

Innovating for development

Annual Report
2010–2011



Research and innovation hold the keys to progress in developing countries. Our programs respond to evolving priorities in a fast-changing world by fostering science and innovation ...



... strengthening health systems ...



... boosting agricultural production and food security ...



... promoting equitable growth.



Working with some of the brightest minds
in the world, we focus on achieving results.
Our efforts lead to healthier people ...



... higher incomes ...



... cleaner environments ...



... responsible governments.

Innovating for development 2010–2011

\$248.8 million in revenues

- \$195.6 million from Parliament
- \$50.9 million from donor contributions
- \$2.3 million other revenue

3.9% of Canada's international assistance

\$210.2 million for new research activities

16 donor partners

924 research activities

766 institutions supported, **103** Canadian

150 awardees

IDRC supports research in developing countries to reduce poverty, the goal of Canada's international development efforts. We promote growth and development and encourage sharing knowledge with policymakers, other researchers, and communities around the world. The result is innovative, lasting local — and global — solutions that aim to bring choice and change to those who need it most.

All monetary amounts in this Annual Report are in Canadian dollars unless otherwise stated.

On the cover: Working to ensure food security: cassava experimental station near Luang Prabang, Laos.

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Message from the Chairman



Turning vision into action

In 2010–2011, IDRC began to implement its new *Strategic Framework 2010–2015, Innovating for Development*. The thrust of the plan is to ensure that IDRC's research is aligned with Canadian values and Canadian Government priorities while responding to the ever-changing concerns of the world's poor regions. This is easier

said than done given the quickening pace of change and the innovation required to meet constantly shifting circumstances in the developing world.

IDRC's work is continually being adjusted to confront the most urgent priorities of developing countries, through supporting research that is directly related to improving people's lives. Our Board of Governors was fully engaged in overseeing management's excellent efforts in bringing this plan to life.

To meet our obligations as overseers, governors worked closely with the senior management team but also used a number of tools to measure the impact of the overall program and its elements. The Board examined a number of external reviews, concept notes, and five-year program prospectuses designed to modify the thrust of the Centre's research funding to increase its relevance wherever possible. The Board approved the creation of two new research programs within our Social and Economic program area: Supporting Inclusive Growth, and Governance, Security, and Justice.

Reorienting programming directions every five years is important if IDRC is to stay relevant and effective. The exercise is also challenging, and both governors and management brought vigour and dedication to this complex task.

Streamlined Board

In line with a Canadian Government initiative to trim the size of Crown corporation boards, IDRC's Board was reduced from 21 governors to 18. In fact, as of spring 2011 our Board is short of its complement of 18 members, due

to the expiry of five members' terms just before the Canadian federal election. The Board is working with the new Minister of Foreign Affairs to ensure that some governors are reappointed and that other new and equally well-qualified governors are selected to bring us up to full strength.

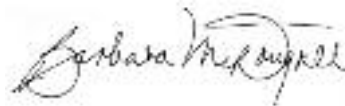
We said a fond goodbye to international governors Rory Stewart, who resigned to take up new responsibilities in the British House of Commons, and Francisco Sagasti, who served for 12 years on the Board and had been associated with IDRC for many decades. We also said farewell to Jocelyn Coulon, whose term ended after four years of thoughtful contributions. I join everyone associated with IDRC in thanking all of our governors, past and present, for their dedication, wisdom, and service.

Special visitors

On March 23, His Excellency the Right Honourable David Johnston, Governor General of Canada, honoured IDRC by visiting its Ottawa headquarters.

His Excellency took advantage of the regular meeting of IDRC's Board to engage in a lively discussion about education, research, and innovation. At his installation in 2010 he had highlighted learning and innovation as pillars of his landmark "call to serve." His visit was most appropriate, given the close alignment of his vision and IDRC's objectives.

We were also honoured during our June 22 Board meeting by the visit of the Minister of Foreign Affairs, the Honourable John Baird, and the Minister of International Cooperation, the Honourable Beverley Oda. We greatly appreciate their interest in IDRC. ■

A handwritten signature in dark ink, reading "Barbara McDougall". The signature is fluid and cursive, with the first name clearly legible.

The Honourable Barbara McDougall
Chairman

Message from the President

IDRC experienced an exciting 2010, marking its 40th anniversary in a variety of ways. We engaged Parliament around the visit of South African Minister Trevor Manuel, who served for 13 years as his country's finance minister and currently plays a prominent role in the G-20. He spoke of the important role Canada's government asked IDRC to play during the transition between the apartheid regime and the Mandela government.

This year also marked the start of a new five-year programming cycle that advances Canada's priorities in international development, notably in the fields of food security and maternal and child health.

Further to Canada's commitments at the 2009 L'Aquila G-8 Summit, IDRC and the Canadian International Development Agency (CIDA) launched an ambitious partnership to promote global food security through applied agricultural and nutrition research — with an emphasis on women smallholder farmers — linking Canadian teams with colleagues in the developing world. Three major rounds of competitive applications have been received and adjudicated, leading to new work to identify and develop under-researched “orphan” crops, and improved post-harvest technologies, value-chains, and market analysis.

IDRC moved swiftly to support Canada's priority of maternal and child health following the 2010 G-8 Summit. The Development Innovation Fund, a signature initiative of the Government, overseen by IDRC and implemented by Grand Challenges Canada, identified this as a central priority for its competitive research. Likewise, maternal and child health is a key part of the Global Health Research Initiative, a partnership among IDRC, CIDA, the Canadian Institutes of Health Research, Health Canada, and the Public Health Agency of Canada.

IDRC was honoured to be asked to oversee Canada's contribution to the Next Einstein Initiative to create centres of excellence that provide African students with the most advanced teaching available globally. The initiative builds upon the success of the African Institute for Mathematical Sciences in Cape Town, championed by Neil Turok, Director of the Perimeter Institute for Theoretical Physics. Following the G-8 Summit, Prime Minister Harper announced the Government's support of the Initiative at an event in Waterloo, Ontario, that featured renowned physicist Stephen Hawking and MPs from the area.



David Malone (right) in conversation with Nobel Laureate Amartya Sen during one of IDRC's *Speakers of Renown* events.

IDRC continues to lead innovative, ground-level work on local approaches to adapting to climate change in Africa, in partnership with the UK's Department for International Development (DFID). This work received a further boost as part of Canada's commitment under the Copenhagen Accord. An additional \$10 million is supporting seven centres of excellence in Africa to conduct research and help the most vulnerable adapt to climate change.

Our efforts to strengthen local policy-relevant research advanced further through the Think Tank Initiative, supporting 52 institutions in 23 countries of Latin America, Africa, and South Asia. IDRC leads a consortium of donors that has grown to include the William and Flora Hewlett Foundation, the Bill & Melinda Gates Foundation, DFID, and the Netherlands Directorate-General for International Cooperation, with total funding of \$113 million for the Initiative's first phase up to 2014.

In sum, during 2010 IDRC redoubled its commitment to policy development throughout the Global South, through results on issues that resonate with Canadians. We are privileged, in this way, to serve the Government and Parliament of Canada. ■

David M. Malone
President and Chief Executive Officer

SUMMARY OF OPERATIONS

The year in review

Corporate profile

A Crown corporation, IDRC supports research in developing countries to promote growth, reduce poverty, and improve lives. This year marked our 40th anniversary. It was also the first year under our *Strategic Framework 2010–2015*.

That document is the result of extensive reflection and consultation to ensure that our programming responds to evolving needs in developing countries and puts our resources to their best use. We took a hard look at the world in which we operate, our strengths and weaknesses, and the priorities of Canada's international development, innovation, and science and technology agendas. These considerations guided us as we set new directions to reach our objectives over the next five years.

New priorities for our programs include a greater focus on agriculture and climate change, food security, chronic diseases, and inclusive growth — all increasingly important issues.

During the past year, we received \$195.6 million in Parliamentary appropriation revenues. This represented about 78.6% of our 2010–2011 revenues and 3.9% of Canada's international assistance. At the end of 2010–2011, we were supporting 924 research activities.

IDRC joins forces with Canadian Government and international funders to increase the resources for research that addresses the needs of developing countries. As of March 31, 2011, we were involved in 34 donor agreements worth \$281.4 million. We also work with other Canadian agencies to create opportunities for researchers from Canada and the developing world to collaborate on research of common interest.

