentary Budget Office's Integrated Monitoring Database (PBO-IMD) makes (partial) data sourced directly from the Receiver General of Canada, on a quarterly basis, available publically. This helps significantly with in-year tracking, but is also only available for a handful of recent years.⁶

For our purposes below we created a customized time-series dataset based on PAC data from 1994-95 to 2012-13. We also created a customized dataset leveraging departmental data (from former CIDA) on quarterly disclosures from the last quarter of 2005-06 to the second quarter of 2013-14. In addition, we leveraged data from Canada's (i.e. DFTAD's) publication to IATI (as of October 2013).

In addition to these sources of financial open data we complement the analysis below with official narrative open data. Key parliamentary hansards are available in an XML open data format. Tools such as Open Parliament have made metadata analysis of parliamentary and committee debates possible like never before. We analyze these to provide a sense of official explanations and discussion around lapses in fiscal expenditure, with a particular emphasis on development spending.

Methodological and Analytical Challenges

Despite the availability of a range of open data as discussed above, the analysis presents several challenges. A first, perhaps basic challenge is that it is not easy to parse out spending lapses from the overall budget cuts that had already been announced. Initial stories of lapses in development spending were unclear on whether these were additional to or part of the announced budget cuts. However as our analysis below makes clear, spending lapses are indeed additional to announced budget cuts.⁷ This is because actual spending is lower than planned or budgeted expenditure at the departmental level, and lower than the parliamentary expenditure authorization. And implementation of the wider austerity plan would have already figured into departmental planning. (This is an assumption however, which needs to be verified, specifically for 2012-13)

A bigger challenge is time lags in availability of key reports and data. While open data has indeed increased access to a lot of useful information, there is still a long time gap between

⁶ There are other challenges in using this and other data, despite it being ostensibly 'open'. These challenges are discussed in the next section below.

⁷ That said, part of the lapse has been explained as continued implementation of the budget cuts.

when expenditures take place and when high quality information about the same is publically available. No amount of open data or push for transparency and accountability can change when the PAC are released, as it takes time to get government-wide audited financial statements. In other words the PAC, which are a key resource for lapse spending analysis, are only available in November for the fiscal year previously completed, which amounts to a lag of about 18 months. One way around this, in recent years, has been the PBO's IMD. However, as we will see below, given the in-year cycle of international development expenditure, relying purely on the PBO-IMD can be very misleading in terms of projecting lapses. This is the main reason why initial lapse estimates were reported far higher than they actually ended up being. The key message here is only that there are real limitations in terms of tracking and projecting in-year trends, and this is because a) the within-cycle pattern of spending is imbalanced and b) the key high quality data (from the PAC) only becomes publically available with a long lag.

One way we get around this below is by leveraging IATI data and departmental level disclosure data which is available on a quarterly basis (within cycle). The trade-off here is that these sources make up a large share, but not the entirety of development spending. This is a trade-off worth making however, given we are interested in more timely information.⁸

Certain components of total expenditure, as mentioned, only become available through the fiscal cycle. Total expenditure authority is the sum of the Main Estimates and the in-year Supplementary Estimates. If there are large Supplementary Estimates in a given year, tracking expenditures against original Main Estimates (or the RPPs) can be misleading. Total available authorities are thus only reliably available from the PAC. Moreover, the PACs also clearly mention the level of "frozen" amounts. These are resources that are part of the available parliamentary authority and may be included in departmental reference levels, but are "frozen" with attached conditions for various reasons.⁹ (This is again to the best of our knowledge)

There are other nuances that advocates, analysts and CSOs undertaking this analysis in the future should be aware of. When it comes to departmental level finances, there are 3 main buckets or types of expenditure: operating expenses, capital expenses and grants and contributions (Gs & Cs). There are important differences between these from an expenditure lapse perspective. Departments are allowed to carry forward into the next fiscal year spending lapses amounting to as much as 20% of capital expenditure; the carry forward level for operating expenditure is 5%; however, there is no flexibility in carrying forward lapses in Gs & Cs. In order to carry forward lapsed spending in Gs & Cs the department needs to negotiate terms with Finance Canada.

This is an important point for two reasons. For certain departments, given the nature of their work, a disproportionate share of the spending will be transfer payments, i.e. largely Gs & Cs.

⁸ Another potential resource is Finance Canada's Fiscal Expenditure Database. However this does not contain program level expenditure data, and in general is fairly aggregate information.

⁹ Reasons could include restructuring costs, cover for currency fluctuations, changes in programming, or disbursement being tied to other conditions. A weakness in current reporting is that the reasons aren't always clearly spelled out, and the amounts can be large.

This is especially the case in international development, where the vast majority of (former) CIDA's expenditure comprises Gs & Cs, to governments in developing countries, multilateral partners, or partners in Canada. Secondly, since lapsed Gs & Cs spending does not automatically carry forward it is important to track expenditure in this area. As we show below, the bulk of the lapsed development spending in recent years is indeed lapsed Gs & Cs.

Analysis 1: Pattern of Allotments and Expenditures (1994-95 to 2012-13)

How do lapses in development spending compare with the overall GoC wide trends in available authorities vs. actual expenditures? At the outset we should emphasize that there is no real reason that individual departments or indeed the total government-wide allocation should be spent in a given fiscal cycle entirely. There is always some degree of 'lapse', and as already discussed, depending on the type of expenditure, departments have flexibility in carrying resources forward.¹⁰

Available authorities are better interpreted as an upper ceiling within which departments have room to manoeuvre. Moreover, senior government officials, especially in recent years, have repeatedly asserted that just because they have the authority does not mean they have to use it. For instance (and as discussed further below), in explaining the reasons for recent lapses in development spending Minister John Baird (foreign affairs) stated "I don't wake up every morning with a desire to spend every single dollar that I can possibly spend" (Open Parliament 2013a; Parliament of Canada 2013).

It is nevertheless instructive to look at the trend in lapses, or the difference between total authorities made available by parliament and actual expenditure. Figure 2 below presents three related graphics since 1994-95: total available authority and actual expenditure, the difference between the two or lapse expressed in billions (C\$), and as a percentage of total available authorities.

As can be seen, for much of the period in question lapses at the GoC level have been of the order of about \$3 to \$4 billion a year, or under 3% of total authority. Starting around 2003-04, overall GoC lapses started to increase, to around \$6 to \$9 billion a year, including in percentage terms to between 3.5% and 4.2%. Since 2009-10 lapses have risen even further, to between \$11 and \$12 billion a year, or between 4.8% and 5.5%. Clearly, there is a rising trend in lapsed spending at the GoC level, which, as repeatedly pointed out by the PBO and others, is both puzzling and worrying (Beltrame 2013).

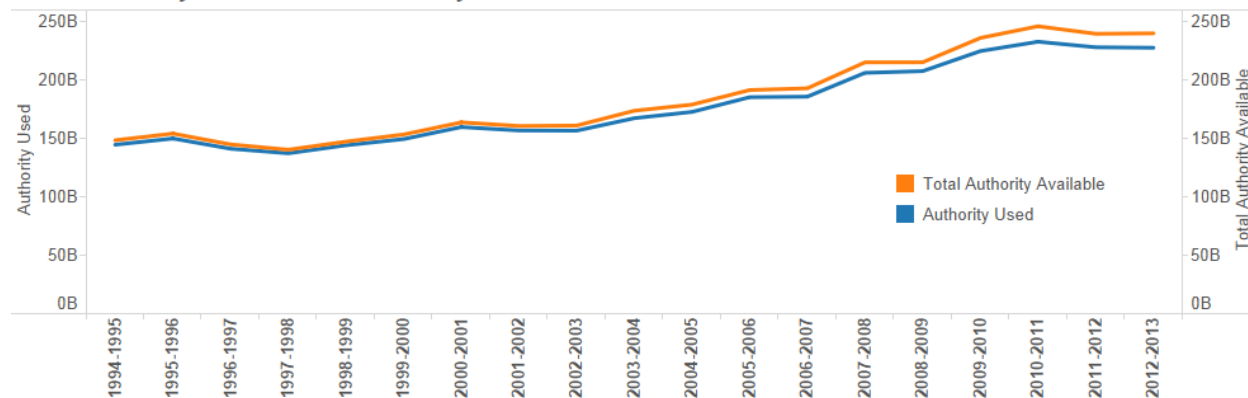
Lapses in development spending are a subset, and a small subset at that, of these wider trends. What do these trends look from the perspective of development expenditure? To analyze this we focus on (former) CIDA, which until the recent merger, accounted for the vast majority of

¹⁰ In other words the "net lapse" may be lower than our discussion below.

