

How Government Spends on Development

Analysis of GAC development spending room – August 2017

Areas covered in this analysis:

- Meta-analysis of the full database comprising GAC project level commitments (updated to August 29, 2017).
- Financial analysis of actual project level expenditures, updated to the 2015-16 fiscal year.
- Analysis of budget commitment vs. actual expenditure to date, and known net balance.
- Examination of expected spend by project end dates.
- Comparison of spending room against GAC Departmental Plan (DP 2017-18) SOs.
- Examination of recent commitments, for which there is no expenditure (or available expenditure data).
- Examination of project selection type at the commitment and expenditure level.
- Meta-analysis of results info and data ('expected results' and 'progress to date' fields).

The data and method:

- The primary source for the data used here are GAC open data feeds. However, our main value-addition is that we clean, collate and link feeds¹ to make them analytically more useful.
- The raw data are combined from (former) project browser (PB) database and the historical projects database (HPDS).
- PB is updated to **August 29, 2017**. Commitment level data are drawn from this.
- HPDS is updated to reflect up to **fiscal 2015/16**. Expenditure level data are drawn from this.
- The combined joined up dataset (maintained by CIDP) is available for more analysis on request.

Analysis and Main findings:

1. The GAC DP 2017-18 and our analysis of the same laid out the planned spending tract for GAC (dev) out to 2019-20.²
2. Strategic Outcome 3: International Assistance and Poverty Alleviation is the main area as far as GAC development is concerned.
3. **Total planned spend on SO3, 2017 to 2019, i.e. on a fiscal year basis, is: C\$10.246billion. Fig 1.**
4. Core development or "international development" is the main instrument via which GAC funded development projects are supported. The others, IHA (humanitarian) and ISDD (security) are typically less stable.³
5. **Total planned spend to 2019-20 on 'international development' is C\$7.427billion. (Fig 1.)**

¹ Database joins are run on unique IDs or project numbers, so the foundation of the analysis is disaggregated project/spending line level data.

² As always, IDRC, Finance Canada and other elements including non-budgetary are additional. For more details see: <http://cidpnsi.ca/main-estimates-2017-18-and-development-spending/>

³ For instance, IHA in DP 2017-18 is projected to decline, from C\$490mn currently to around C\$160mn by 2019-20. However, as we have shown elsewhere, each year the final supply bill, Supplementary (C), typically requests additional resources for IHA. <http://cidpnsi.ca/gac-departmental-plan-2017-18-and-development-spending/>

6. The analysis here, in the first instance, reflects on **how much of total planned spend is already well known and clearly visible**. Next, it reflects on the parameters and contours of known spending. It also reflects on areas that are not as clearly known but for which we have some indication.
7. As described above (and can be further on request), to conduct this analysis we clean collate and run database joins across several GAC data feeds. This is a non-trivial process. It is also one that can be made significantly easier by GAC improving its transparency and data access.⁴
8. There are 3 types of project statuses in the database – operational, terminating, closed. See **Fig 5 and 6**. Our focus here is on projects/spending lines⁵ classified as “operational”.
9. **Fig 2**. Provides the total tract of known operational contributions (yellow) against known amounts already spent (blue). The data are plotted by expected project end date (rolled up to year of end date). The yellow line gives us the total value of currently operational commitments by when they are supposed to end. As expected, the bulk of this falls between 2016 and 2022, i.e. closer to the present and fitting with the planned tract. The blue line gives us actual expenditure amounts against those same commitments over the same timeframe. The gap between the two gives us the net known amount to be spent on operational projects.⁶
10. **Fig 3 visualizes the total net known amount to be spent on currently operational spending lines. We estimate this to be approx. C\$4.42 billion**. As expected, the bulk of this falls closer to the present or near future. Approx. C\$4.07 billion of net known spend is on spending lines expected to end between 2017 and 2022.
11. **Fig 4** provides a breakdown of the top 20 spending lines with the 3 main indicators – max contribution (or total budget), amount spent, and net balance remaining to be spent. These top 20 lines account for approx. C\$1.83 billion or 41% of the net known balance.
 - We can look at an example to see what this means. A new commitment to support an “Innovation Platform for MNCH” was launched with Grand Challenge Canada in 2016, which is expected to run to 2025. Total value of this is approx. C\$165.6mn. Known spend so far is approx. C\$4.75mn. Which means net known balance to be spent (out to 2025) is approx. C\$160.85mn.
12. The C\$4.42 billion noted above, of which C\$4.07 billion between 2017-2022, comprises the total of these net balances aggregated up per spending line.
13. The correct interpretation of our calculation is that **at least (not at most) C\$4.42 billion of GAC dev spend net balance is clearly visible** and accounted for at the project/spending line level. **At least C\$4.07 billion of this will be spent by 2022**.
14. Of which **at least C\$2.365 billion will be spent by 2019**.⁷

⁴ Throughout this process we liaise with GAC staff. This particular update was made more challenging by the fact that GAC has just gone through a major systems upgrade earlier this year which caused significant delays and other issues.

