

# LEVERAGING OPEN DATA TO ANALYZE CANADA'S DEVELOPMENT SPENDING

Canada's reputation as a transparent foreign aid donor has been rising, ranking 3rd among major bilateral donors in the 2013 Aid Transparency Index. At the same time allegations of large lapses in development spending have been one of the most important recent narratives in Canadian aid.

This briefing presents highlights from our recent analysis leveraging open data to shed more light on development spending, including the lapsed spending issue. It raises key issues and questions that require greater public debate.

## KEY MESSAGES AND ISSUES THAT REQUIRE GREATER PUBLIC DEBATE

### Main Findings

- 1 Open data can be leveraged to shed more light on development spending patterns, including within a fiscal cycle.
- 2 Development spending lapses are a small subset of wider spending lapses, but have been high in recent years representing a break from trend.
- 3 Development spending is highly imbalanced, with a disproportionate share of expenditure taking place at the very end of the cycle, making projections problematic.
- 4 The link between austerity and spending lapses is clearer than that between political cycles or ideology and lapses.

### Issues that require further debate

- 1 What is the impact of budget cuts and lapses on the incentive structures within departments?
- 2 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?
- 3 Are there good reasons why sometimes it may be difficult to spend money on international development? Are there reasons why a disproportionate share of spending takes place at the very end of the cycle?
- 4 What if anything can we tell about planning, budgeting, and decision making from the imbalanced nature of development spending within a fiscal cycle?

**The key question is whether lapses in development spending and budget cuts are affecting Canada's relationships with its development partners and our international standing. Are they having an impact on Canada's ability to meet its global commitments on fighting poverty and promoting shared prosperity?**

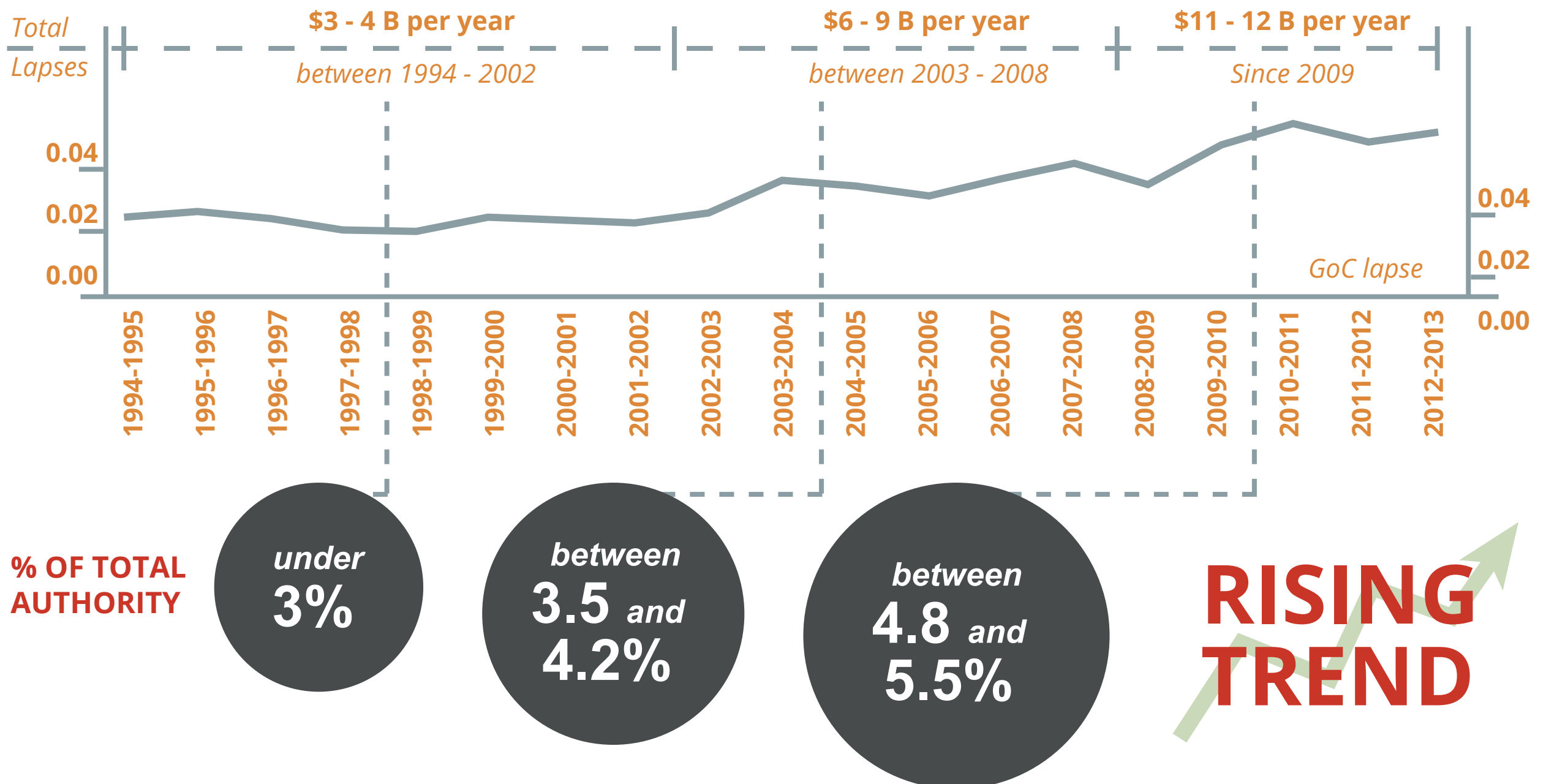
# WHEN IS A LAPSE REALLY A LAPSE?