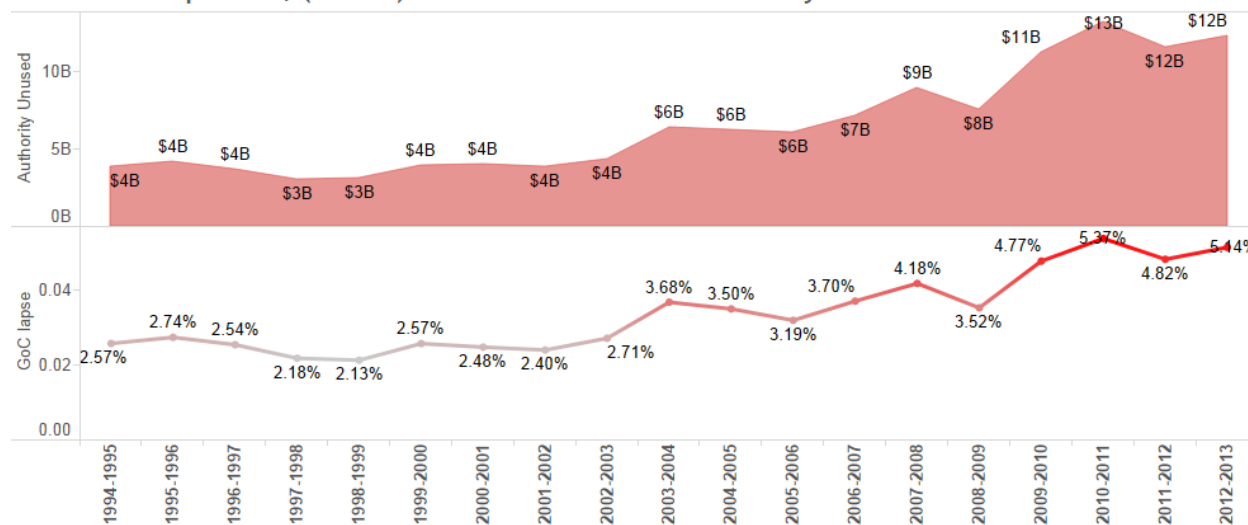
Canada's development expenditure. About 70% of Canada's aid is channeled through (former) CIDA.¹¹

Figure 2: Trends in Total Authorities Available vs. Authority Used at the Government of Canada (GoC) level, 1994-95 to 2012-13

Total Authority Available vs. Authority Used



Overall GoC Lapse in C\$ (billions) and % of Total Available Authority

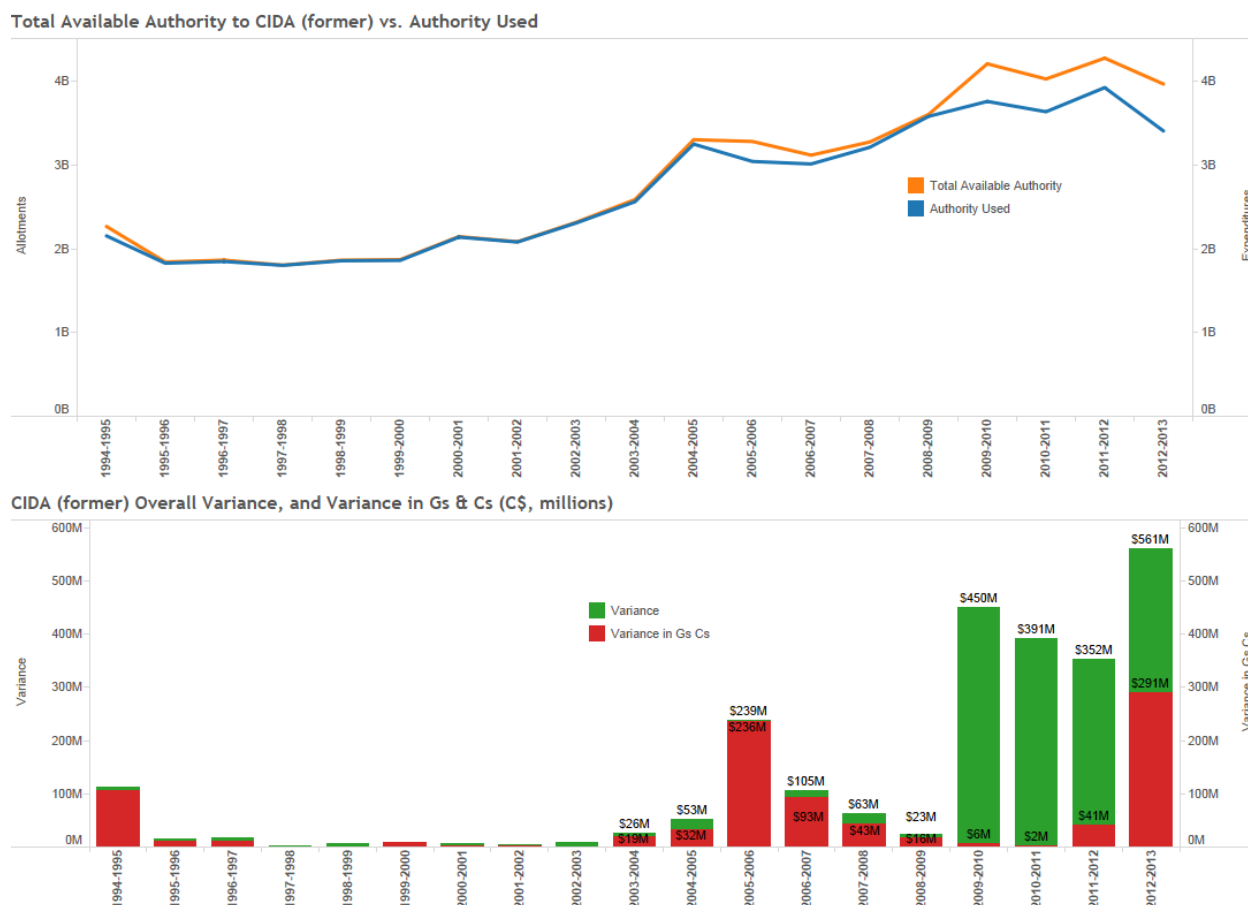


Source: PAC, customized dataset available through the Canadian International Development Platform

Figure 3 below presents the trend in total available authorities against actual expenditures for (former) CIDA, since 1994-95. Two related graphics are presented. The line graph presents trends in total available authorities (yellow) against actual authority used (blue). The bar graph presents the trend for total variance or lapse. The total variance (green) and the share of this made up by variance in Gs & Cs (red) is given.

¹¹ Given the merger, and the fact that about 8 to 10% of development spending was channeled through Foreign Affairs, the new merged department DFATD will account for an even larger share of Canada's ODA.

Figure 3: Trends in Total Authorities Available vs. Authority Used at (former) CIDA, 1994-95 to 2012-13



Source: PAC, customized dataset available through the Canadian International Development Platform

There is a sharp break from historical trends in recent years, starting around 2005-06, with overall lapses increasing thereafter. Starting in 2009-10 there is another sharp increase in overall lapses; however the majority of these were not in Gs and Cs. Data from the most recent year 2012-13 is especially worrying as not only are the lapses largest, but a large share of this is lapsed Gs & Cs expenditure, which as mentioned is not automatically carried forward.

Lapses in development spending which in recent years (between 1995-96 and 2005-06) have consistently been under 2% of total authority, with lapses in Gs & Cs under 1%, have grown to between 7% and 14% since 2005-06, with lapsed Gs & Cs in the most recent year at 7.3% of total available authority.

Put differently, with reference to the bar graph in figure 3, while some of the green portion of the spending lapse could be argued is available to be carried forward, and some can be attributed (in the most recent year) to already announced spending cuts, the lapsed Gs & Cs or the red share cannot be attributed to budget cuts, nor will it carry forward. In this sense it is not only a total lapse, but it is additional to already announced aid budget cuts.

We can dig further into breakdowns of the sources of recent lapses in development spending, as figure 4 does below. As the description shows, there are three main areas of grants and contribution: bilateral programming, multilateral programming and partnerships with Canadians. As can be seen, the majority of the lapses are explained by lapses in grants for multilateral programming. The only official explanation for this that has been given publically is that ‘assessed contributions to international organizations came in a lot lower than expected’ (Open Parliament 2013b; Parliament of Canada 2013).¹²

Beyond this it is difficult to even get into which international organizations are in question, or why the assessed contributions came in far lower. What we can say is that based on data available for recent years this is an outlier, and may be a one-off. However we will only be able to conclusively see if this is the case once data for the current fiscal cycle (2013-14) becomes available.