⁵ We use project vs spending lines here interchangeably. The difference is simply that an individual project may have multiple spending lines.

⁶ This assumes that spending lines will be spent as per commitments, which is a safe assumption as there is usually very high coincidence, i.e. lines won't typically go high above max budget or much below either.

⁷ Again, using the Grand Challenge spending, which started in 2016 and so far, has only a small amount disbursed against it, but will be active for 9 years, clearly some of it will take place between now and 2019. But because the project or spending line will not close till 2025, the exact figure cannot be accounted for by year end 2019. So, the C\$2.365bn out to 2019 is a minimum bar and therefore 'at least'.

15. It is important to stress, *at least* and not at most, because we can be quite certain **more is determined than can be analyzed/visualized here.**
16. It is equally important to reflect on what this calculation does not include. Very recent project starts or spending lines, against which either there is no expenditure yet or no expenditure data available, are not included above. The **total value of these in 2016 and 2017 (i.e. new commitments launched very recently) is approx. C\$1.867 billion.** Of this, *at least* C\$573.05mn will be spent by 2019.⁸ Fig 7 provides the top 25 spending lines that make up most of this amount, totaling approx. C\$1.551 billion.
17. Adding this to the total in line 14 above, we get the **total known/expected spend to 2019 as: approx. C\$2.938 billion.**
18. Relative to the total for SO3 (from line 2 above), this equates approx. 28% of the GAC tract; though as noted, because most of this will take the form of core international development, a more relevant comparison is with SO3.2 “international development”, this equates approx. 40%.
19. The main takeaway therefore is that ***at least* approx. 40% of the GAC spending tract out to 2019 is very clearly visible as net spending on currently operational projects.**
20. At a more general level we can extrapolate about ‘determinability’ over a given cycle as follows:
 - Total known balance to be spent on currently operational projects C\$4.42billion + Total value of known new commitments that start in 2016 and 2017 C\$1.86 billion
 - = Total GAC visible committed level C\$6.28 billion
21. Relative to the SO3.2 (ID) known spending tract (to 2019) this equates approx. 85%
22. Which implies a **residual 15% is ‘determinable’.**
23. **Applied to approx. C\$2.5 billion (taken as a rough average for planned GAC SO3.2 spend) this means approx. C\$375 million per fiscal cycle.⁹**

Analysis of project selection mechanisms

24. **Figures 9, 10 and 11** reflect on project selection mechanisms. As figs 9 and 10 show, the pre-approval process is the main selection criteria, especially when one looks by value, because most of the multilateral spend is through this route and most major multilaterals are pre-approved. However, in recent years the data are being disaggregated further. Among operational lines, outside of pre-approved and institutional support (which are the largest as usual), department-initiated and unsolicited proposals are increasingly significant. This can also be seen in expenditure data (fig 11).

Meta-analysis of aggregate results information

25. Finally, while it is not visualized, we also conducted a meta-analysis of aggregate level development results. The main fields relevant in this case are “expected results” and “progress and results achieved”. These tend to be descriptive (textual) as opposed to systematized numerical data.

⁸ Some of the largest recent operational commitments are also the longest in duration, and primarily in the climate area. For e.g. the Canada Climate Fund II at the Asian Development Bank is C\$200mn, but active for 25yrs out to 2042; the GCF repayable contribution of C\$110mn is active for 28yrs out to 2043; the GCF cushion support of C\$22mn is active for 15yrs out to 2030.

⁹ There are of course several assumptions that underpin this, so it should be taken as a rough gauge only.