There is no internationally accepted definition of a fiscal lapse. Here we treat as a lapse as the variance between total expenditure authority provided by parliament and the actual expenditure that took place in a given year, as indicated by the Public Accounts of Canada.

This raises a further question of when is a lapse really a lapse? There are 3 main types of public expenditures: operating expenses, capital expenses and grants & contributions (or Gs and Cs). There is no real reason that individual departments or the government-wide allocation should be spent in a given fiscal cycle entirely; some degree of 'lapse' is expected and allowed to be carried forward into the next year, though lapses in Gs and Cs are problematic as they do not carry over automatically.

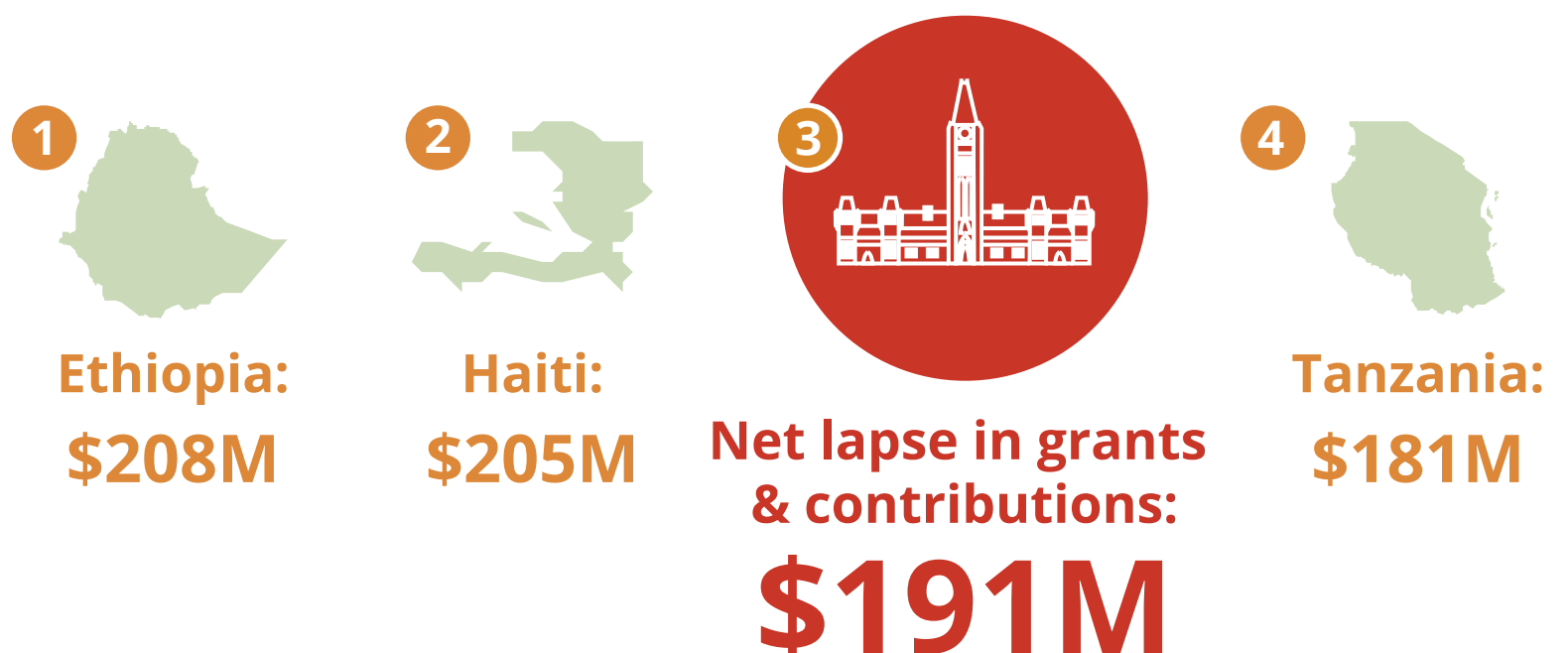
Available authorities can be interpreted as a ceiling within which departments have room to maneuver.