Figure 4: Breakdowns of the Sources of Recent Lapsed Spending at CIDA

		Canadian International Development Agency		
Grant / Contribution	Description	Variance 2010-11	Variance 2011-12	Variance 2012-13
Contribution	Contributions for Bilateral Programming	1,709,192	25,015,314	84,267,499
	Contributions for Multilateral Programming	0	0	0
	Contributions for Partnerships with Canadians Programming	0	552,413	13,800,000
Grant	Grants for Bilateral Programming	0	0	0
	Grants for Multilateral Programming	0	15,000,000	192,432,773
	Grants for Partnerships with Canadians Programming	0	0	0
Grand Total		1,709,192	40,567,727	290,500,272

Source: PAC, customized dataset available through the Canadian International Development Platform; all figures in CAD\$.

It is also worth pointing out that there is a sharp increase in lapses in contributions for partnerships with Canadians in 2012-13. This is the main channel by which CIDA supports the work of Canadian CSOs and NGOs engaged in international development. This trend in the data is generally consistent with the wider narrative of a shift away from supporting Canadian CSOs and NGOs.

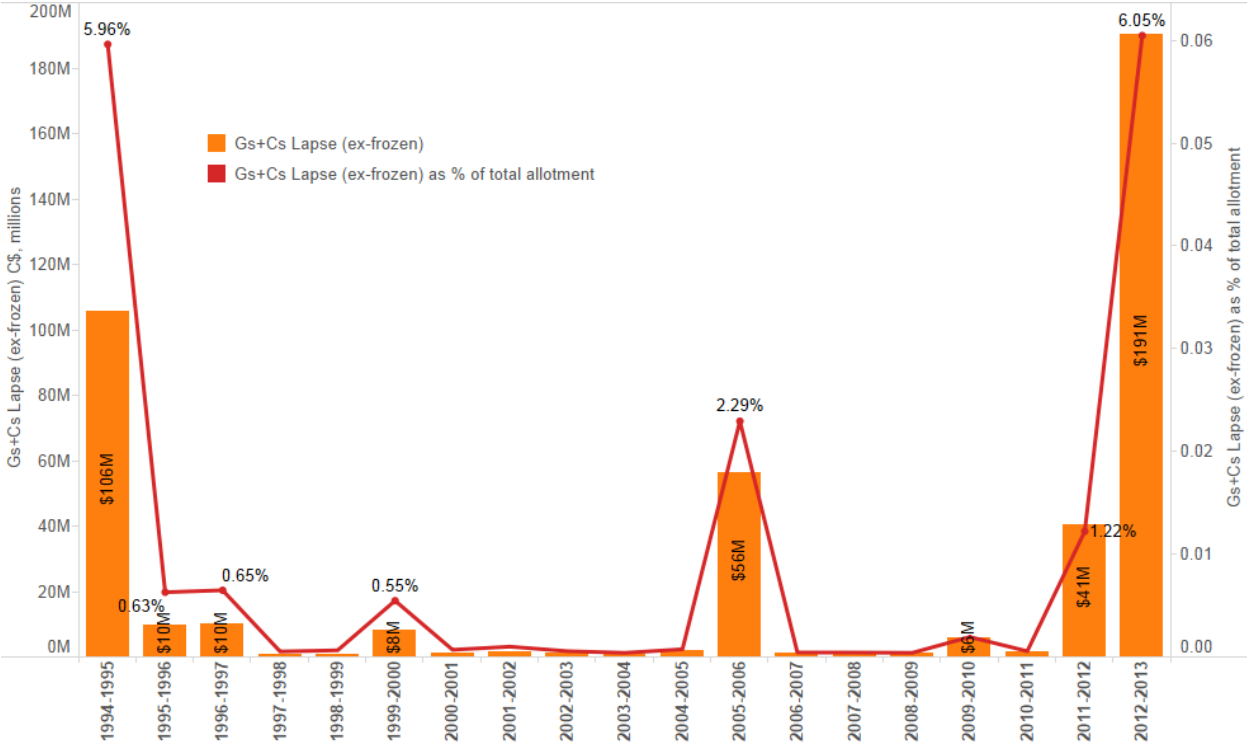
A further element in the lapsed spending narrative is the issue of “frozen” allotments. As discussed earlier, allotments can be frozen for various reasons. However, frozen amounts can be quite large, and so can affect analyses of spending lapses. For instance, frozen amounts have been as large as \$180 million in 2005-06. The main explanation for this was “a technical adjustment due to expenditure management mechanisms used during election periods” (DPR). Frozen allotments in 2012-13 totalled \$100 million.¹³ Technically, in order to assess spending

¹² This explanation was given by DFTAD’s CFO Nadir Patel, at a Foreign Affairs Committee hearing.

¹³ We have not yet found a real explanation for this.

lapses we should net out frozen allotments. Figure 5 does this and further shows that recent lapses in Gs & Cs expenditure, net of frozen allotments, both in terms of their overall level and as a share of total available authorities, represent a clear break from recent trends.

Figure 5: Trends in (former) CIDA Lapses, net of “Frozen” Allotments



Source: PAC, customized dataset available through the Canadian International Development Platform

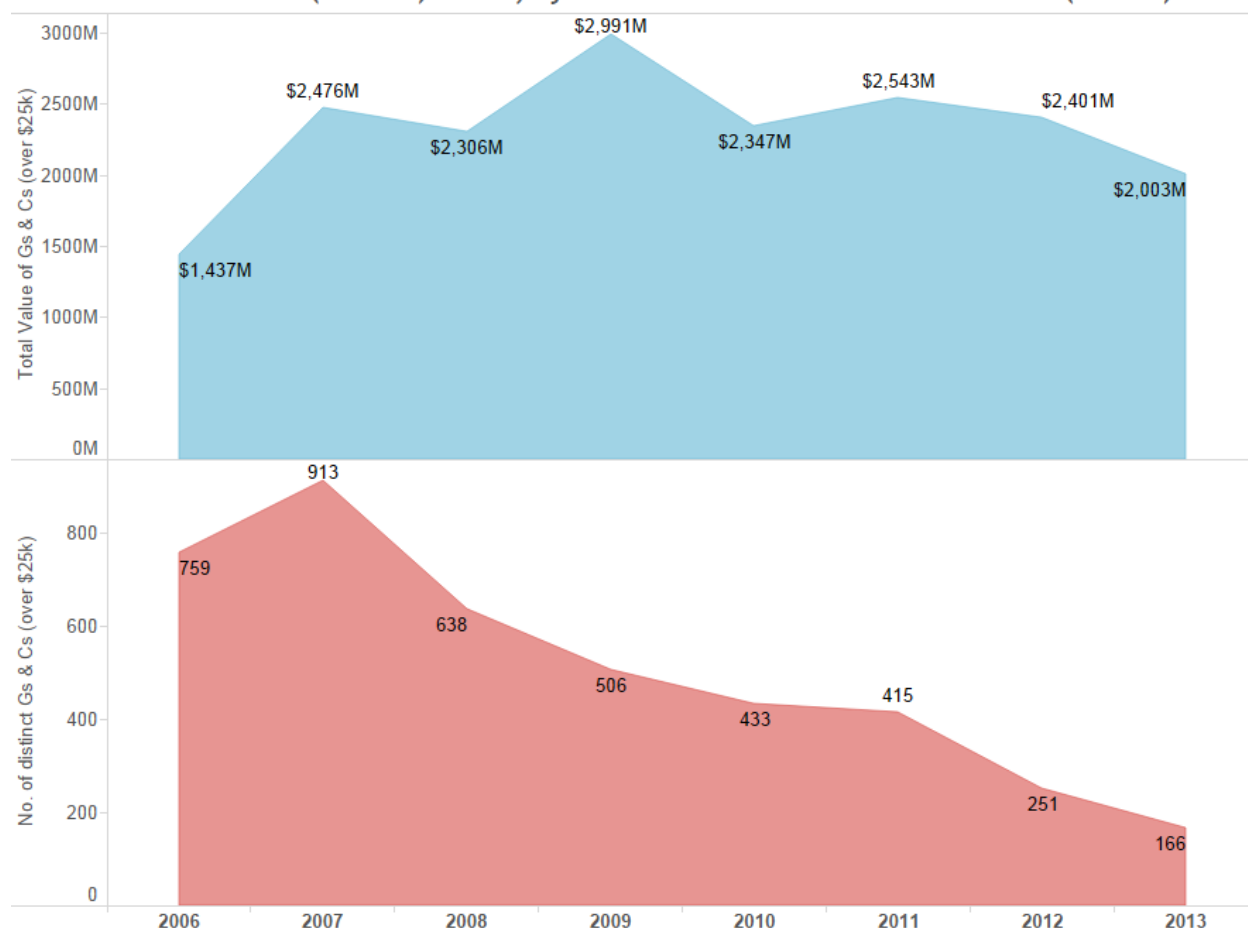
As our concern is, and should be, with Gs & Cs expenditure lapses we can bring to bear further open data streams to shed more light on trends. Because Gs & Cs spending tends to take the form of large and distinct agreements, a large share of these is subject to proactive financial disclosure requirements. Any grant or contribution above C\$25,000 is subject to proactive disclosure.