IDRC's head office is in Ottawa. Six regional offices across the developing world ensure the relevance of our activities and provide direct contact with researchers and policy-makers in Africa, Asia, Latin America and the Caribbean, and the Middle East. ■

Research activities in 2010–2011

Project allocations by area of impact and by program area (\$000)

	Corporate	A&E	ICT4D	IPS	RHE	SEP	Total
Asia	868	15 924	4 401	2 654	1 225	24 224	49 296
Global	8 066	2 930	532	12 583	1 770	2 214	28 095
Latin America and the Caribbean	4 017	16 793	5 136	35	720	19 341	46 042
Middle East and North Africa	2 222	1 143	322	180	0	2 208	6 075
Sub-Saharan Africa	3 275	31 322	6 493	18 278	15 020	6 267	80 655
Total	18 448	68 112	16 884	33 730	18 735	54 254	210 163^a

^a This includes \$127.494 million funded by Parliament and \$82.669 million funded by donor contributions.

Corporate: Includes the activities of the Special Initiatives and Donor Partnerships Divisions, Corporate Strategy and Regional Management Branch (including the Communications Division, Evaluation Unit, and Policy and Planning Group), Regional Activity Funds, and Forward-Planning Fund.

A&E: Agriculture and Environment

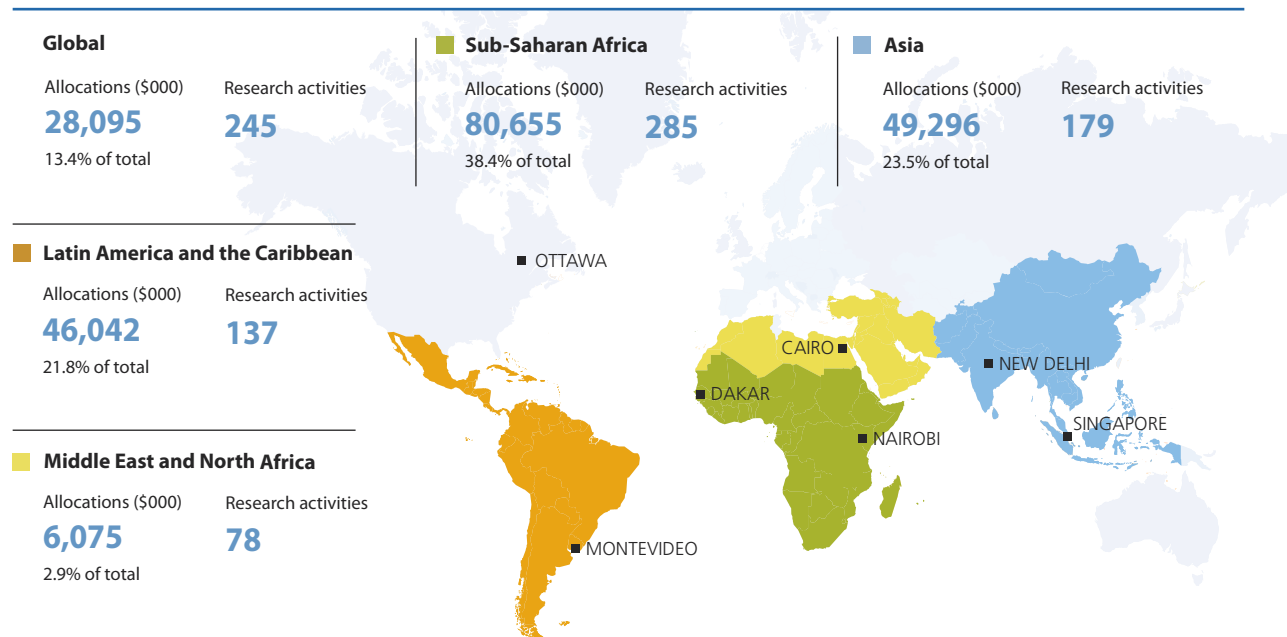
ICT4D: Information and Communication Technologies for Development

IPS: Innovation, Policy, and Science

RHE: Research for Health Equity

SEP: Social and Economic Policy

IDRC offices and allocations by region



Key financial highlights For the year ended 31 March 2011 (in thousands of dollars)	2010–2011		2009–2010
	Actual	Revised budget	Actual
Revenues			
Parliamentary appropriations	195 616	196 182	174 041
Donor contributions			
Funding for development research programming	46 299	48 490	35 109
Recovery of administrative costs	4 623	4 925	3 842
Investment and other income	2 300	1 527	1 469
	248 838	251 124	214 461
Expenses			
Development research programming			
Research projects	144 502	141 489	136 269
Capacity building	50 549	54 069	50 867
	195 051	195 558	187 136
Corporate and administrative services	24 048	25 235	23 811
	219 099	220 793	210 947
Net results	29 739	30 331	3 514
Equity			
Retained earnings	46 598	47 211	16 859
Accumulated other comprehensive income	6	(30)	(30)
Expenditure benchmarks	66/23/11	64/25/11	65/24/11
Program allocations			
Funded by Parliamentary appropriations	127 494 ^a	129 147 ^a	308 294 ^a
Funded by donor contributions	82 669	85 788	49 046
	210 163	214 935	357 340

Notes:

^a Program allocations (grants) include total allocations for program areas and corporate activities as well as the allocations for the Institute for Connectivity in the Americas.

- The Parliamentary appropriations represent 78.6% of total revenues.
- The expenses for development research programming and capacity building represent 89.0% of total expenses.

For further information on these key financial highlights, please refer to Management's Discussion and Analysis on page 34.

FOCUSING ON PRIORITIES

Engaging Canadians in development

Joining forces to advance Canada's foreign policy goals

IDRC's goal: to reduce poverty. To do so, we also engage some of the brightest minds in Canada and the developing world to collaborate on cutting-edge projects. These lead to higher crop yields, better health, more jobs and market access, fairer laws and more accountable governments — to brighter futures.

In pursuing these goals we often join forces with Canadian Government departments and agencies on programs of mutual interest that are aligned with Canadian values and Canadian Government priorities. For example, we work with the Canadian Institutes of Health Research (CIHR), the Natural Sciences and Engineering Research Council, and the Social Sciences and Humanities Research Council (SSHRC) on the International Research Initiative on Adaptation to Climate Change. Launched in December 2009, this initiative marked the first time that IDRC and the three granting councils joined together in a collaborative enterprise. The effort supports the formation of multinational teams from Canada and low- and middle-income countries to advance knowledge, shape policies and programs, and mentor students.

Four new projects were launched in 2010–2011:

African Institute for Mathematical Sciences

Also known as the Next Einstein Initiative, this project aims to create a pan-African network of 15 centres of excellence in mathematics, technology, and science over the next decade. IDRC is administering Canada's \$20 million contribution, which supports the establishment of five such centres across Africa by 2015. Prime Minister Stephen Harper announced the new federal funding in July 2010 as a central element of a partnership between Canadian universities, the private sector, and African governments.

Canadian International Food Security Research Fund

A joint initiative with the Canadian International Development Agency (CIDA), the Canadian International Food Security Research Fund finances a wide variety of applied

research projects that aim to solve food security challenges in developing countries by promoting more productive and sustainable agricultural systems. The five-year \$62 million project supports partnerships between research organizations in Canada and those in developing countries. Food security is a priority of Canadian aid efforts.

Development Innovation Fund

IDRC is the Government of Canada's lead agency for its \$225 million Development Innovation Fund, announced in the 2008 federal budget and launched in May 2010. This five-year initiative brings together Canadian and developing-country scientists, and the private sector, to tackle persistent health challenges facing poor countries. The non-profit Grand Challenges Canada was created to implement the project. CIHR is also collaborating.

Three programs are now underway: on technologies for point-of-care diagnostics, promising ideas on global health, and improving maternal and child health. Future programs will focus on non-communicable diseases and a topic to be finalized. IDRC President David Malone sits on the board of directors of Grand Challenges Canada.



IDRC's Chairman, the Hon. Barbara McDougall, welcomed the Minister of Foreign Affairs, the Hon. John Baird, to the Centre on June 22. The Minister of International Cooperation, the Hon. Beverley Oda, also attended.



African Adaptation Research Centres Initiative

Building on the innovative work carried out under the Climate Change Adaptation in Africa program, this \$10 million project — funded through Canada's fast-start climate change financing — will increase the ability of African research centres to deliver timely scientific advice and assessments on climate change adaptation. The goal: better informed policies and well-targeted investments. This new funding is part of Canada's commitment to provide climate change financing under the Copenhagen Accord.