## OVERALL GOC LAPSE IN C\$ (BILLIONS) AND % OF TOTAL AVAILABLE AUTHORITY



Our analysis, based on the Public Accounts of Canada 2012-13 indicates that the net lapse in grants and contributions expenditure for the (former) CIDA totaled \$191mn. This is the highest these lapses have been going back to 1994-95.

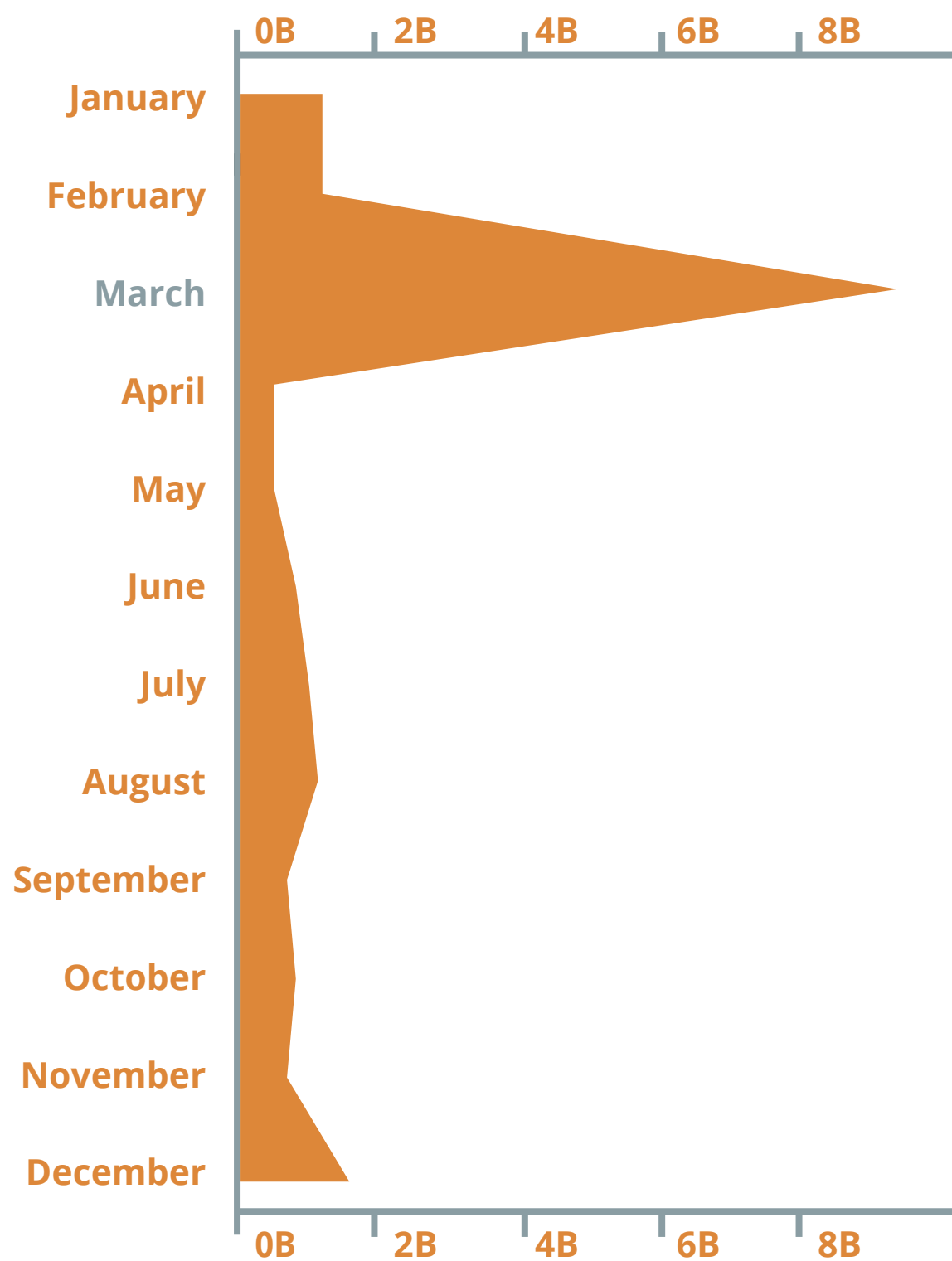
To put it into perspective, if the lapse amount was ranked as an aid recipient country, it would be Canada's third largest aid recipient.