To leverage this data we created a customized time-series dataset which includes every grant or contribution made by (former) CIDA, over C\$25k, from January-March 2006 (Q4) to July-September 2013 (Q2). The data is partial. The most recent year (2013-14) only covers two quarters and so is not entirely comparable with the other years, as is data for 2006 (which only covers one quarter).¹⁴ It is also partial in the sense that it excludes small grants or contributions (below C\$25,000). That said if we compare the amount for Gs & Cs for 2012-13 (i.e. the latest year for which there is data spanning the entire fiscal cycle) for which we have Gs & Cs totalling approximately \$2.4 billion in this particular dataset, with the total Gs & Cs reported for 2012-13, which are approximately \$2.8 billion, we can see that the dataset is fairly representative of the overall picture (about 84%).

¹⁴ This partly explains the drop off.

Figure 6: Trends in Grants and Contribution Expenditure (above C\$25k)

Grants & Contribution (Gs & Cs) Trend, by amount and no. of distinct contracts (annual)



Source: CIDA (former), Quarterly Reports for the Disclosure of Grants and Contributions. Dataset constructed from archival reports from 2005-06 to Q2 2013-14; available through the Canadian International Development Platform

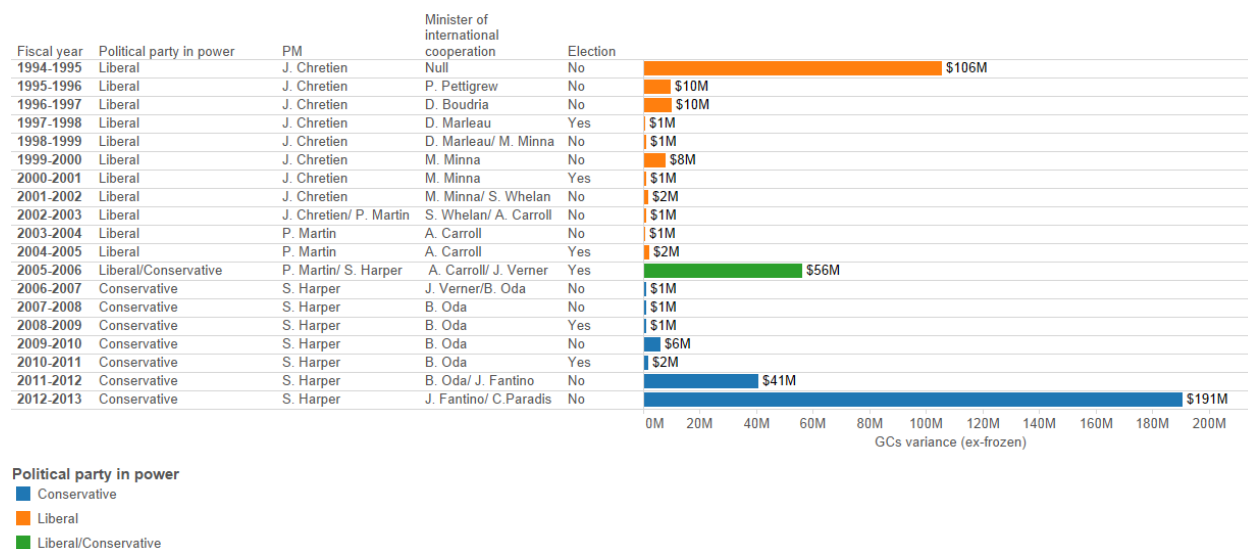
Figure 6 further confirms the trends discussed above. If Gs & Cs above C\$25k are anything to go by, there is a noticeable decline in both the amounts and count of individual Gs & Cs. From the recent peak in 2009, there is a nearly 20% decline in Gs & Cs to the most recent year for which data are complete (2012 above), representing a nearly \$600 million fall in annual Gs & Cs.

The second graph (red) presents the same data as the count (or frequency) of individual distinct agreements. Here again there is a sharp drop in the number of Gs & Cs being undertaken annually. While in 2007 as many as 913 projects (with an agreement larger than C\$25K) were approved, in 2012 there were only 251. The two taken together may imply a shift towards larger individual grants or contribution agreements.

A question that often emerges in discussions on lapses in development spending is whether these trends are ideologically motivated or otherwise driven by political cycles and considerations? It is nearly impossible to answer this question just on the basis of the data

alone. In figure 7 we present a like for like comparison over time of lapses in Gs & Cs expenditure, netting out any frozen allocations, alongside the political party in power, whether there was a change in government or federal level elections. What is clear is that while recent lapses are indeed high, not only in absolute terms of also percentage terms, there have been large lapses in the past under different political parties. With the exception of 2005-06 (as explained earlier) none of these lapses can be specifically tied to events in the political cycle.

Figure 7: Political Cycles and Lapses in Development Spending



Source: PAC, customized dataset available through the Canadian International Development Platform

Lapses in development spending can however be linked to tackling fiscal deficits. The last time the federal government seriously tackled fiscal deficits, in the Jean Chretien (Liberal) era in 1995, foreign aid spending was cut by more than 20% over 3 years. We can see from the data above (figure 7) that even in those years there was a similar pattern of lapsed spending, including large lapses in Gs & Cs (Ballingall 2012).

Analysis 2: In-Year Pattern of Grants and Contributions Expenditure, and Project Level Data

Open data can be leveraged to dig deeper into the in-year pattern of development expenditure. We do this by leveraging the grants and contributions dataset discussed earlier, as well as DFATD's publication to the IATI standard. Former CIDA became a member of IATI in November 2011 and published its first quarterly datasets on October 31, 2012. The IATI data we use below contains projects that were operational, terminating or closed, in the October 31, 2013 publication.

Both sources, IATI and the Gs & Cs dataset, have limitations. The limitations of the latter have already been discussed above. IATI data is limited in that it is only a snapshot in a given point in

time. As such, it is not statistical information, but rather management information, aimed at greater and more transparent information sharing to enhance aid predictability, timeliness of data for development partners and their country systems and to enhance donor coordination.¹⁵