In addition, IDRC and the SSHRC collaborate on the \$8 million International Community-University Research Alliance program through which community organizations and universities in Canada are teaming up with similar alliances in the developing world to undertake research on global issues. And in company with four other Canadian federal agencies — CIHR, CIDA, Health Canada, and the Public Health Agency of Canada — we fund the Global Health Research Initiative.

Informing public policy

As a member of Canada's foreign policy family, IDRC's work helps to inform policy and contributes to Canada's reputation as an innovative and generous country. Given our mandate, we routinely consult with the Department of Foreign Affairs and International Trade, for example, on issues such as Canada's contribution to the G-8 Summits:

Finding innovative solutions to pressing health problems is the thrust of the Development Innovation Fund, which brings together Canadian and developing-country scientists, and the private sector.

this past year we helped inform Canada's position on Internet issues at the Deauville G-8 meeting.

Also in 2010–2011:

- IDRC contributed to preparations for the G-8 and G-20 Summits held in Canada.
- IDRC supported the UN Commission on Information and Accountability for Women's and Children's Health, co-chaired by Prime Minister Harper.
- Researchers from the IDRC-supported Mercosur Network briefed MPs on Latin American issues.
- IDRC participated in the Policy Research Initiative's MetaScan Project to identify trends, change drivers, and discontinuities that will shape Canada and federal government policy over the coming decade.
- Federico Burone, Regional Director for Latin America and the Caribbean, testified via webcast before the Standing Senate Committee on Foreign Affairs and International Trade on the role of research in Brazil.
- Jean Lebel, Director, Agriculture and Environment, gave the keynote address at a *Breakfast on the Hill* organized by the Canadian Fertilizer Institute.

MARKING A MILESTONE

IDRC at 40

Celebrating four decades of research for development



In 2010, IDRC celebrated four decades of support for research and innovation aimed at improving lives across the developing world. Since 1970, IDRC has funded about 13,000 research activities leading to concrete improvements in people's lives.

On Parliament Hill

A reception on Parliament Hill showcased IDRC-funded research to MPs. The Hon. Trevor Manuel, South Africa's Minister in the Presidency and a former IDRC grantee, was the guest of honour. Manuel thanked Canada — and IDRC in particular — for support during his country's difficult

transition from apartheid. More than half the cabinet members in President Nelson Mandela's post-apartheid government, elected in 1994, had been involved in IDRC-supported research. Manuel, for example, who served as Minister of Finance from 1996 to 2009, had taken part in an economic policy research initiative. He is pictured with Canada's Minister of Finance, the Hon. Jim Flaherty.

Lasting Impacts

The year-long online *Lasting Impacts* series described IDRC-funded research initiatives that had enduring results. Here are a few examples:

- In two districts in Tanzania, evidence-based reforms to public health systems reduced child mortality by 40%.
- Following an economic crisis, innovative agricultural practices launched urban gardens in Rosario, Argentina, that feed more than 40,000 people.
- In Morocco, breakthroughs in oil-processing technologies helped preserve endangered trees that generate enough income to lift 2,500 women out of poverty.





Speakers of Renown

To mark IDRC's 40th anniversary, we invited 16 leading thinkers and doers to give public presentations on international development and related topics. More than 2,200 people attended the *Speakers of Renown* series, and 17,000 others have watched the webcasts or archived videos on IDRC's YouTube channel.

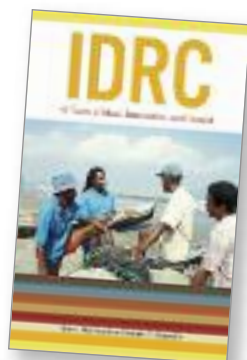
These distinguished speakers included historian Suzy Castor (above left) and agronomist Gebisa Ejeta (above right). Other Speakers of Renown: Helen Clark, Paul Collier, Ramachandra Guha, Rima Khalaf Hunaidi, Margaret MacMillan, Trevor Manuel, Marwan Muasher, Amartya Sen, M S Swaminathan, Romila Thapar, David Waltner-Toews, and Muhammad Yunus, as well as IDRC governors Amina Az-Zubair and Xue Lan. ■

The IDRC model was based on finding the best local talents and challenging them to take up the task of addressing major mission-oriented research and development. The justifiable assumption was that local folks know their problems, and with appropriate assistance and solid education they could design practical solutions that address local needs far more effectively than most foreign experts.

— Ethiopian-American agronomist Gebisa Ejeta, winner of the 2009 World Food Prize, reflecting on his early years as an IDRC-supported researcher.

IDRC: 40 Years of Ideas, Innovation, and Impact

The full scope and impact of IDRC's work across four decades are outlined in an independent academic history written by historians Bruce Muirhead and Ron Harpelle, published in 2010 by Wilfrid Laurier University Press.



Speaking about IDRC

IDRC invited many distinguished development thinkers and practitioners to speak at events organized in Ottawa and in other parts of the world to mark its 40th anniversary. Here is what some had to say about our contribution to research for development.

“IDRC has brought a unique approach to addressing the research agenda in Africa by promoting our indigenous expertise while ensuring that we have the cutting-edge techniques with the highest academic standards.”

— Amina Az-Zubair

Senior Special Assistant to the President of Nigeria on the Millennium Development Goals and IDRC governor

“[...] if you look at the foresight demonstrated by IDRC then in 1992, and you look at countries that performed better during the last great recession, it demonstrates that IDRC certainly saw something that the rest of the world didn’t.”

— Trevor Manuel

Founding member of the National Executive Committee of the African National Congress, now Minister in the Presidency in charge of the Planning Commission of South Africa

“What I like about IDRC is that they are really willing to take risks. They are willing to support long-term things to give the space required to do the kind of work and build capacities in difficult countries, difficult institutions.”

— Kirith Parikh

Founder and Director, Indira Gandhi Institute of Development Research, India

“It is particularly impressive that IDRC has been able to provide support for many non-mainstream projects, which are often neglected by the more traditionalist support agencies. Many of these innovative ventures [...] have actually ended up doing a lot of good in our badly organized world.”

— Amartya Sen

Nobel Laureate, Economics, India

“IDRC’s contribution has really opened up a new way of looking at the national level upon research that promotes most development, and it has now become research that promotes sustainable development.”

— M S Swaminathan

Architect of India’s Green Revolution and Chairman of the M S Swaminathan Research Foundation, India

“Support provided by the donor community in general and IDRC in particular in building research capacity in Vietnam and bridging research and policy has clearly played and will play an important role in helping Vietnam achieve her ambitious development objectives and prosperity.”

— Nguyen Van Phuc

Vice-Chairman, Economic Committee of the National Assembly, Vietnam



Meeting Our Objectives

A three-pronged approach to fulfilling our mandate



MEETING OUR OBJECTIVES

New knowledge, bold solutions

Building a strong foundation for innovation

Knowledge is the main driver of today's economy. But the ability to create and use knowledge is unevenly distributed around the world. Building new knowledge and using it to improve lives in developing countries has always been central to IDRC's work.

IDRC strives to help developing countries find novel solutions and more effective ways to tackle economic, environmental, and social challenges — new and old. Our programs reflect Canadian Government aid priorities:

- agriculture and the environment
- science, technology, and innovation
- social and economic policy
- health and health systems

An increasingly important part of our work is to build new fields of knowledge. We bring together communities of researchers and practitioners and help them develop new methods, tools, and technologies.

Here are some examples of the work we support:

Boosting global food security

Frequent droughts, poor soils, and population growth have led to food insecurity in Ethiopia. Here, farmers depend on pulses — crops such as lentils, chickpeas, and faba beans — as sources of protein and income. Unfortunately, varieties grown in Ethiopia are typically low-yielding, low in protein, and poor at fixing nitrogen.

As part of Canada's commitment of increasing food security, the Canadian International Food Security Research Fund, a five-year, \$62 million collaboration between the Canadian International Development Agency and IDRC, is working to improve these and other traditionally important, but under-researched crops. The Fund brings together Canadian and developing-country researchers to increase food security and enhance nutrition in developing countries. To date, 13 projects have been funded.

Securing women's access to land

Women produce most of the food in Africa, yet own very little of the land. Many consider that ensuring women's rights and access to land is crucial to enhancing food security and reducing poverty. Promoting and protecting women's rights are central to Canada's foreign policies.