26. At the time of our last update (late August), there were total 3871 total spending lines in the GAC PB database. In 2172 (56%) there were no “expected results” listed. However, we know that some of these are legacy lines and these results fields only started to be used after 2011. We segment the data to only 2012 and thereafter and are left with 1559 spending lines. Of these there are **no “expected results” in 24, and no direct outcomes in another 20** (i.e. total 2.8%).
27. Similarly, of the total 3871 total spending lines, **there were no “progress and results achieved” reported for 2137 (55%)**. Again, if we limit the data to 2012 and thereafter (as this is a newer field), we have 1559 spending lines. Of these there are no reported “progress and results achieved” in 1054 (or 67%). This does not include some cases where it is clearly stated that it is “too early to report on results”. There were only 3 such projects, which started in 2013, 2014 and 2015. Two of these are only expected to end in 2020 so it may be too early, however one has already closed (3yrs ago).
28. Clearly more could be done to **standardize and systematize results information**. One option is to synthesize some of the complex information e.g. using a simple performance scale. This is something multilateral donors¹⁰ have been doing for years. At present there is no systematic way to assess GAC or GAC’s evaluator’s assessment of outcomes and results, or even merely if projects met objectives satisfactorily. Absent such information it is impossible to conduct deeper value for money and or return analyses, at least not in an objective and robust manner. Addressing this gap was part of our recommendations directly to GAC when they conducted the IAR. So far there is little change (and none expected judging by the new FIAP and from discussions with counterparts). Apart from the rhetoric about being ‘evidenced based’, there is little to no change in this area, or on transparency and accountability more generally, in terms of performance under the current government compared to past.
29. This remains a **major area of weakness**. Development spending continues to be one of the very few, if not the only area of government spending, where, for the level of annual spend (and re-up), outcomes and results - however complex or long the chain of attribution - are not only unclear, but, there seems to be very little pressure or desire to make these more transparent.
30. Coupled with weak internal research and analytical capacity, in our view this makes GAC programming weak, **hurts the government’s credibility and lowers support for development**.¹¹ This is backed up by polling data which shows even where people support the goals of poverty reduction, sustainable development and humanitarianism, they don’t believe more public funding via bilateral aid agencies is the best way to achieve the same.

¹⁰ The World Bank and its Independent Evaluation Office (IEO) are a good example.

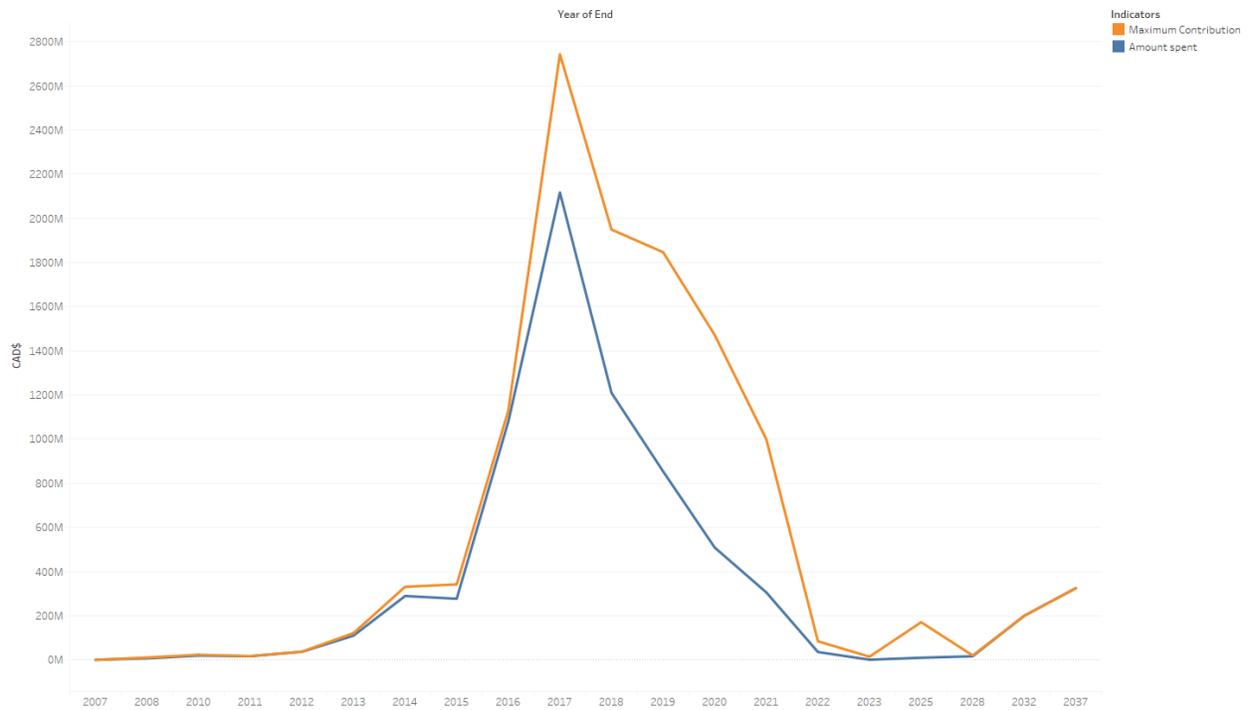
¹¹ This is also one of the factors, we would argue, that has led GAC to channel an increasing share through multilateral channels, as they are perceived to have higher capacity and credibility.