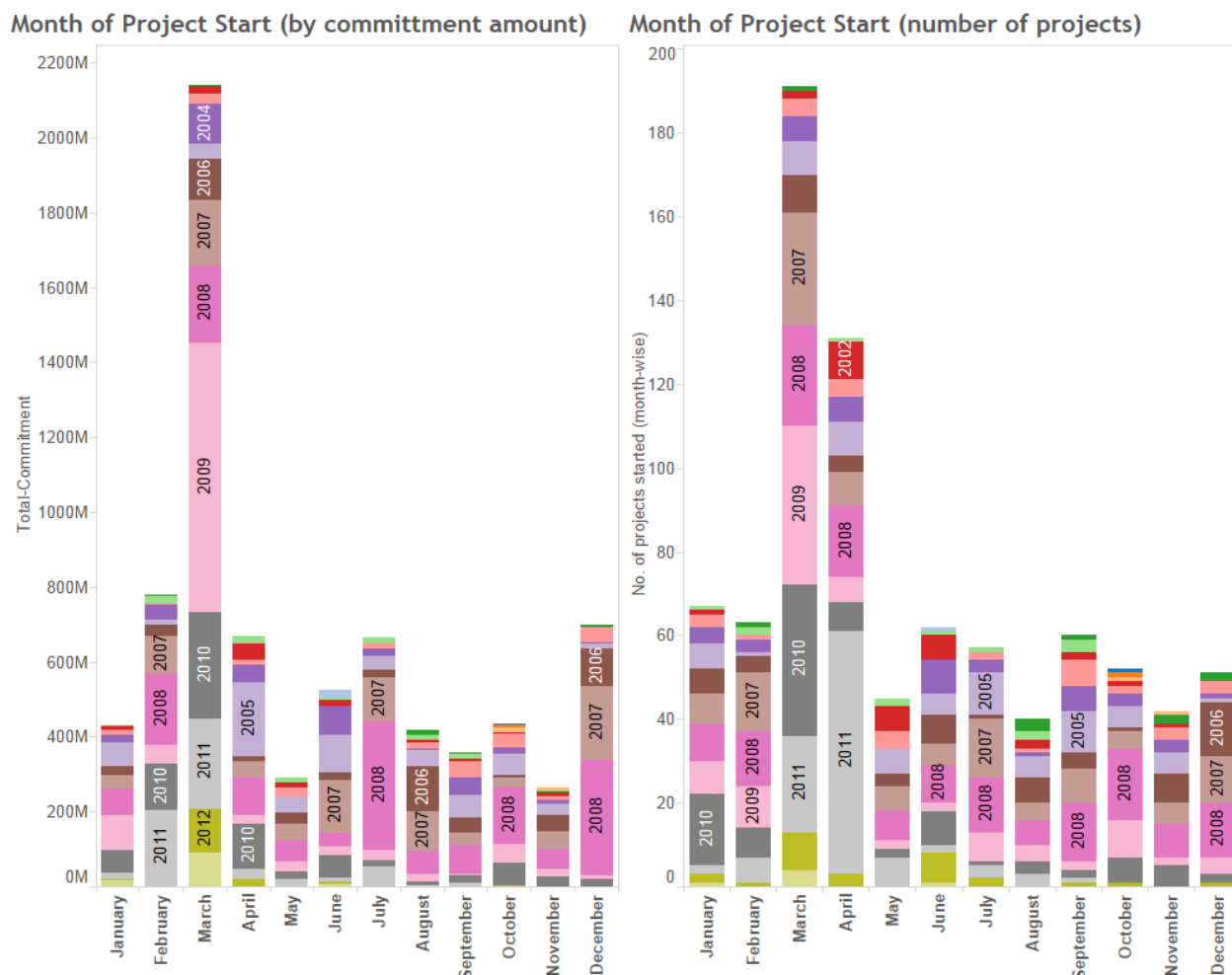
The data presented in figure 8 below, based on the October 2013 IATI snapshot contains about \$7.67 billion worth of project commitments (not disbursements).¹⁶ This includes some projects that started as far back as 1996; however the vast majority of projects are those that started between 2007 and 2011. The data comprises information on 861 projects. This IATI data contains important fields that enable analysis of in-year or within-cycle development expenditure. For instance, IATI contains actual project start dates, down to the specific day.

In figure 8 below we present stacked bar graphs, coloured by year, representing total project contribution amount (left) and the total number of individual projects (right). An interesting pattern emerges when we present the data on the basis of the month in which the project started. About \$2.1 billion out of \$7.76 billion worth of project commitments according to this IATI snapshot started in the month of March. That is, 28% of commitments were made in just one month, nearly three times the amount in any other month. A similar pattern emerges when we look at the count of number of projects started (irrespective of their size). 191 out of 861 projects (or around 22%) start in March, far more than any other month. This pattern holds in most years where the data are complete.

¹⁵ In contrast to the OECD-DAC's data which is statistical information and the primary source for most quantitative aid analysis.

¹⁶ In other words, the value or the total project budget, not actual expenditure, which (former) CIDA does not publish to IATI yet.

Figure 8: In-year Pattern of Development Spending, (former) CIDA's IATI data as of October 2013



Source: IATI, customized and available through the Canadian International Development Platform

IATI data offers insights into the in-year pattern of development expenditure. It is also updated more frequently (quarterly) so it provides a near real-time picture. It can be used in this way to analyze how and when development projects are being approved within a fiscal cycle, the project focus in terms of sectors, as well as implementing partners and executing agents.

Beyond IATI, we can leverage the Gs & Cs dataset (as earlier) to track actual in-year expenditures. However in this case we are looking at expenditures by individual agreement, not necessarily by project. There could be multiple agreements on one project. That said, the pattern is again telling and further confirms the analysis based on IATI data.

Figure 9 plots the in-year cycle of Gs & Cs expenditure for agreements over C\$25k, that were made between the last quarter of 2005-06 and the second quarter of 2012-13 (i.e. up to September 2013). The data are reflective of about \$18.5 billion in Gs & Cs over a nearly 8 year period, and 4204 individual grants or contribution agreements. Again, two views are given: the

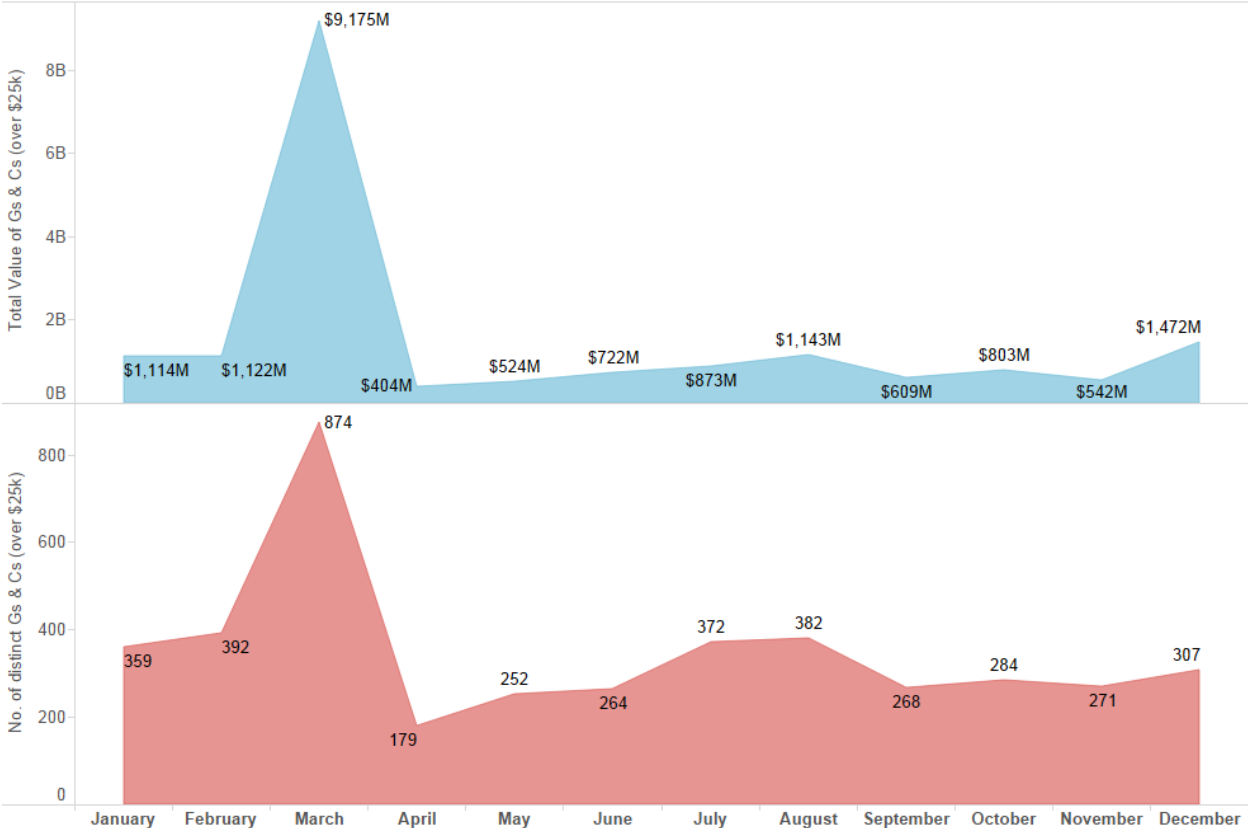
total value of agreements (blue) and the total count of agreements (red). As agreements have specific dates when they are signed, we can again plot these over months.

Once again, it is clear there is something about the month of March. About \$9.1 billion out of \$18.5 billion in Gs & Cs (or nearly 50%) were signed in the month of March alone. 874 out of 4204 (or nearly 21%) of Gs & Cs were signed in March. Furthermore, our analysis indicates not only that the vast majority of agreements are undertaken in March, but that a large share thereof are signed in the very last week of March (between the 24th and 31st). Approximately \$5.5 billion or nearly 30% of all grants and contribution expenditure agreements were signed in the last week of March.

Further analysis of the data shows that a large proportion of these Gs & Cs are with multilateral development organizations (such as the World Bank, multilateral development banks and UN agencies).