Over the past decade, IDRC-supported researchers in 14 African countries examined women's relationship to land from many angles — economic, legal, social, and political. In September 2010 they shared their findings with each other and a wider community in Africa. They found, for example, that owning land boosts women's incomes and independence, and in turn contributes to ensuring that families are better fed and food secure.

The knowledge gained can lead to fairer laws in many parts of the world where women's land rights are limited.

Harnessing technology for the poorest

"Let's innovate together!" is the slogan of iBoP Asia's information-sharing platform. iBoP Asia is short for Science and Technology Innovations for the Base of the Pyramid in Southeast Asia, an IDRC-supported project at the Ateneo School of Government, Manila, Philippines.

At the "base of the pyramid" are more than 4 billion people who live on less than \$4 a day and have little or no access to technologies that could improve their lives: 75% of these poor people are in Asia. iBoP works to foster innovations that can meet their needs — innovations like low-cost wind turbines and new communication tools. Key to success is encouraging governments to develop pro-innovation policies and promote investment in these technologies. iBoP Asia is doing just that. ■

**BUILDING
KNOWLEDGE
2010–2011**

335
new research activities
with knowledge-building
objectives

924
research activities with
knowledge-building
objectives during the year

766
recipient institutions
involved



Pablo Tubaro

Pablo Tubaro is Vice-Director of the National Museum of Natural Sciences in Buenos Aires. He is the lead researcher in Argentina of an IDRC-supported effort to expand a new species-identification tool, DNA barcoding, to developing countries.

Advancing science

I've been involved in DNA barcoding since 2004, when I first met Paul Hebert, the University of Guelph scientist who developed the technique. From the outset, I was impressed by the simplicity and power of the idea, and convinced of its extraordinary potential to advance biodiversity science.

Barcoding uses a short sequence in an organism's DNA as a unique species identifier. Scientists around the world working on the International Barcode of Life project are building a reference library for life on earth. Our goal is to catalogue 5 million specimens from 500,000 species by 2015, with a particular focus on species of importance to the economy, health, and conservation.

DNA barcoding represents a huge opportunity to generate new knowledge and apply it in many useful ways. For example, it can help identify disease vectors, track invasive species or food contamination sources, and control illegal trade in plants and animals. In Argentina, we've already used barcoding to identify species involved in aircraft bird strikes.

Expanding the work

So far, most barcoding research has taken place in developed countries. IDRC support is helping us set up a barcode library in Argentina, which will act as a regional node. We've hired a team to carry out field and lab work, and helped train several hundred researchers from a dozen Latin American countries in DNA barcoding.

I've worked on Argentina's bird species — we've already produced barcodes for 70% of them. The new funding has allowed us to expand our work to other plants and animals. For example, we're barcoding marine and fresh-water fish species, which will help manage this important economic resource. Other information we're collecting will be useful in predicting the movement of agricultural pests, as well as pollinators, in response to climate change.

Learn more: <http://ibol.org/>

MEETING OUR OBJECTIVES

Skilled researchers, robust institutions

Creating opportunities for research excellence

Developed countries achieved their growth through research that led to the application of new technologies. Developing countries could follow the same course, but they have limited capacity to conduct the needed research.

For more than 40 years, IDRC has helped developing countries build up the research capabilities, innovative skills, and institutions required to solve their problems. We continue to provide our grantees with opportunities to conduct research and develop and refine methods. We also improve their access to research information and resources. And we strive to strengthen research institutions.

How do we do this? We encourage new talent by offering fellowships and awards. We bring people and institutions together across disciplines and sectors to help them learn from one another. We provide core support to well-run research institutions. We also engage with our recipients in framing research problems, improving research designs, and training and mentoring. Here are some examples:

Safeguarding human and animal health

Sri Lankan and Canadian researchers at the University of Calgary have joined forces to develop a veterinary public health system in Sri Lanka. The goal: prevent emerging infectious diseases.

With support from the Global Health Research Initiative — a partnership of five Canadian federal departments and agencies, including IDRC — the team is working to better understand how diseases are transmitted between animals and humans. And it is bringing that knowledge to farmers, researchers, governments, and communities throughout Asia.

Building the capacity of people and institutions to prevent, detect, and manage emerging diseases is central to the project's success.

Training a new generation

Charles Michael Mtabho from Tanzania, Malik Sane of Senegal, Hellen Kongai of Uganda — these are just three of 193 PhD candidates in 24 sub-Saharan countries who have received IDRC International Fellowships.

Launched in 2007, the fellowships enable graduate students to pursue their training in their home regions. This helps improve education locally and stem the brain drain.

Nine African institutions administer the award competitions. Doing so strengthens their ability to manage grants and support research. It also contributes to building African centres of excellence.

Advancing a new field of knowledge

This year, IDRC launched a four-year initiative to help leading ecohealth researchers in Latin America and the Caribbean win the fight against vector-borne diseases such as Chagas, malaria, and dengue. The project will strengthen the field of ecohealth research, education, and practice to better address how interactions between people and ecosystems affect these diseases.

Led by Mexico's National Institute of Public Health with partners in Colombia and Venezuela, institutions throughout the region will train hundreds of students and public health professionals. They will also work to influence policies to reduce the threat of diseases.

The project consolidates more than 10 years of IDRC-funded ecohealth research and training in the region. A similar project launches in Southeast Asia in 2011–2012. ■

**BOOSTING
RESEARCH SKILLS
2010–2011**

55

new research activities
with explicit capacity-
building objectives

275

research activities
with explicit capacity-
building objectives
during the year

439

recipient institutions
involved



Jean Mensa

A lawyer, Jean Mensa joined Ghana's Institute of Economic Affairs (IEA) in 2000, becoming Executive Director in 2009. The institute is one of 52 policy research organizations in 23 developing countries that receive multi-year funding from the Think Tank Initiative.

Sparking national debate

When the IEA was founded in 1989, using research to provoke national discussion and influence policy was new in Ghana. That's what attracted me to it. I wanted to work in an organization that used its research to bring about policy reform.

Ghana is rich in natural resources, yet remains poor. Our funding from the Think Tank Initiative coincided with the discovery of oil and gas. We felt this was an opportunity for us, as a country, to ensure that the oil revenues are used to promote economic growth and development, and reduce poverty substantially.

We conducted a study that proposed ways of managing the resource, and then engaged in extensive advocacy. Most of our recommendations were included in a new law that commits 70% of oil revenues to developing Ghana's physical and social infrastructure. The balance is to be set aside to cushion the economy from shocks and benefit future generations.

Awarding excellence

In the past, the IEA relied mostly on program funding and couldn't afford to retain senior researchers once a project ended. The institute now has predictable core funding, which has allowed us to recruit full-time researchers, and develop and mentor a pool of younger researchers.

We've upgraded our computer system and procured new software. We now have fast, reliable Internet service. This has promoted research efficiency — and joy. The funding has energized us, and helped us raise our profile. We're viewed as a credible organization undertaking independent, high-quality research. Ghana's president praised our work in his State of the Nation addresses in 2009 and 2010, and indicated he intended to take up our recommendations.

Learn more: www.idrc.ca/thinktank

MEETING OUR OBJECTIVES

Sound decisions, strong societies

Informing policies to improve lives

The value of the research we support lies in how lives are changed — through cleaner environments, improved nutrition, higher incomes, effective health systems, and greater security. But even the best research will have little impact if it doesn't reach those who can use the results — policy-makers, business leaders, communities, and citizens.

We work to make that happen by ensuring that the research we fund is timely and of high quality. We support research that can bring about change. We communicate the results of that work, and assist our partners to do so. We bring researchers and research users to the table through workshops and conferences.

As an increasing number of developing countries look for new knowledge to underpin policies and programs and as their capacity to generate research grows, IDRC's support for transformative solutions is all the more vital.

Here are some examples of our support:

Southern answers to southern challenges

Mercosur, the “southern common market,” comprises Argentina, Brazil, Paraguay, and Uruguay. In 1998, IDRC helped create the Mercosur Economic Research Network (MercoNet) to carry out policy-relevant studies on key challenges for the region in the emerging global economy — regional integration, macroeconomic coordination, foreign direct investment, and climate change, among other issues.

Recently, MercoNet broadened its thematic and geographic scope to become a regional centre of excellence for research on regionalism and inclusive growth agendas. The network aims to bridge the gap between researchers and policymakers, and to engage with businesses, trade

unions, and parliamentarians — including members of parliament from trading partners such as Canada.