Data Annex

Fig 1. GAC 'Departmental Plan' (formerly RPP) 2017-18, by Strategic Objectives/Outcome

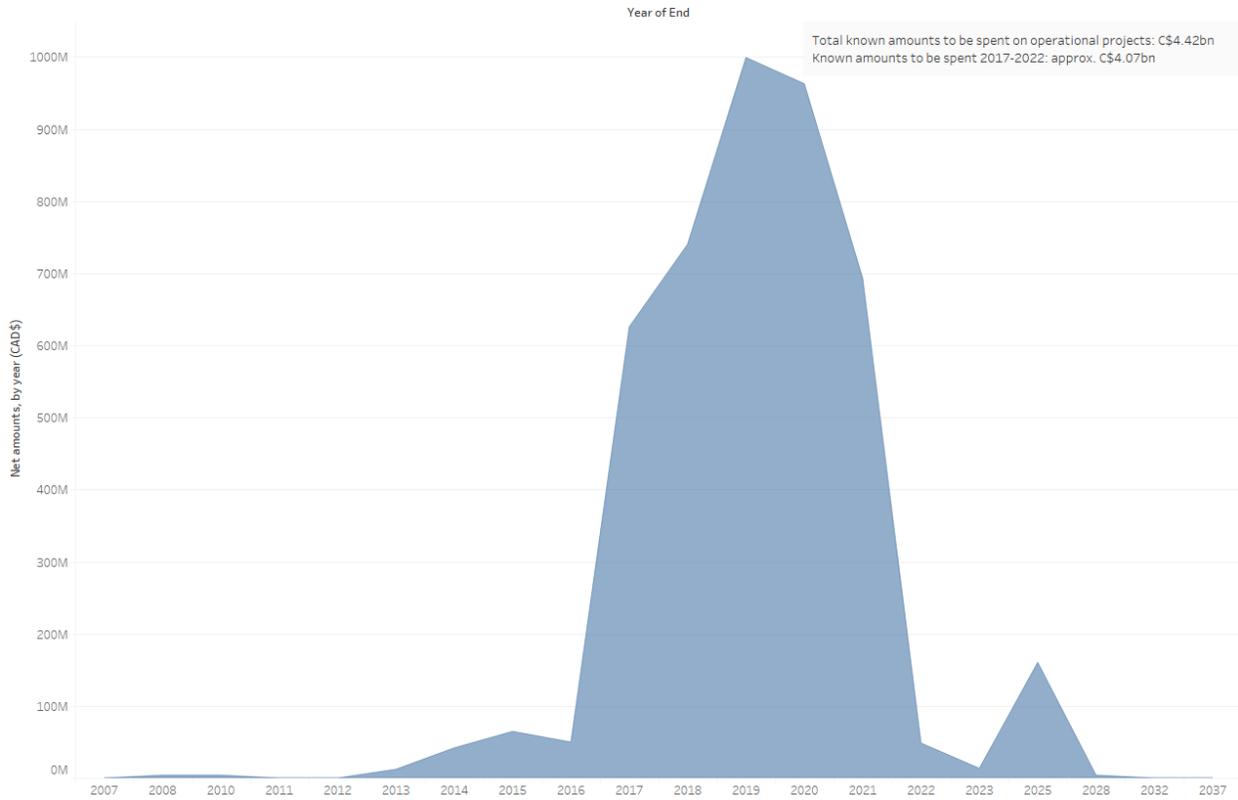
SO3	2014-15 Expenditures	2015-16 Expenditures	2016-17 Forecast Spending	2017-18 Main Estimates	2017-18 Planned Spending	2018-19 Planned Spending	2019-20 Planned Spending
International Development	2,392,774,063	2,480,948,658	2,505,608,001	2,337,159,353	2,337,470,163	2,659,521,426	2,430,772,627
International Humanitarian Assistance	805,970,755	700,103,212	836,757,522	726,422,468	726,443,560	639,181,486	473,559,495
International Security and Democratic Development	330,049,668	364,417,410	489,441,539	475,406,438	475,585,381	343,382,490	160,981,374
SO3 Total	3,528,794,486	3,545,469,280	3,831,807,062	3,538,988,259	3,539,499,104	3,642,085,402	3,065,313,496

Fig 2. Total know budgetary commitments (max contribution, yellow) and actual spending to date (amount spent, blue), by year in which projects are expected to end