Figure 9: In-year Pattern of Development Spending, (former) CIDA Grants & Contributions (over C\$25K)

Grants & Contribution (Gs & Cs) Trend, by amount and no. of distinct contracts (month-wise)



Source: CIDA (former), Quarterly Reports for the Disclosure of Grants and Contributions. Dataset constructed from archival reports from 2005-06 to Q2 2013-14; available through the Canadian International Development Platform

The in-year pattern of development expenditures is important from the perspective of the expenditure lapse narrative for at least three reasons.

First, if we think back to the fiscal cycle in Canada (see figure 1) which begins on April 1 and ends on March 31st, it is clear that a huge share of commitments with respect to development spending take place at the very end of the cycle (in fact in the last week). This makes it nearly impossible to forecast trends, even if there is reasonably timely data through the course of the cycle.

Second, if we focus on 2012 data, we notice that as much as \$1.16 billion in Gs & Cs were agreed in the last week of March. The data show a clear rising trend in the share of Gs & Cs being signed in the last week of March at the very end of the fiscal cycle. Had these not been agreed when they were there could have easily been a far greater lapse in development expenditure.

Third, official discussions and oversight, such as at the parliamentary committee level, only tend to take on these issues at the end of the reporting cycle around the tabling of the PAC (as we show in the next section). In other words, parliamentarians, at least in recent years, have tended not to raise these issues in debate within the fiscal cycle or with the benefit of either open data from the quarterly reports, IATI or PBO's IMD (as far as we could tell).¹⁷ This seems to be a missed opportunity, both in terms of parliamentary oversight, as well as public advocacy.

Analysis 3: Official Explanations and Debates

There has been a good deal of debate about the issue of development spending lapses in the media (Berthiaume 2013, Berthiaume 2013b, Berthiaume 2013c, Fekete 2013, Morales 2013), within Canadian civil society (McLeod Group 2013) and among academic circles (Montador 2014). However, the degree of official debate within parliament pales by comparison.

Instead of repeating official explanations, this section discusses the key open data resources analysts, CSOs and others could leverage to shed light of the state of official debate and explanations of lapses in development spending.

The main source of official explanation for development spending lapses is the DPR. For 2012-13 lengthy explanations of variance are available, ranging from supplementary unspent authorities for the Fast Start climate change financing initiative, to changes in the Pneumococcal Advance Market Commitment outlay, to debt forgiveness and conversion for Pakistan, unused balances in the Crisis Pool Quick Release Mechanism, and the implementation of budget cuts (DPR).

In addition to this, at the parliamentary committee level, only one hearing looked deeply into the specific question of lapses in development spending. Particularly important here are testimonies

¹⁷ There are some exceptions. For instance MP Paul Dewar made passing reference to some of this data, but again, this was at the time when the PAC findings were being discussed at the Foreign Affairs committee. See next section, analysis 3, and Annex 1.

offered by the Minister of Foreign Affairs John Baird, CFO of DFATD Nadir Patel and their exchange with MP Paul Dewar; and the official testimony offered by Minister for International Cooperation Christian Paradis (see Annex 1).

A useful resource for textual, narrative and metadata analysis of parliamentary discussions is the open data service Open Parliament (OP). OP's user-friendly portal leverages parliamentary XML data and adds additional value and functionality to the same. Our analysis using OP shows a clear spike in discussion around lapsed spending at the time of the release of the PAC in November 2013.¹⁸ The summation of this is that the Minister responsible of international cooperation in conclusion suggests that allegations of lapses are effectively a non-issue, since lapsed amounts have been returned to the consolidated revenue fund and will be available in future years. However, as pointed out earlier, given the lapses are in grants and contributions expenditures, there is no assurance they will be available in the future, and there is no clear way to verify if this is the case (to our knowledge). Moreover, the debate reflects inconsistencies in both the explanations and lapsed amounts given by various officials involved. It is surprising then that the issue has not been taken up further (to our knowledge).

Key Messages and Questions

1. This paper demonstrates how various sources of open data can be leveraged to shed light on allegations of lapsed development expenditure.
 - a. Open data and analyses such as this may not tell us anything “new” but it helps ground the narrative in a fact and data driven perspective.
 - b. The paper also illustrates how others can undertake such analyses in the future, what sources they could look at, what the limitations are of each, and how to get around them.
2. Recent lapses need to be situated within the context of a rising trend in the level of fiscal lapses at the wider Government of Canada level.
 - a. Lapses in development spending are a subset, and a small subset at that, of wider lapses.
 - b. Recent lapses in development spending represent a definite break from trend (on the upside).
 - c. But they are far lower than suggested by initial estimates.
3. Open data (at various levels, and from various sources) allows us to dig deeper into these trends.

¹⁸ Annex 1 contains detailed accounts of the discussion and official explanations.

- a. Digging deeper shows that development spending is highly imbalanced within a fiscal cycle.
 - b. A disproportionate share of the expenditure takes place in the month of March, right at the end of the fiscal cycle.
 - c. This makes projections extremely problematic; and also largely explains why initial estimates were so far off track.
 - d. A disproportionate share of that March (year-end) expenditure goes to large multilateral partners.
4. It is hard to make the case for a systematic relationship between political cycles and trends in lapsed development spending, just from the data alone.
- a. While there may not be a clear link between political cycles and development spending lapses, there is clearer link between fiscal austerity and spending lapses.
 - b. This can be seen going back to past instances of wider austerity measures, such as during the mid to late 1990s (Liberal Party era).
5. While there has been much discussion in the media, within civil society, amongst academics, analysts and others, the level of official discussion specifically of lapses in development spending has been low.
- a. Fiscal lapses more generally have been discussed extensively, but only one Foreign Affairs committee hearing focused on lapsed development spending (and left still answered questions)

Part of the objective of this paper is to raise questions for further discussion at a policy workshop where our analysis will be presented and discussed. The following immediate questions emerge from the analysis:

1. Do departments inflate budgets and assessments at the outset, if for instance they know they may have to shoulder cuts through the fiscal cycle?
2. How does this impact the planning and budgeting decision-making process?
3. What are the reasons behind assessed contributions to international organizations coming in far lower than expected?
4. Given the similarity between recent patterns in lapses in development spending, and past periods of fiscal austerity, can we conclude that lapsing development expenditure is a way to cut spending by 'stealth', as some observers have argued?
5. Are there good reasons why it is difficult to spend money on international development?
6. Are there reasons why a large share of development expenditure gets approved at the very end of every fiscal cycle? For instance, can this be linked to when project calls, tenders and requests for proposals are placed? Or is it, as some have argued, a case of a rush to "push money out the door"?

7. What, if anything, does this tell us about the policies and processes involved in project approval?
8. Are there good reasons why a disproportionate share of year-end development spending goes to large multilateral institutions?
9. Is it common practice for departments to be highly conservative in spending at the outset especially during periods of austerity? I.e. are departments self-imposing an even higher degree of restraint than normal, to ensure they stick to broader austerity plans? Could overcompensating in this respect explain the sharp uptick in year-end spending and the increasing trend visible in recent years?
10. How are budget cuts, and lapses in addition to cuts, affecting our partnerships with foreign governments, other development partners and international institutions? How are they affecting service delivery, Canada's ability to meet its global commitments, fight poverty and increase shared prosperity? Ultimately this is the main question of concern.
11. How are cuts and lapses in addition to cuts affecting priority areas for Canadian aid, such as maternal and child health?
12. How are cuts, and lapses in addition to cuts, affecting Canada's reputation?
13. How do we make sense of Canada's rising global reputation as a transparent foreign aid donor, with lack of transparency surrounding lapses in development spending domestically?

Conclusions and Discussion¹⁹

From open data to greater understanding

In a complex area of public spending like foreign aid, open data as we have seen can yield important insights. However the data, without additional contextual information, can only go so far. A lot of nuance is needed to ensure appropriate interpretation of the trends. Here one needs to go well beyond open data, or data per se.

A conclusion we draw from our own experience in this analysis (and others) is that the very process of opening up more information and the analytical possibilities created by the same helps improve data quality. The combination of direct and indirect pressure for better data and documentation helps those within government make a stronger case internally to do more and should yield a better outcome overall for all concerned with transparency and accountability.

Canada on the global stage

On the broad question posed by our analysis – whether and to what extent lapses and cuts in the aid budget affect Canada’s international standing – more specific analysis is needed. There are at least two issues of concern. First, the relatively short time period between recent trends and assessment of the impact of these trends on broad and often very long term partnerships and relationships is analytically challenging. In the immediate term there is very little consistency between the spending patterns we discussed here, the discourse within Canadian foreign policy circles and wider trends in development spending at the global level which increased to a historic high in 2013, after two years in decline (Bhushan and Haga 2014).