## There is something about the month of March.

One of the main challenges in analyzing development spending within a fiscal cycle is the highly imbalanced pattern of spending and commitment. A disproportionate share of these takes place at the very end of the cycle (in March). This is confirmed by our analysis based on a dataset of individual grants and contribution agreements (over \$25k), as well as CIDA's publication to the International Aid Transparency Initiative (IATI).

### GRANTS & CONTRIBUTION (GS & CS) TREND BY AMOUNT (MONTH-WISE)

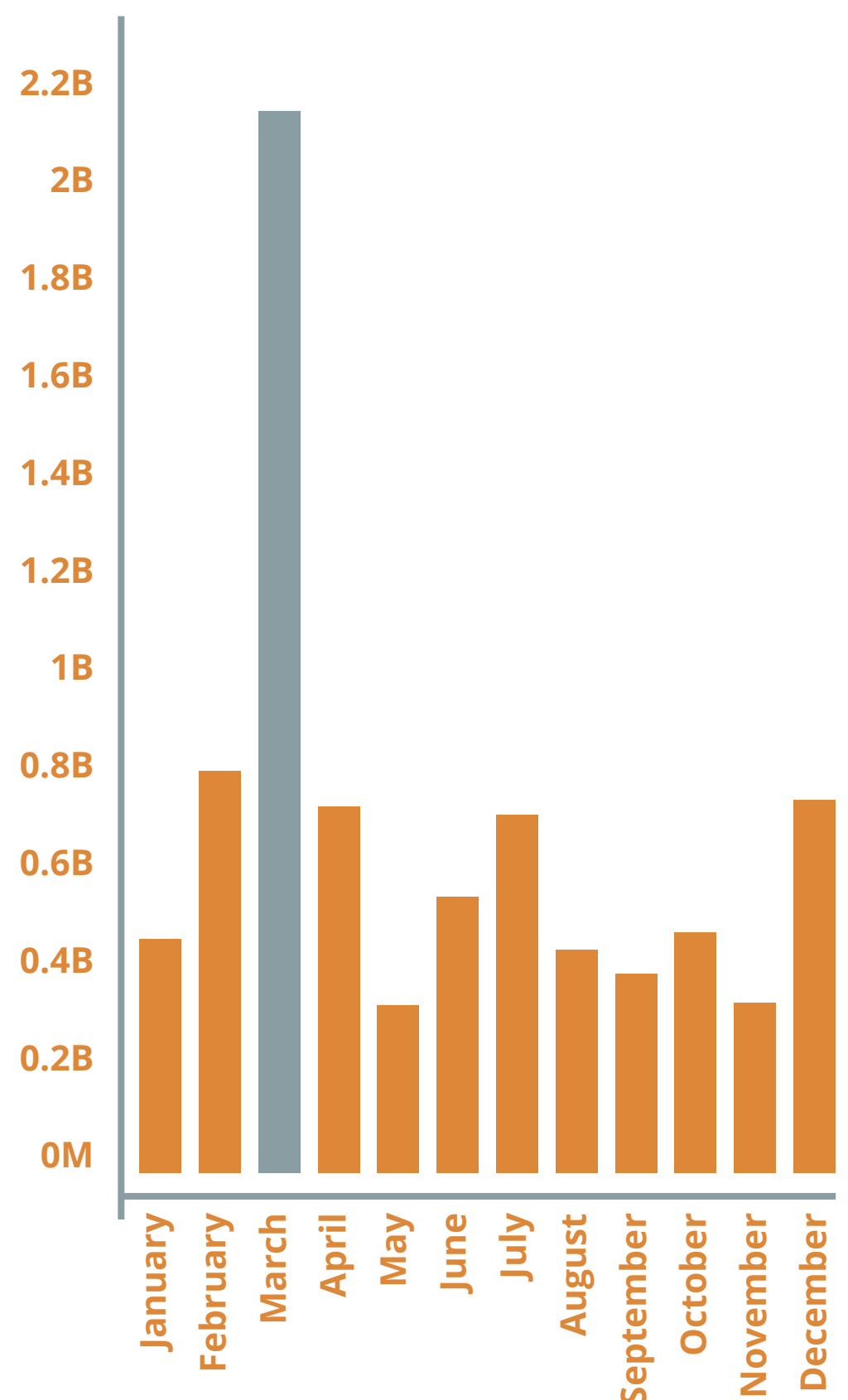


*This data should be interpreted with caution.*

Dataset based on Gs & Cs expenditure for agreements over \$25k that were made between the last quarter of 2005-06 and the second quarter of 2012-13. The data is broadly representative of the overall Gs & Cs picture.