Technical boost for urban farming

In Soukra, a suburb of Tunisia's capital, Tunis, hundreds of poor families feed themselves and earn a small living from agriculture. In recent years, however, climate change and rapid urbanization have reduced the amount of arable land, threatening livelihoods.

IDRC-funded research found some answers. Technicians built greenhouses, which conserve water, protect crops, and allow for more intensive farming. They installed rooftop basins to catch rainwater and deliver it to crops. And they filtered household “greywater” for use in irrigation. Today, Soukra's farmers enjoy higher incomes and improved food security. The technical innovations are becoming widely known in the region.

Climate change adaptation in the fishing industry

Coastal West Africa is one of the world's most productive fishing zones. But stocks are threatened by destructive fishing practices, ecosystem decline, excessive competition, and by climate change. Global warming aggravates the risk of sea level rise, more frequent and intense storms, and changing fish stocks.

An IDRC-supported initiative seeks to widen policy dialogue so that industry stakeholders — fishers, boat owners, outfitters, and packers — can work together toward sustainable management. The goal is policy harmonization among the countries of the region to discourage wasteful fishing practices and to strengthen fishery policies and institutions. ■

**INFLUENCING POLICY
2010–2011**

39

new research activities
with explicit policy-
influence objectives

218

research activities
with explicit policy-
influence objectives
during the year

299

recipient institutions
involved



Ravi Sundaram

Ravi Sundaram is co-director of Sarai, a research program on media at the Centre for the Study of Developing Societies in New Delhi. He is one of 35 researchers who took part in a landmark study, co-funded by IDRC, that examines music, film, and software piracy in Bolivia, Brazil, India, Mexico, Russia, and South Africa.

First solid research

Media Piracy in Emerging Economies presents the first solid research in the global intellectual property debate. For the chapter on India, we looked at what was happening on the ground in several Asian countries, because of course electronic media move across borders. Together with Lawrence Liang, a legal researcher with the Alternative Law Forum in Bangalore, I coordinated a team of researchers who examined in great detail the local media markets, legal and otherwise.

We found that the level of media access by the poor is extremely high. This remarkable shift from 15 years ago is due, in part, to piracy and all the very low-cost media available on the street.

Through our research, we wanted to answer the claims by media corporations that billions of dollars are being lost to piracy. Those estimates don't come out of research, but are based on *potential* — what would have happened had people bought everything legally in a high-price market.

A novel approach

One of our key concerns was to reach the public with our findings, so we collaborated with artists on a graphic novel. *Tinker. Solder. Tap* traces how a Delhi neighbourhood changes through the coming of the TV, the VCR, the DVD. It has been widely read and featured in several art exhibits internationally.

We need new knowledge to anchor the debate on intellectual property. The research clearly shows that the old-style, high-enforcement model isn't working. The report should help policymakers understand the existing media ecosystem in all its complexity, and inform a new approach.

Media Piracy in Emerging Economies:
<http://piracy.ssrc.org/the-report/>

Tinker. Solder. Tap:
www.sarai.net/publications/occasional/tinker-solder-tap/tinker.solder.tap.pdf

IDRC grantees recognized for excellence



Zoubida Charrouf

Chemist **Zoubida Charrouf** received Morocco's Grand Prize for Invention and Research in Science and Technology. Charrouf established women's argan oil processing cooperatives in an arid region of southwest Morocco, fostering private sector entrepreneurship. Charrouf is professor of chemistry at Morocco's Université Mohamed V-Agdal.

Scholar **Martha Chen** received India's prestigious Padma Shri award for her contributions to the field of social work and her research on gender, informal workers, and poverty alleviation. Chen is the international coordinator of Women in Informal Employment: Globalizing and Organizing, a global policy-research network that seeks to improve the status of the working poor, especially women, in the informal economy.

The Toronto-based **Citizen Lab** was awarded the 2010 Vox Libera Award from the Canadian Journalists for Free Expression for its commitment to the principles of free expression. Located in the Munk School of Global Affairs at the University of Toronto, the interdisciplinary research organization also works to pinpoint threats to the security of electronic databases and communications around the world.



Martha Chen

PATRICIA LEIVA/OAS



Claudia Paz y Paz Bailey

Ecohealth researcher **Durga Datt Joshi** was awarded the Birendra Scientific Award from the Nepal Academy of Science and Technology in recognition of his work on animal-transmitted diseases and viral encephalitis. Joshi is director of the IDRC-supported National Zoonoses and Food Hygiene Research Centre, which works with local authorities and residents to improve community health by reducing food and water-borne diseases that spread from animals to humans.

Kalpana Pant received the Praj Maha-Intrapreneur Award for her efforts to promote women's empowerment in rural India through community-based microfinance. Kalpana is the Deputy Director of Chaitanya, a pioneer of the self-help microfinance movement that encourages women's self-reliance and control over resources.

Criminal law specialist **Claudia Paz y Paz Bailey** was appointed Guatemala's Attorney General in December 2010. Paz is the founder of the Institute for Comparative Studies in Criminal Sciences in Guatemala, an IDRC partner, and a former researcher with the UN Truth Commission in Guatemala.



Suman Sahai

GENE CAMPAIGN

Geneticist **Suman Sahai** was awarded India's Padma Shri award for her contributions to agriculture and the rights of farmers. Sahai is the founder and current chairperson of the Gene Campaign, a grassroots research and advocacy organization focused on promoting food and livelihood security. She is a former chair of India's Planning Commission Task Force on Biodiversity and Genetically Modified Organisms. ■



Our programs

Promoting growth, reducing poverty

OUR PROGRAMS

Advancing the development research agenda

Adapting to global priorities

The past year was the first under our *Strategic Framework 2010–2015*. That document is the result of extensive reflection and consultation to ensure that our programming responds to evolving needs in developing countries and Canadian Government priorities, and puts our resources to their best use. The new framework reflects continuity and change. It builds on the Centre's strengths and addresses today's pressing environmental, social, economic, and political challenges.

New priorities for our programming include a greater focus on agriculture and climate change, food security, chronic diseases, and inclusive growth — all increasingly important issues.

Changes to programming have been phased in, starting with Agriculture and Environment, which completed its first year of operation in 2010–2011. All new programs were in place at the end of June 2011.

Building Canadian partnerships

In addition to projects undertaken in collaboration with Canadian Government departments and agencies, discussed earlier in this report, we build and maintain our long-term relationship with Canadian academic, research, and civil society institutions engaged in international development through our Canadian Partnerships program. In 2010–2011, IDRC supported 11 new activities: they and 17 projects from earlier years were still active at year-end.

The program also funds many small research projects and knowledge-related activities of Canadian organizations concerned with international cooperation. During 2010–2011, we supported 58 such activities. These included, for example:

- support to the Canadian Friends of Somalia to assess youth needs as preparation for a conference on “Promoting Peace and Preventing Youth Radicalization,” held in Ottawa in December;

- funding for Engineers Without Borders to bring African leaders to Canada to learn Canadian approaches to management and innovation;
- a grant to the Coady International Institute to explore growing innovation in member-based organizations, such as women's groups and farmers' cooperatives, around the world.

IDRC also continued its core support for important Canadian development research organizations, including The North-South Institute and the International Institute for Sustainable Development.

Expanding the pool of development experts

IDRC's Fellowships and Awards program embodies our commitment to the personal and professional development of Canadian citizens and permanent residents, and of citizens of developing countries. A variety of awards allows the best and the brightest researchers to pursue academic studies and pursue field research, and reflect on how to address global challenges. In 2010–2011, we approved 150 awards.