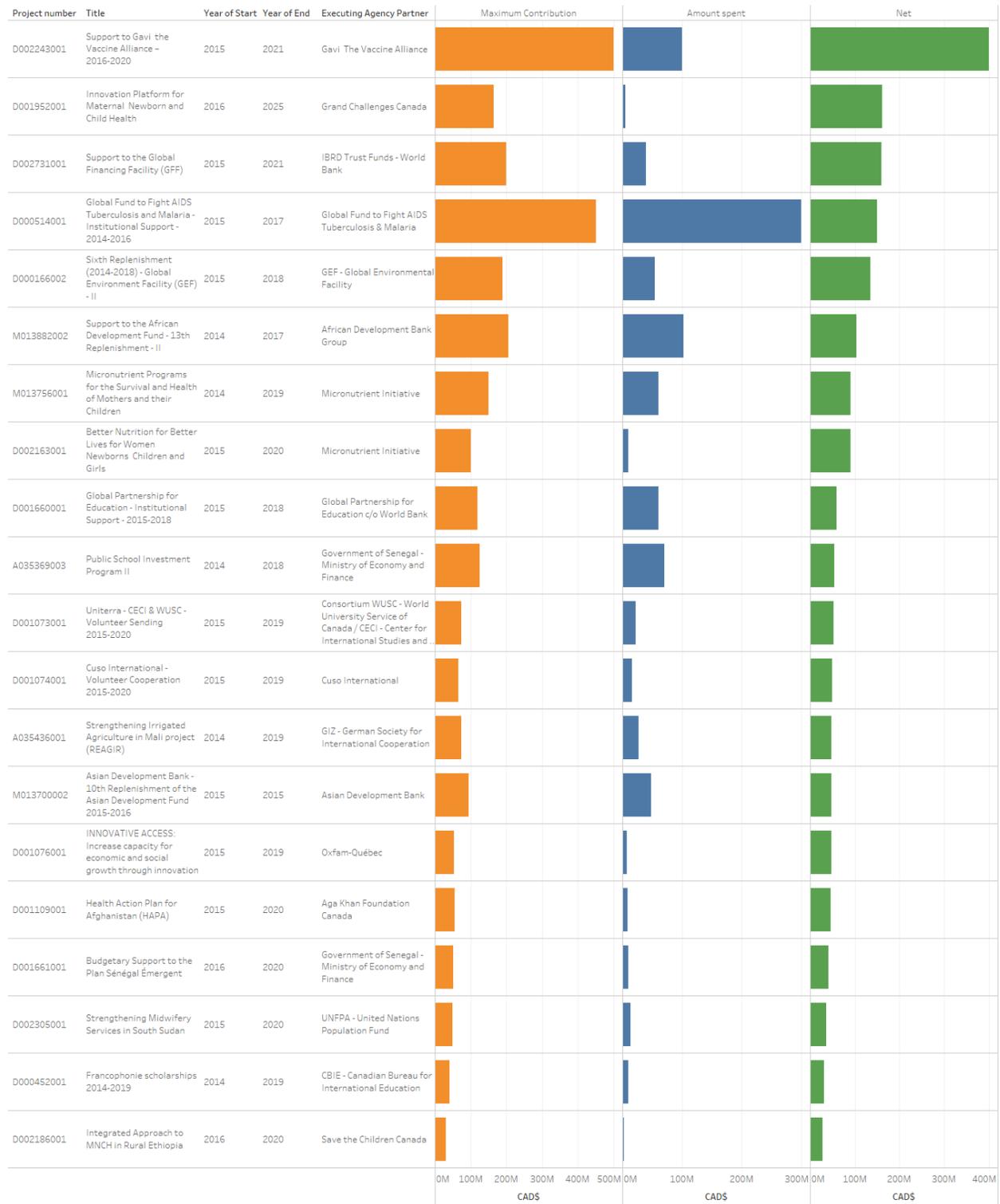
Suggested citation: Canadian International Development Platform. 2017. *How Government Spends on Development: Analysis of GAC development spending room, August 2017 update*. Ottawa, Canada.

Fig 3. Net known amounts to be spent on currently “Operational” projects/spending lines, by year in which projects are expected to end (as on date of update August 29, 2017)



Suggested citation: Canadian International Development Platform. 2017. *How Government Spends on Development: Analysis of GAC development spending room, August 2017 update*. Ottawa, Canada.

Fig 4. Top 20 largest project/spending lines by net amount outstanding



Suggested citation: Canadian International Development Platform. 2017. *How Government Spends on Development: Analysis of GAC development spending room, August 2017 update*. Ottawa, Canada.