Our analysis indicates that nearly 50% of Gs & Cs (over 25k) are signed in the month of March, and a large share thereof in the last week of March. A large and growing share of these end-year Gs & Cs in recent years have been with multilateral agencies (such as the World Bank and UN agencies).

### DEVELOPMENT SPENDING TRENDS, MONTH OF PROJECT START BY COMMITMENT AMOUNT



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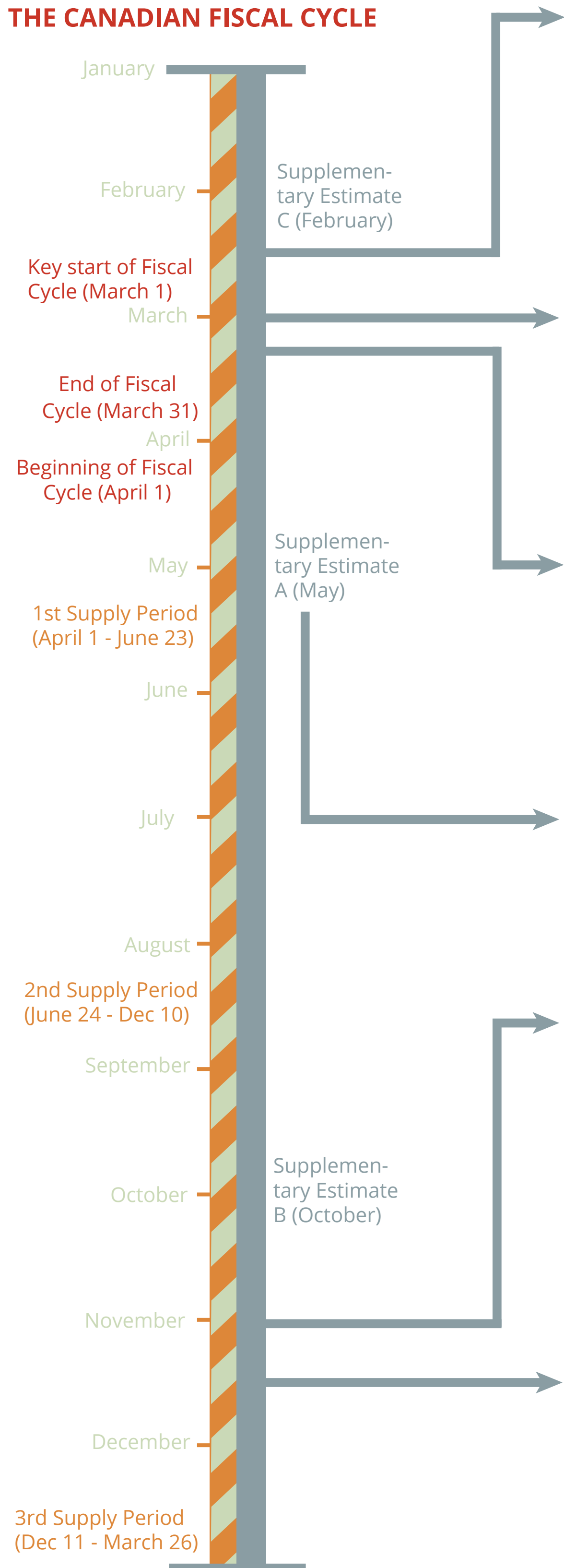
IATI data are a snapshot in time; in this case they reflect (former) CIDA's October 2013 publication. At the moment they are only available on a 'commitment' (as opposed to disbursement) basis. The majority of the project commitments covered are for projects between 2007 and 2011.