Adaptation H ₂ O — Graduate Research Awards on Climate Change and Water	8
IDRC Awards for International Development Journalism	5
IDRC Canadian Window on International Development Awards	3
IDRC Doctoral Research Awards	48
IDRC International Fellowships Program — Doctoral Research Awards	53
IDRC International Fellowships Program — Master's Scholarships	13
IDRC Research Awards (<i>formerly Internship Awards</i>)	12
IDRC Science Journalism Awards	1
Professional Development Awards	6
The Bentley Cropping Systems Fellowship	1

Our programs: Building on strengths, meeting changing needs

2009–2010	2010–2011	2011–2012
Environment and Natural Resource Management <ul style="list-style-type: none"> • Climate Change Adaptation in Africa • Ecosystem Approaches to Human Health • Environmental Economics • Rural Poverty and Environment • Urban Poverty and Environment 	Agriculture and Environment <ul style="list-style-type: none"> • Agriculture and Food Security <ul style="list-style-type: none"> • Canadian International Food Security Research Fund • Climate Change Adaptation in Africa • Climate Change and Water • Ecosystems and Human Health • Environmental Economics 	Agriculture and Environment <ul style="list-style-type: none"> • African Adaptation Research Centres Initiative • Agriculture and Food Security <ul style="list-style-type: none"> • Canadian International Food Security Research Fund • Climate Change Adaptation in Africa • Climate Change and Water • Ecosystems and Human Health • Environmental Economics
Information and Communication Technologies for Development <ul style="list-style-type: none"> • Acacia: Communities and the Information Society in Africa • Connectivity and Equity in the Americas • Pan-Asia Networking • telecentre.org 	Information and Communication Technologies for Development <ul style="list-style-type: none"> • Acacia: Communities and the Information Society in Africa • Connectivity and Equity in the Americas • Pan-Asia Networking 	<i>Information and communication technologies programming has been integrated into all programs.</i>
Innovation, Policy, and Science <ul style="list-style-type: none"> • IDRC Research Partnerships Challenge Fund <ul style="list-style-type: none"> • International Community-University Research Alliance • International Partnership Initiative • International Research Chairs Initiative • Innovation, Technology, and Society 	Innovation, Policy, and Science <ul style="list-style-type: none"> • IDRC Research Partnerships Challenge Fund <ul style="list-style-type: none"> • International Community-University Research Alliance • International Partnership Initiative • International Research Chairs Initiative • International Research Initiative on Adaptation to Climate Change • Innovation, Technology, and Society 	Science and Innovation <ul style="list-style-type: none"> • African Institute for Mathematical Sciences • IDRC Research Partnerships Challenge Fund <ul style="list-style-type: none"> • International Community-University Research Alliance • International Partnership Initiative • International Research Chairs Initiative • International Research Initiative on Adaptation to Climate Change • Information and Networks • Innovation for Inclusive Development
Research for Health Equity <ul style="list-style-type: none"> • Global Health Research Initiative <ul style="list-style-type: none"> • Africa Health Systems Initiative – Support to African Research Partnerships • Canadian International Immunization Initiative for Haiti • HIV/AIDS Prevention Trials Capacity Building Grants • Teasdale-Corti Global Health Research Partnership • Governance, Equity, and Health • Research on International Tobacco Control 	Research for Health Equity <ul style="list-style-type: none"> • Development Innovation Fund • Global Health Research Initiative <ul style="list-style-type: none"> • Africa Health Systems Initiative – Support to African Research Partnerships • Canadian International Immunization Initiative for Haiti • HIV/AIDS Prevention Trials Capacity Building Grants • Teasdale-Corti Global Health Research Partnership • Governance, Equity, and Health • Research on International Tobacco Control 	Global Health Policy <ul style="list-style-type: none"> • Development Innovation Fund • Global Health Research Initiative <ul style="list-style-type: none"> • Africa Health Systems Initiative – Support to African Research Partnerships • Canadian International Immunization Initiative for Haiti • HIV/AIDS Prevention Trials Capacity Building Grants • Teasdale-Corti Global Health Research Partnership • Governance for Equity in Health Systems • Non-Communicable Disease Prevention
Social and Economic Policy <ul style="list-style-type: none"> • Globalization, Growth, and Poverty • Peace, Conflict, and Development • Think Tank Initiative • Women's Rights and Citizenship 	Social and Economic Policy <ul style="list-style-type: none"> • Globalization, Growth, and Poverty • Peace, Conflict, and Development • Think Tank Initiative • Women's Rights and Citizenship 	Social and Economic Policy <ul style="list-style-type: none"> • Governance, Security, and Justice • Supporting Inclusive Growth • Think Tank Initiative <p><i>Research on gender issues has been integrated into all programs.</i></p>

BOARD OF GOVERNORS

Corporate Governance

A commitment to accountability, transparency, effectiveness

The Board of Governors

IDRC's work is guided by an 18-member international Board of Governors. The size of the Board was reduced from 21, in line with the Government's initiative to reduce the size of Crown corporation boards. Currently, the Board is short of its complement of 18 members, but is working with the Minister of Foreign Affairs to ensure that the appointment process will soon bring the Board back to full strength. The Chairman of the Board reports to Parliament through the Minister of Foreign Affairs.

The *IDRC Act* states that a majority of Board members, including the Chair and Vice-Chair, must be Canadian. Up to 8 governors are appointed from other countries. The composition of our Board helps to ensure that our programs and operations respond effectively to the needs of the developing world, adhere to good governance practices, and uphold the public interest.

The *IDRC Act* specifies that at least 11 of the governors must have experience in international development or a background in the natural or social sciences, or in technology. These stipulations are reflected in a profile of skills and experience that the Board drafted to assist in identifying suitable candidates to fill vacancies.

Board members are appointed by Canada's Governor in Council for a term of up to four years and may be appointed for a further term.

Key responsibilities

IDRC's Board is committed to openness, transparency, and accountability. Its key responsibilities are to

- establish IDRC's strategic direction;
- review and approve the Centre's budget and financial statements;

- assess and ensure that systems are in place to manage risks associated with the Centre's business;
- ensure the integrity of the corporation's internal control and management information systems;
- monitor corporate performance against strategic and business plans;
- assess its own performance in fulfilling Board responsibilities;
- measure and monitor the performance of the President and Chief Executive Officer; and
- ensure that the Centre has an effective communications strategy.

Committees

The Board normally meets three times a year. It has four standing committees:

- the Executive Committee
- the Finance and Audit Committee
- the Governance Committee
- the Human Resources Committee

Committee members are elected on the basis of their interests, expertise, and availability. The Board also establishes ad hoc committees to deal with particular issues, as the need arises.

"As a researcher and director of a regional think tank in the developing world, and as a governor on IDRC's Board, I have no less than full admiration for the integrity, professionalism, and sense of purpose of this extraordinary Canadian Crown corporation."

— Ahmed Galal

Managing Director, Economic Research Forum, Egypt



Committee membership as at March 31, 2011:

Executive Committee

Members: The Honourable Barbara McDougall (Chair); Denis Desautels; Ahmed Galal; Frieda Granot; David Malone; Faith Mitchell

Finance and Audit Committee

Members: Denis Desautels (Chair); Ahmed Galal; Frieda Granot; Elizabeth Parr-Johnston; Gordon Shirley

Governance Committee

Members: The Honourable Barbara McDougall (Chair); Claude-Yves Charron; Denis Desautels; Pratap Mehta; Francisco Sagasti; the Honourable Monte Solberg

Human Resources Committee

Members: Faith Mitchell (Chair); Claude-Yves Charron; David Malone; Xue Lan

The composition of our Board helps to ensure that our programs and operations respond effectively to the needs of the developing world.

Compensation for Board members is set according to Government of Canada *Remuneration Guidelines for Part-time Governor in Council Appointees in Crown Corporations*. These guidelines establish the following ranges:

- Per diem for Governors: \$390 – \$420
- Annual retainer for Committee Chairs: \$4,600 – \$5,400
- Annual retainer for the Chairman: \$9,200 – \$10,800

"At a time when research funding is scarce, IDRC's mission of promoting research in developing countries has acquired renewed importance. So much of the critical research infrastructure in many countries would not exist without IDRC. It provides the base for genuinely innovative and long-term development thinking."

— Pratap B. Mehta

President & Chief Executive Officer, Centre for Policy Research, India

"I was able to see first-hand how funding Guatemalan researchers working to prevent the spread of Chagas disease is helping to save thousands of lives in Central America. As a Canadian I couldn't be more proud."