Fig 5. Project level commitments by “Start date” and “Status” as on date of last update (August 29, 2017)

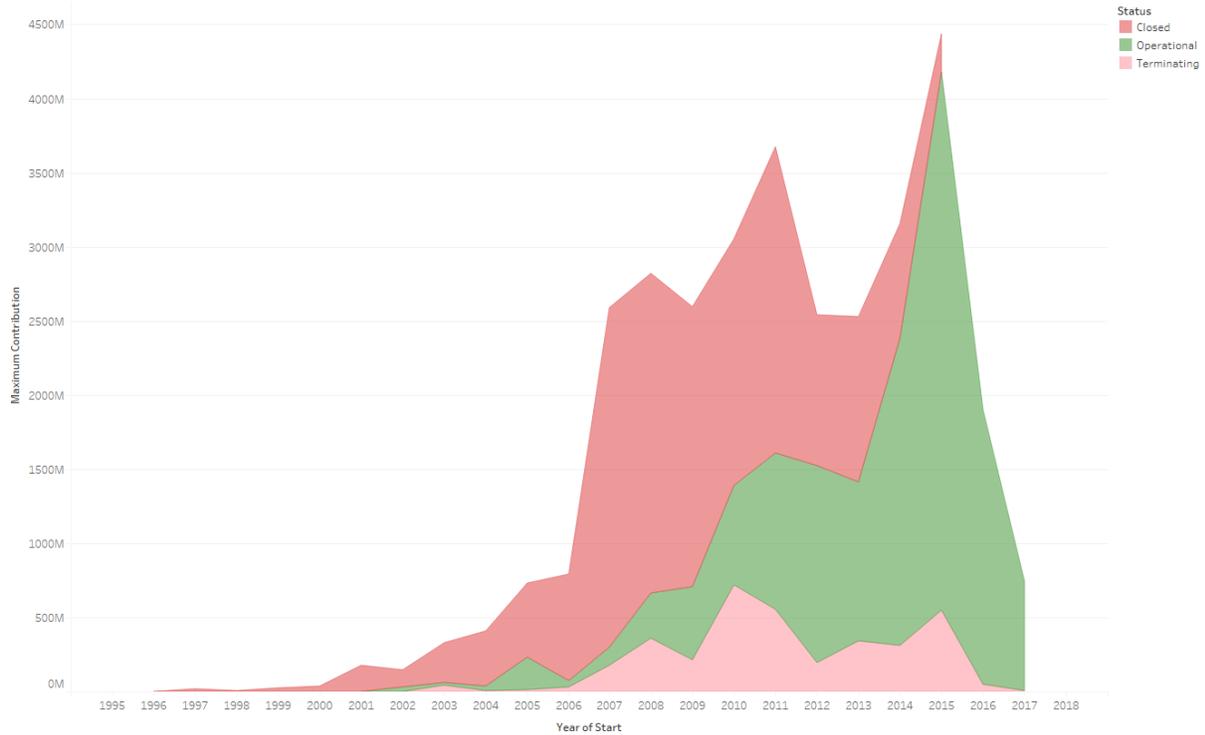
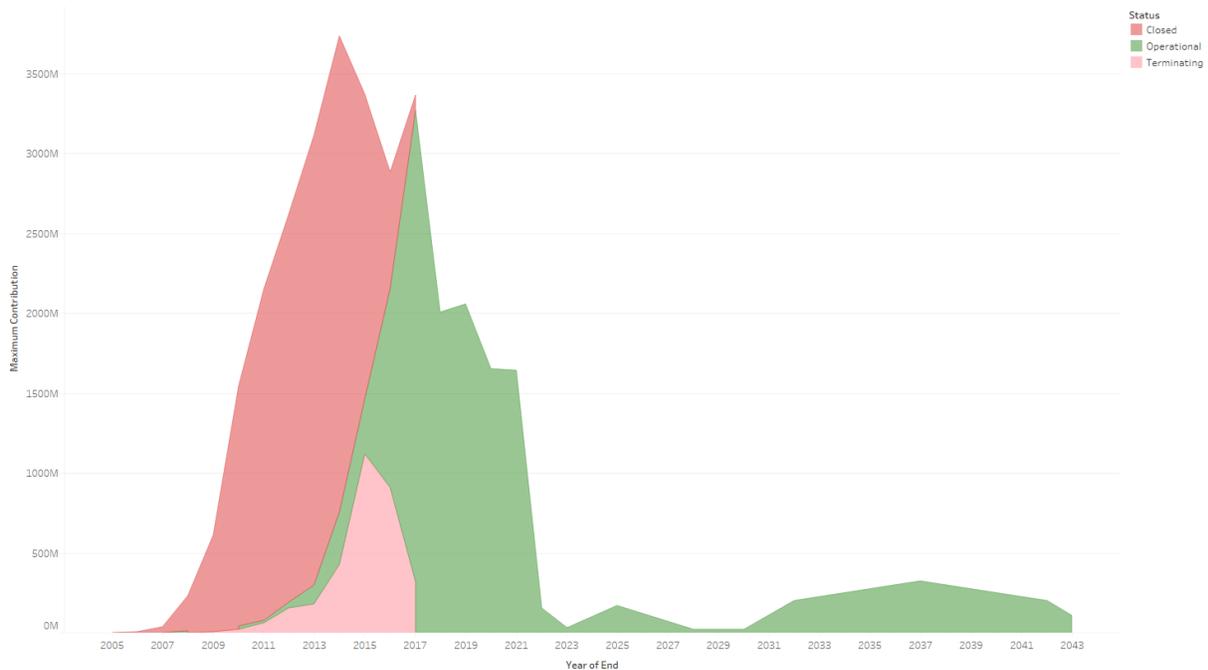