Secondly, in addition to Canada other donors (such as Australia) have also cut their aid budgets recently. A deeper analysis of what is ultimately an empirical question surrounding the impact of such cuts may be able to investigate whether there are any discernable differences in terms of the quality (not just the quantity) of programming and partnerships between donors that are cutting their budgets, and others who are going in the opposite direction (for instance the UK has increased aid spending to historic highs).

A key risk however is that Canada is not perceived as a reliable partner within the international development community. This relates not only to how Canada is perceived by its development partners but also by other donors who we often partner with on initiatives. Whether cuts and lapses are affecting relationships with other donors is an empirical question worth further examination. If commitments and contributions come in late in joint arrangements, Canada risks being saddled with the least important elements of multilateral or other shared arrangements.

¹⁹ This section draws on highlights from a Chatham House rules¹⁹ discussion where the above findings were presented as a starting point. As per Chatham House rules the attendees cannot be identified and no part of the substance here can be attributed to individual participants.

These issues are difficult to analyze through the data alone, but the data does offer potential starting points.

Going beyond the data to unpack trends

While the data, as we have discussed, very clearly shows the ‘bunching’ phenomenon (in March at the end of the cycle), it should be emphasized this is not peculiar to Canada. It can also be seen in multilateral agency (e.g. World Bank) project approval cycles. The bunching phenomenon may not be a problem in and of itself. In some ways it is simply a result of a bureaucracy optimizing its spending profile. The range of spending flexibility, from a financial perspective, differs for example between programmatic and project funding (the former generally being more flexible). It is natural to expect some adjustments to take place as the spending profile becomes clearer through the cycle. Similarly, the increase in share of multilateral spending may be explained by the fact that there are a number of newer multilateral institutions and financing arrangements (especially in the health sector) that account for sizable investments especially in recent years.

However a key issue for further and future analysis is whether lapsed spending relates to slowdown in project approval or a slowdown/shrinking of calls for proposals. Similarly other organizational or bureaucratic changes, for instance as a result of the recent merger, changes in staff composition, changes in individual roles or portfolios especially at the senior management level, or changes in authorities (even within prescribed delegated authorities which have not changed officially), are nuances that would need to be taken into account in unpacking the reasons behind trends. After all, in the recent years, unlike prior years where a significant share of spending was committed or spent at the very end of the cycle, a large amount was allowed to lapse. Had this been spent, the level of ‘bunching’ would be far higher. The factors behind the decision *not* to spend in March, as in prior years, needs further elaboration, and goes well beyond an analysis of the data alone. These are nuances that future analyses need to keep in sight.

Our analysis for the most part grouped grants and contributions together (with the exception of Table 4). However, there are significant differences between grants and contributions from the perspective relative burden on recipient or implementing organizations. While grants are relatively easier to deal with in terms of proposal development and approval processes, contributions are by and large more onerous in this respect. Future analyses will need to take a more nuanced approach to this distinction, and more disaggregated data in this regard, for instance compared to what is available through quarterly reporting (or other sources like IATI), could be useful.

The future of ODA

Finally, in undertaking such analyses it is increasingly important to look beyond the numbers to what is going on within the foreign aid sector more broadly. Aid or more appropriately Overseas Development Assistance (ODA) has a very specific and historical definition. ODA is provided by

official (governmental) agencies at state and or local levels, or by their executive agencies (emphasis added). It is administered with the promotion of economic development and welfare in developing countries as its *main* objective (emphasis added); and is concessional in that it has a grant element of at least 25% calculated a 10% discount rate. As is clear, not all ODA is in the form of grants. If a loan can be made to satisfy the above ODA criteria, *the whole amount of the loan* (as opposed to only the grant element) is recorded as ODA (emphasis added).²⁰

In recent years definitional issues surrounding ODA have become a source of much debate. This debate was sparked when the former chair of the OECD-DAC argued that the aggregate data in 2012 understated the real decline in global ODA, as a large volume of loans were counted even though they may not fully meet the OECD's own standard of concessional financing (Bhushan 2013b). These issues again come to the fore as 2013 data from the OECD shows that while ODA increased to historic highs, over the past couple of years "non-grant aid", which includes soft loans and equity transactions for instance, grew much faster than traditional grant aid.²¹

These trends speak to broader trends within the development sector, both as ODA adapts to changing realities where investment and other flows between rich and developing countries are growing rapidly, and where new and emerging donors are becoming significant players. Many of these new players offer assistance on very different terms than traditional OECD-DAC donors, and do not feel any necessity to conform to the above definition of ODA. Clearly what counts as aid (and will count as aid in the future) is changing. The sharp rise in loans has brought to the fore key (unresolved) questions, which future analyses aiming to replicate the discussion here will need to reflect on.

For instance if there is a surge in ODA loans from a donor to a recipient, the same can be expected to be matched by a surge in negative (net) ODA sometime in the future as loans are paid back. This is not problematic if loans are highly concessional. It becomes problematic if loans are on harder terms, as this means future net negative or reverse ODA flows will be high. It amounts to borrowing from the future to increase present ODA (Davies 2014).

Recent analysis shows many bilateral donors (not Canada however) do provide ODA loans on much harder terms (even making profits in some cases) and classify them as ODA (Davies 2014). This is an issue of significant concern in terms of analyzing future trends. Bilateral ODA loans are less predictable as they are not subject to annual budgeting, unlike ODA more generally which flows from annual allocations of public finance to executing agencies and partners. These issues need to be kept in sight to assess whether ODA trends are really positive and consistent with agreed aid effectiveness principles.

²⁰ It should be noted that rethinking the counting of ODA loans is one of the issues that the OECD-DAC is considering in its work on modernising ODA conceptually. The DAC is reviewing the way concessionality is measured more broadly.

²¹ The increase in non-grant aid largely explains the sharp increase in Japan's overall ODA in 2013.

Annex 1

Figure 11: Open Parliaments view into Parliamentary Open Data

openparliament.ca MPs Bills Debates Committees About Labs search 🔍

Home → Committees → Foreign Affairs → 2013 → Nov. 19

Foreign Affairs Committee on Nov. 19th, 2013

Evidence of meeting #3 for **Foreign Affairs and International Development** in the 41st Parliament, 2nd Session. (The **original version** is on Parliament's site, as are the **minutes**.) The **winning word** was **million**.

A **recording** is available from Parliament.

On the agenda

- Bill C-6, An Act to implement the Convention on Cluster Munitions
- Supplementary Estimates (B) 2013-14: Votes 1b, 6b, 10b and L19b under FOREIGN AFFAIRS.

MPs speaking

Dean Allison	John Baird	Christian Paradis
Lynne Yelich	Paul Dewar	Lois Brown
Marc Garneau	David Anderson	Hélène Lavertière
Peter Goldring	Mike Allen	Nina Grewal
Laurin Liu		



Also speaking

Nadir Patel Assistant Deputy Minister and Chief Financial Officer, Corporate Finance and Operations, Department of Foreign Affairs, Trade	Sabine Nolke Director General, Non-Proliferation and Security Threat Reduction Bureau, Department of Foreign Affairs, Trade and Development
Charles Lamarre Director General of Operations, Strategic Joint Staff, Department of National Defence	Christopher Ram Legal Counsel, Criminal Law Policy Section, Department of Justice

1 2 3 4 5 6 7 8 ... 16 17 All Next »

Figure 12: Foreign Affairs Committee (Nov 19, 2013) discussion on development spending lapses

3:45 p.m.

  **Paul Dewar** Ottawa Centre, ON

Thank you, Chair, and thank you ministers for being here today. I'm going to focus my questions to you, Minister Baird. Of course, welcome to the committee. It's good to see you again.

I'd like to focus on the estimates. I am wanting to get from you, from this past year, how much of the funds that were allocated to DFAIT went unspent in 2012-2013.

November 19th, 2013 / 3:45 p.m.

Nadir Patel Assistant Deputy Minister and Chief Financial Officer, Corporate Finance and Operations, Department of Foreign Affairs, Trade and Development

I'd be delighted to.

For the operating vote, Vote 1, the department in 2012-13 lapsed at \$123.4 million, and that was reported in the public accounts. That's broken down. Simply to provide some additional context, \$21 million of that was what we refer to as "special purpose allotments". These were specific purpose funds that were fenced only for those purposes, and they would typically move into a multi-year spending profile.

There was \$16.8 million in frozen allotments. That means money that we can't touch; for example, currency gains around the world. You'll also see in these supplementary estimates, I think, some \$9 million approximately in frozen allotments for currency gain. We don't benefit as a department for that, but it's frozen in our estimates so it's used as an offset for other funding down the road. We don't benefit, nor are we penalized for foreign currency fluctuations.