— The Hon. Monte Solberg

Senior Advisor, Fleishman-Hillard, Canada

The IDRC Board of Governors 2010–2011

THE HONOURABLE

BARBARA McDOUGALL

Chairman, Toronto, Canada
Advisor, international business development, corporate governance, and government relations, Aird & Berlis; former Secretary of State for External Affairs and Minister of Employment and Immigration
*Attended 3 out of 3 meetings**

DENIS DESAUTELS

Vice-Chairman, Ottawa, Canada
Chairman, Board of Directors, Laurentian Bank; Chairman, Accounting Standards and Oversight Council, Canadian Institute of Chartered Accountants; and former Auditor General of Canada
Attended 3 out of 3 meetings

DAVID M. MALONE

President, IDRC, Ottawa, Canada
Former High Commissioner for Canada to India and non-resident Ambassador to the Kingdom of Bhutan and to Nepal; former Assistant Deputy Minister (Global Issues), Department of Foreign Affairs and International Trade
Attended 3 out of 3 meetings

AMINA AZ-ZUBAIR

Abuja, Nigeria
Senior Special Assistant to the President of Nigeria on the Millennium Development Goals
Attended 1 out of 2 meetings (Term expired March 4, 2011)

MARGARET BIGGS

Ottawa, Canada
President, Canadian International Development Agency
Attended 3 out of 3 meetings

CLAUDE-YVES CHARRON

Montréal, Canada
Vice-President, Université du Québec à Montréal
Attended 3 out of 3 meetings

JOCELYN COULON

Montréal, Canada
Director, Réseau de recherche sur les opérations de paix, Centre d'études et de recherches internationales de l'Université de Montréal
Attended 2 out of 2 meetings (Term expired February 8, 2011)

GED DAVIS

Sevenoaks, United Kingdom
Co-President, Global Energy Assessment, International Institute for Applied Systems Analysis
Attended 2 out of 2 meetings (Term expired March 4, 2011)

AHMED GALAL

Cairo, Egypt
Managing Director, Economic Research Forum
Attended 2 out of 3 meetings

FRIEDA GRANOT

Vancouver, Canada
Senior Associate Dean, Strategic Development and External Relations, Sauder School of Business, University of British Columbia
Attended 3 out of 3 meetings

W. ANDY KNIGHT

Edmonton, Canada
Chairman, Department of Political Science, University of Alberta
Attended 2 out of 2 meetings (Term expired March 4, 2011)

PRATAP B. MEHTA

Delhi, India
President, Centre for Policy Research
Attended 3 out of 3 meetings

FAITH MITCHELL

Washington DC, United States
Vice-President for Program and Strategy, Grantmakers in Health
Attended 3 out of 3 meetings

ELIZABETH PARR-JOHNSTON

Chester Basin, Canada
President, Parr Johnston Economic and Policy Consultants
Attended 3 out of 3 meetings

ANDRÉS ROZENTAL

Mexico City, Mexico
President, Mexican Council on Foreign Relations
Attended 2 out of 2 meetings (Term expired March 4, 2011)

FRANCISCO SAGASTI

Lima, Peru
External Advisor to the President of FORO Nacional/Internacional
Attended 2 out of 2 meetings (resigned November 15, 2010)

GORDON SHIRLEY

Kingston, Jamaica
Principal, University of the West Indies, Mona Campus
Attended 3 out of 3 meetings

THE HONOURABLE

MONTE SOLBERG

Calgary, Alberta
Senior Advisor, Fleishman-Hillard Canada
Attended 3 out of 3 meetings

RORY STEWART

Crieff, United Kingdom
Director of the Carr Center for Human Rights Policy, Harvard Kennedy School of Government
Attended 0 out of 1 meeting (Resigned October 21, 2010)

XUE LAN

Beijing, People's Republic of China
Dean, School of Public Policy and Management, Tsinghua University
Attended 1 out of 3 meetings

** This report lists attendance from April 1, 2010 to March 31, 2011.*



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Managing and measuring our performance

Stewardship and accountability

Stewardship and accountability

IDRC's foundations

Mandate

The International Development Research Centre (IDRC) initiates, encourages, supports, and conducts research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical, and other knowledge to the economic and social advancement of those regions. IDRC operates under the *IDRC Act* (1970).

Business model

In carrying out our mandate, we

- provide financial support to researchers and institutions in developing countries for applied research on the problems they identify as crucial to their communities;
- engage with researchers throughout the research process, sometimes as a mentor but increasingly on a peer-to-peer basis;
- act as a research broker to further networking among grantees. IDRC facilitates access to research materials and services, as well as to other researchers and policy-makers, increasing the impact of the research it supports.

Our activities

This was the first year of operation under IDRC's *Strategic Framework 2010–2015*, which establishes three objectives:

- to build new knowledge, including new fields of knowledge;
- to build research capacity, especially in developing countries;
- to enable our grantees to influence policy and practice.

Our research-funding activities are organized under four themes that guide a series of programs:

- Agriculture and environment
- Global health policy
- Science, technology, and innovation
- Social and economic policy

Accountability

IDRC is accountable to Parliament and to Canadians for its use of public resources. Here are a few of the measures in place that help us meet or exceed the standards of accountability and transparency in corporate governance set by Treasury Board:

- IDRC's financial statements are audited annually by the Office of the Auditor General of Canada. Five internal audit projects were also completed in 2010–2011.
- IDRC is subject to both the *Access to Information Act* and the *Privacy Act*. Seven requests were received under the *Access to Information Act* in 2010–2011.
- IDRC publishes travel and hospitality expenses for senior executives on its website, in adherence with federal government policy.
- IDRC held its annual public meeting in October, hosted by Board Chairman, the Hon. Barbara McDougall. Some 75 people attended the event.
- Our comprehensive project database is accessible on our public website.
- All completed evaluations are posted on our website.
- In accordance with legislative requirements, IDRC submitted reports on its application of the *Canadian Multiculturalism Act*, the *Employment Equity Act*, and the *Official Languages Act*.
- IDRC's Senior Officer, designated for the purpose of the *Public Servants Disclosure Protection Act*, submitted his annual report.
- IDRC contributed to the Government's report under the *Official Development Assistance Accountability Act*.

Risk management

Innovation, which is at the heart of almost every activity undertaken by the Centre, is rarely risk-free. At IDRC, risk also arises from operating in environments where research infrastructure is weak, institutions fragile, and political and economic conditions unstable. The nature of the Centre's knowledge-intensive endeavours also places it at risk in the recruitment and retention of an international pool of unique talent to deliver its programs.

The Centre's risk management processes involve identifying, assessing, monitoring, and mitigating the risks to achieving its corporate objectives. This corporate risk profile is reviewed annually while specific risks are thoroughly examined through an ongoing program of audits. IDRC has a formal risk management process, but a key element of its ability to mitigate risk is the knowledge and skills of its staff.

Strategic risks are related to the Centre's reputation, the relevance of its work, accountability for program and financial results, and the provision of reliable information on performance. Strategic risks are managed through the sound governance and accountability structure overseen by the Board of Governors.

Program risks form the core of IDRC's corporate risk profile. They arise from:

- the countries where IDRC works
- the donors, research partners, and recipient institutions we work with
- the research methodologies used
- the potential for results.

In January–February 2011, protests in Cairo tested the Centre's crisis management processes and required the temporary closure of the regional office. The situation was successfully managed, and opportunities for improvement were identified.

In addition:

- Improvements are being implemented to enhance project risk management, performance monitoring, and documentation protocols.
- IDRC also reviewed risks related to research ethics. This led to the establishment of an internal Advisory Committee on Research Ethics.

Operational risks relate to the Centre's operations and its financial, human, and information resources. Risks are managed through a set of systems and internal controls and strategies, including:

- ensuring the adequacy of financial controls
- maintaining an adequate staffing complement
- ensuring a healthy and safe work environment
- providing effective systems to capture, secure, and disseminate information for decision-making.

Managing risk through audits

Internal audit is a key element of IDRC's accountability and risk management framework. In 2010–2011, IDRC conducted audits of:

- three regional offices: West and Central Africa (Dakar), Eastern and Southern Africa (Nairobi), and Middle East and North Africa (Cairo)
- contracting at IDRC to assess the adequacy of the control framework used by the Centre for its procurement activities.

We also conducted a review of the Health Research Capacity Strengthening (Kenya) project and produced a summative report on the audits of all the regional offices for Africa and the Middle East.

At the end of 2010–2011, a new three-year plan of work was being prepared to guide a more strategic round of internal audits for the coming period. This was approved by the Board's Finance and Audit Committee in June 2011.

Capabilities to deliver results

People

IDRC's success depends on its staff. The Centre has a highly qualified, international, multilingual staff. Many possess extensive knowledge of particular geographic areas. This allows them to engage effectively with grant recipients in framing research problems, improving research designs, and selecting and implementing research methods.

Balancing continuity with change

Supporting research is a long-term endeavour. IDRC has the capacity to provide support for the full project or program cycle from conceptualization to dissemination of research results. We balance existing — and often long-standing — research activities with new projects and programs. We maintain the overall ratio between ongoing and new research activities at approximately 2:1.

Regional offices

IDRC's regional offices are a critical component of our ability to achieve our strategic objectives. The regional offices are a significant strategic asset and play a substantial role in our success by:

- providing a local perspective to IDRC's programming
- attracting and nurturing partnerships
- providing a first point of contact for developing-country researchers
- promoting the dissemination of research results.