Nearly 30% of commitments are made in the month of March, at the very end of the fiscal cycle; three times as high as any other month.

# UNDERSTANDING THE CANADIAN FEDERAL FISCAL CYCLE

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).

## THE CANADIAN FISCAL CYCLE



## THE FEDERAL BUDGET

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. 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.

## MAIN ESTIMATES

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 is the tabling of the main estimates.

## REPORTS ON PLANS AND PRIORITIES

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.

## SUPPLEMENTARY ESTIMATES

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.

## PUBLIC ACCOUNTS OF CANADA (PAC)

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 seek approval or expenditure authorities to spend funds, the PAC outlines how much was actually spent and on what by each department. The PAC is by far the most important document in analyzing expenditure lapses. The main weakness of the PAC is that they are available with a time-lag of about 18 months, i.e. in November of the fiscal year just completed.

## 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 many organizations set vague objectives to begin with which makes it difficult if not impossible to verify whether an organization has met objectives or not.

## CONCLUSION

The aim of this briefing is to demonstrate how various sources of open data can be leveraged to analyze development spending, including within a fiscal cycle. Through this analysis we hope to lay the foundation for wider discussions about Canada's role in international development, and the future of aid spending in an era of austerity. We encourage CSOs and NGOs to examine these issues in the future, not only by shedding light on the data but also the policy process.

Recent lapses in development spending represent a break from historical trend to the upside. They raise several unanswered questions about Canada's role on the international stage, which require greater public attention and debate.

For more details please visit the Canadian International Development Platform at [www.cidpnsi.ca](http://www.cidpnsi.ca) or contact: [abhushan@nsi-ins.ca](mailto:abhushan@nsi-ins.ca)



The Canadian International Development Platform (CIDP) is an interactive data and analytics platform which brings a unique visual approach to analyzing Canada's engagement with the developing world. The CIDP leverages open data for development impact by bringing greater transparency and accountability to Canada's development efforts.

For more information, and to download or interact with the data go to: [www.cidpnsi.ca](http://www.cidpnsi.ca)

The North-South Institute (NSI) is Canada's leading international development think tank dedicated to providing policy analysis and evidence-based research on global development.

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## KEY DATA SOURCES

Canadian International Development Agency (CIDA) (former), Quarterly Reports for the Disclosure of Grants and Contributions Over \$25,000. Dataset constructed from archival reports from 2005-06 to Q2 2013-14.

Departmental Performance Reports (DPR), dataset constructed from archival reports from 2006-07 to 2012-13.

International Aid Transparency Initiative (IATI), 2013. DFTAD publication to the IATI registry as of October 2013. Accessed January 25, 2014. Online at <http://www.iatiregistry.org/>

Open Parliament. Online at <http://openparliament.ca/>

Parliament of Canada (2013). Standing Committee on Foreign Affairs and International Development. Hansards (evidence and minutes), No. 003, 2nd session, 41st parliament, Tuesday Nov 19, 2013. Open data XML at <http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=6310105&Language=E&Mode=1&xml=true>

Parliament of Canada (2013b). Standing Committee on Public Accounts. Hansards (evidence and minutes), No. 006, 2nd session, 41st parliament, Tuesday Nov 20, 2013. Open data XML at <http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=6315327&Language=E&Mode=1&xml=true>

Parliamentary Budget Office, Integrated Monitoring Database (PBO-IMD). Consulted on various occasions. Online at <http://www.pbo-dpb.gc.ca/en/imd/index/>

Public Accounts of Canada (PAC), dataset constructed from archival documents from 1994-95 to 2012-13.

Report on Plans and Priorities (RPP), dataset constructed from archival documents from 2006-07 to 2013-14.

Treasury Board of Canada Secretariat (TBS). Expenditure Database. Online at <http://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html>

Treasury Board of Canada Secretariat (TBS). Open Data Portal. Online at [www.data.gc.ca](http://www.data.gc.ca)

Treasury Board of Canada Secretariat (TBS). The Reporting Cycle for Government Expenditures. Online at <http://www.tbs-sct.gc.ca/ems-sgd/rc-cr-eng.asp>