Fig 6. Project level commitments by “End date” and “Status” as on date of last update (August 29, 2017)



Suggested citation: Canadian International Development Platform. 2017. *How Government Spends on Development: Analysis of GAC development spending room, August 2017 update*. Ottawa, Canada.

Fig 7. Recent operational projects for which no expenditure data

Project Number	Title	Executing Agency Partner	Year of Start	Year of End	Maximum C..
D003984001	Canadian Climate Fund for the Private Sector in Asia - II	Asian Development Bank	2017	2042	200,000,000
D002236001	Central Emergency Response Fund 2016-2020 - OCHA	OCHA - United Nations Office for the Coordination of Humanitarian Affairs	2016	2021	147,000,000
D000081001	Modernizing Agriculture in Ghana	Government of Ghana	2017	2021	135,000,000
D002938001	Rural Social Protection: Productive Safety Net Program (2016-2021)	WFP - World Food Programme	2016	2021	125,000,000
D002455001	United Nations Development Programme (UNDP) - Institutional Support 2016-2018	UNDP - United Nations Development Programme	2016	2019	120,000,000
D002420002	Green Climate Fund - Initial Resource Mobilization - Repayable Contribution	Green Climate Fund	2015	2043	110,000,000
D004505001	Emergency Food Assistance - World Food Programme 2017	WFP - World Food Programme	2017	2017	92,275,000
D000920001	TB REACH: Supporting Innovation in Detection and Care for Tuberculosis	United Nations Office for Project Services: Stop TB Partnership	2016	2021	85,000,000
D003249001	Emergency Food Assistance in Africa - World Food Programme 2016	WFP - World Food Programme	2016	2016	74,400,000
D002242001	Enhanced Child Health Days	UNICEF - United Nations Children's Fund	2016	2020	70,000,000
D003499001	Addressing Protracted Food Insecurity Through Collaborative Resilience-Based Approaches	WFP - World Food Programme	2017	2021	50,000,000
A032944001	Canada Investment Fund for Africa	CIFA GP Limited	2005	2016	43,894,156
D004492001	Emergency Country-Specific Funding - ICRC Appeals 2017	ICRC - International Committee of the Red Cross	2017	2017	43,300,000
D003613001	Least Developed Countries Fund - Institutional Support 2016-2020	Least Developed Countries Fund	2017	2020	30,000,000
D004499001	Emergency Assistance - Country-Level Funding - UNHCR 2017	UNHCR - United Nations High Commissioner for Refugees	2017	2017	28,925,000
D002420003	Green Climate Fund - Initial Resource Mobilization - Cushion Contribution	Green Climate Fund	2015	2030	22,000,000
D002336001	Financial Inclusion for Enterprise Development	Opportunity International Canada	2016	2020	20,000,000
D003256001	Multi-Donor Trust Fund of the United Nations for Post-Conflict in Colombia	UNDP - United Nations Development Programme	2016	2019	20,000,000
D002411001	West Africa Governance and Economic Sustainability (WAGES) in Extractive Areas	WUSC - World University Service of Canada	2016	2020	19,999,925
D002621001	Jordan Municipal Support	Federation of Canadian Municipalities	2017	2022	19,850,000
D002570001	Canadian Support for Child Protection and Juvenile Justice Reform in Honduras - PRONIÑEZ	UNICEF - United Nations Children's Fund	2016	2020	19,500,000
D002174001	Kenya Education for Employment Program	Colleges and Institutes Canada	2016	2021	19,100,000
D002239001	Value Chains for Economic Growth	MEDA - Mennonite Economic Development Associates of Canada	2016	2022	19,000,000
D002405001	Leading for Peace: Supporting the Rights of Children and Youth in Colombia	Plan International Canada	2016	2021	18,850,000
D002283001	Support for the Development, Professionalization and Consolidation of Microfinance	DID - Développement international Desjardins	2017	2023	17,950,000

Suggested citation: Canadian International Development Platform. 2017. *How Government Spends on Development: Analysis of GAC development spending room, August 2017 update*. Ottawa, Canada.