3:45 p.m.

NDP



Paul Dewar Ottawa Centre, ON

Thank you. Could you give me an aggregate? It's reported that it's about \$350 million. Would that be a correct number for the unallocated funds for the department?

3:45 p.m.

Assistant Deputy Minister and Chief Financial Officer, Corporate Finance and Operations, Department of Foreign Affairs, Trade and Development

Nadir Patel

Not quite.

3:45 p.m.

Assistant Deputy Minister and Chief Financial Officer, Corporate Finance and Operations, Department of Foreign Affairs, Trade and Development

Nadir Patel

Well, the net lapse on the operating expenditures, which include a carry-forward of \$67 million, was \$85 million. Of that, \$67 million is the carry-forward into the current fiscal year from last year. So the net amount after that is actually \$20 million, and then that \$20 million includes \$12 million that was set aside for transitional support measures, money we only use to fund one-time costs related to implementing—

3:45 p.m.

NDP



Paul Dewar Ottawa Centre, ON

That's in addition to the \$124 million that you mentioned?

3:45 p.m.

Assistant Deputy Minister and Chief Financial Officer, Corporate Finance and Operations, Department of Foreign Affairs, Trade and Development

Nadir Patel

Right. So essentially there was no lapse in the operating expenditures, when you break it down along the lines—

3:45 p.m.

Assistant Deputy Minister and
Chief Financial Officer,
Corporate Finance and
Operations, Department of
Foreign Affairs, Trade and
Development

Nadir Patel

No, it was \$123.4 million in vote 1, then in the grants and contributions it was \$150 million, and the majority of that or a good chunk was assessed contributions to international organizations where the assessments came in a lot lower than we had expected.

3:45 p.m.

NDP



Paul Dewar Ottawa Centre, ON

Right. If I could cut through so people might actually understand this, there's about \$300 million you could have spent that wasn't spent.

3:45 p.m.

Assistant Deputy Minister and
Chief Financial Officer,
Corporate Finance and
Operations, Department of
Foreign Affairs, Trade and
Development

Nadir Patel

The way I would characterize it, it's \$300 million that we actually—

3:45 p.m.

NDP



Paul Dewar Ottawa Centre, ON

That you had available to you to spend.

3:45 p.m.

Assistant Deputy Minister and
Chief Financial Officer,
Corporate Finance and
Operations, Department of
Foreign Affairs, Trade and
Development

Nadir Patel

Well, we couldn't in fact spend it.

3:45 p.m.

NDP



Paul Dewar Ottawa Centre, ON

This is beautiful.

Source: Open Parliaments (2013b)

Figure 13: Official Explanations of Lapses by the Minister of International Cooperation

4 p.m.
Liberal



Marc Garneau Westmount—Ville-Marie, QC

Thank you, Mr. Chair.

My first question is for Minister Paradis.

The 2012-2013 public accounts seem to indicate that CIDA's budget has been cut. It dropped from \$3.9 billion to \$3.4 billion between 2011 and 2012, before the amalgamation. That is 13% of the budget. Could you tell us which programs have been cut?

November 19th, 2013 / 4 p.m.
Conservative



Christian Paradis Mégantic—L'Érable, QC

There is a gap of \$561 million in the figures you are referring to. First, not all the money was used for the Pakistan debt relief. That money will be available for next year. There is also an unused portion of the crisis pool quick release mechanism. That amount will be placed in the crisis portion of the international assistance envelope in the next few years.

The operating budget hasn't been used fully. An amount of \$8 million will be carried over to the 2013-2014 fiscal year, which leaves \$190.5 million unused in contributions. The following order has been established: Haiti, Mali, the Diamond Jubilee and Mozambique. Given some of the challenges with those issues, an amount of \$190.5 million was unused.

4 p.m.
Liberal



Marc Garneau Westmount—Ville-Marie, QC

Does that mean that this is a temporary situation, not recurrent, because of the various circumstances and that the budget will go back to its previous level?

4 p.m.
Conservative



Christian Paradis Mégantic—L'Érable, QC

That is the goal. However, I would like to point out that an amount of \$190.5 million of the budget has been added back to the consolidated revenue fund. I could provide you with more information on the reasons for that for each of those issues, if you wish.

4 p.m.
Liberal



Marc Garneau Westmount—Ville-Marie, QC

No, that's enough.

4 p.m.
Conservative



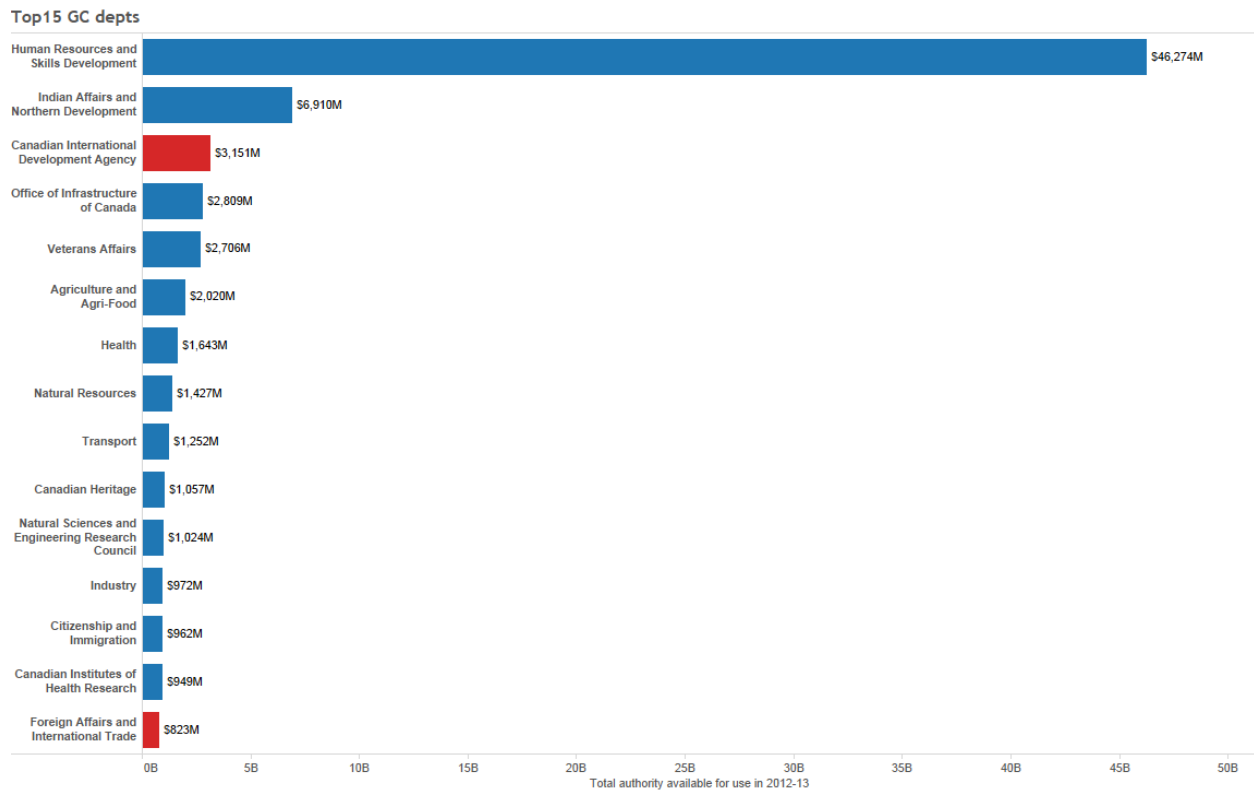
Christian Paradis Mégantic—L'Érable, QC

In terms of the balance, that is \$561 million minus \$190 million, it has already been carried over to subsequent years for various reasons.

Source: Open Parliament (2013c)

Figure 14: Gs & Cs in an Inter-Departmental Perspective

While it is correctly pointed out that development spending, at only 2.5% of budget expenditure or 0.3% of gross national income, is small, what observers do not appreciate is that from the perspective of grants and contributions across government departments and agencies, (former) CIDA is actually the 3rd largest and (former) Foreign Affairs 15th. CIDA from a Gs and Cs perspective is larger than Agriculture, or Health, or Transport or Veterans affairs, which are all arguably high domestic priorities thus making CIDA Gs and Cs vulnerable to further cuts, especially as the new merged department DFATD is likely to make their share look even larger from an interdepartmental perspective.



Source: PAC 2012-13 (via CIDPNSI)

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