Fig 9. Project commitments by Status and Selection Mechanism

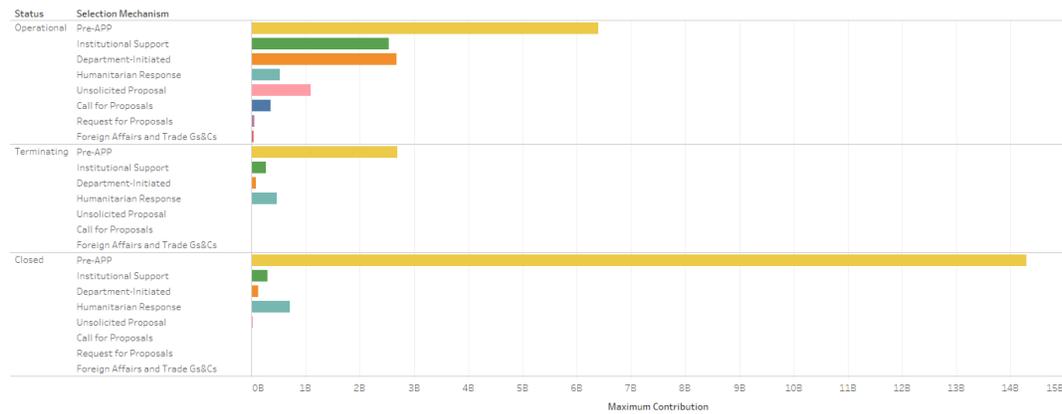
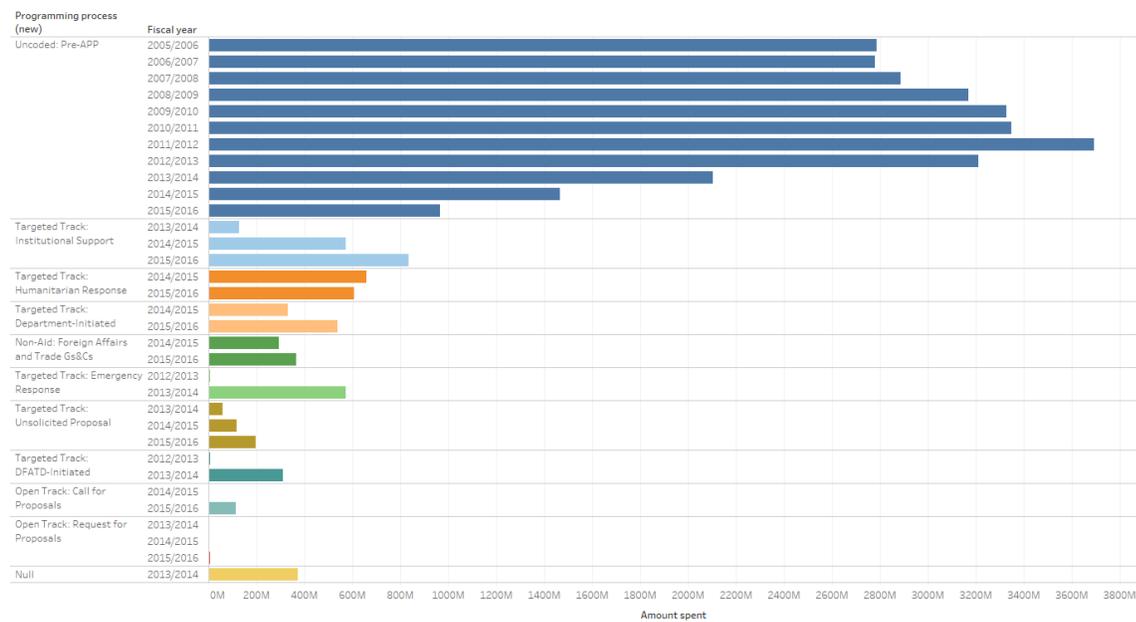


Fig 10. Evolution of Selection Mechanism over time



Fig 11. Selection Mechanism or “Programing Process” at the actual expenditure level



Suggested citation: Canadian International Development Platform. 2017. *How Government Spends on Development: Analysis of GAC development spending room, August 2017 update*. Ottawa, Canada.