They also ensure close monitoring of risks associated with IDRC's work and allow us to respond to opportunities in a timely and coherent way. IDRC has six regional offices:

- Nairobi, Kenya
- Dakar, Senegal
- Cairo, Egypt
- New Delhi, India
- Singapore
- Montevideo, Uruguay

Partnerships

IDRC works with a wide variety of organizations — government agencies, granting councils, the private sector, philanthropic foundations, and others. We collaborate to learn from one another's experiences, extend the reach of the ideas we support, and bring innovations to scale. By pooling technical, scientific, and financial resources, we are able to further a shared commitment to research.

Donor partnerships

As of 31 March 2011, IDRC was involved with 16 partners in 34 contribution agreements worth \$281.4 million.

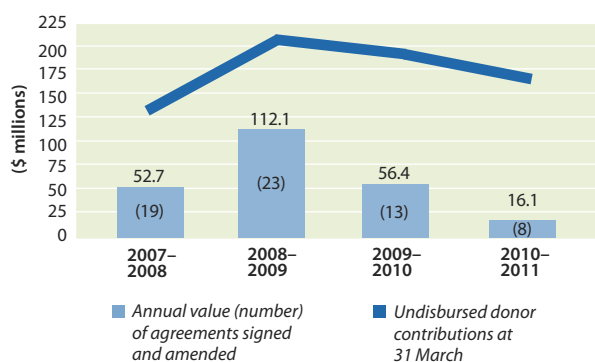
IDRC has agreements with many different kinds of partners: government agencies, bilateral and multilateral organizations, philanthropic foundations, and private organizations. All but 12 agreements are worth more than \$1 million in contractual value. Our largest active agreement (\$50 million) is with CIDA for the Canadian International Food Security Research Fund.

Other large co-funded programs include:

- **The Climate Change Adaptation in Africa** program (program budget of \$51.6 million) funded by IDRC and the UK Department for International Development (DFID). DFID is IDRC's largest non-Canadian co-funder. DFID's contribution amounts to \$45.3 million.
- **The Global Health Research Initiative** (\$49.4 million), a partnership of five Canadian federal agencies and departments: Canadian Institutes of Health Research, CIDA, Health Canada, IDRC, and the Public Health Agency of Canada.
- **The Think Tank Initiative** (\$113 million) with the Bill & Melinda Gates Foundation, the William and Flora Hewlett Foundation, DFID, and the Netherlands' Directorate-General for International Cooperation (DGIS). DFID and DGIS were new partners to this initiative during 2010–2011.

During 2010–2011, IDRC signed six new multi-year partnership agreements with a total value of \$15.7 million. Among the largest were those with DFID and DGIS that expanded the resources for the Think Tank Initiative by \$14.5 million. Supplements were agreed to the Economy and Environment Program for Southeast Asia by the Swedish International Development Cooperation Agency and to the Climate Change Adaptation in Africa program by DFID.

PROFILE OF DONOR AGREEMENTS



The graph above illustrates that the number of new partnership agreements decreased in 2010–2011. However, given the different maturity of active donor agreements, significant funds remain from previously signed agreements (\$165.0 million at the end of 2010–2011). Any new agreements signed will contribute to a steady level of project expenditures, and therefore, revenues going into the future (see Revenue Outlook, page 38).

Engaging with international organizations

In addition to increasing the resources available for development research, IDRC seeks to enhance its engagement with key international organizations interested in research for development. During 2010–2011, we continued to support the Donor Committee for Enterprise Development, a forum for donors to share their experience with private sector development. We are an active member of Enhancing Support for Strengthening the Effectiveness of National Capacity Efforts, a collaborative framework for

donors working to enhance research capacity in Africa. We also work with other funders through the International Forum of Research Donors.

Evaluation

Responsibility for nurturing evaluative thinking, building evaluation capacity among IDRC staff and partners, and carrying out research on evaluation tools and methods resides within IDRC's Evaluation Unit. Evaluation at IDRC is carried out for both accountability and learning.

During 2010–2011, IDRC developed and adopted a new evaluation strategy to inform and support the implementation of the Centre's *Strategic Framework 2010–2015*. IDRC *Evaluation Strategy 2010–2015* is available at www.idrc.ca.

The Evaluation Unit manages, conducts, and supports three types of evaluation:

- strategic evaluations of the consolidated impact of research
- external reviews of IDRC programs
- evaluations of particular projects, themes, results, and organizations.

Strategic evaluations

Strategic evaluations provide evidence of the success or failure of IDRC efforts to achieve program goals. They also inform our staff, management, and partners of issues of concern to the organization as a whole, identify potential improvements in our structure and/or operations, and strengthen our evaluative culture. We did not complete a strategic evaluation in 2010–2011 as we focused on external reviews.

External reviews

Every IDRC program is reviewed approximately every five years. Conducted by a team of independent experts, these reviews document the program's strategy and evolution, key research findings, major program outcomes, and the main lessons drawn from the program's experiences. We use the reviews to develop new programs and strategies.

During 2010–2011, six external reviews were completed for the Research for Health Equity; Innovation, Technology, and Society; and Information and Communication Technologies for Development programs.

All external reviews were of acceptable quality and are available at www.idrc.ca.

Program and project evaluations

In 2010–2011, 183 project completion reports were completed. These reports on projects are prepared according to a rolling process under which achievements and learning are captured during and at the end of the research. During 2011–2012, IDRC will evaluate how this rolling process affects the reports and their overall quality.

These reports also form the basis of an Annual Learning Forum for all staff. The 2010–2011 reports informed a Centre-wide forum on effective communication of research, held in April 2011.

Human resources

IDRC launched its *Human Resources Plan 2010–2013* this past year. The new plan establishes three key objectives:

- finding and growing talent globally
- providing a stimulating workplace
- enhancing the Centre's capacity to manage human resources.

To meet these objectives, we will harness staff strengths; facilitate meaningful communication; modernize human resource (HR) operations and processes; and enhance wellness initiatives.

Harness staff strengths

The HR Plan acknowledges the diversity of staff characteristics and needs and establishes consistent programs, policies, and benefits in support of shared values at head office and each regional office.

Outcome mapping: A decade later

Outcome mapping celebrated its 10th anniversary in 2010–2011. Developed at IDRC, this method for planning and evaluating development projects focuses on changes in behaviour rather than on products. This methodology is now integrated into standard practice because of its ability to support learning and its agility in complex situations. By 31 March 2011, the online outcome mapping learning community had grown to more than 2,500 members. Funded by IDRC, this community is coordinated by the UK's Overseas Development Institute.

Outcome Mapping: Building Learning and Reflection into Development Programs is now available in six languages and is online at www.idrc.ca/books.

In 2010–2011, one-third of vacant positions were filled with internal candidates. This has provided a suitable balance between continuity and renewal.

Training and development help to build staff skills. In 2010–2011

- 101 employees undertook language training
- 25 employees attended workshops on career planning
- orientation training was provided to 50 new head office employees.

Recruitment and retention

On 31 March 2011, there were 487 persons (Ottawa-hired and locally engaged staff) employed at IDRC: 64% were located at head office in Ottawa and 36% were in regional offices.

Close to 45% of our workforce has been at IDRC for less than five years. Recruiting individuals with the skills we require has always been a priority. In 2010–2011 we adopted a more systematic, targeted outreach to universities and international networks to raise awareness of IDRC and employment opportunities. This effort supplements traditional recruiting approaches. During the year, we

received 9,362 applications from all parts of Canada and from abroad for 50 advertised positions. Staff turnover rate was 13%, slightly lower than in comparable organizations.

We strive to create a workplace representative of Canadian labour market availability. Women and visible minorities are well represented at IDRC. However, despite special initiatives over the past three fiscal years, Aboriginals and persons with disabilities remain under-represented at head office.

Facilitating communication

IDRC's culture of collaboration requires frequent formal and informal discussions. During 2010–2011, we

- carried out an ongoing dialogue between employees and managers on new staffing and performance management policies and guidelines
- held a second round of 360-degree feedback exercises
- carried out succession management discussions in Ottawa and the regional offices
- consulted regularly with members of the staff associations
- held quarterly meetings of the Advisory Committee on Regional Offices and Human Resources Management Committee.

During 2011–2012 a Quick Pulse Survey of all staff will be carried out to seek employee feedback on topics such as the work environment, training and development opportunities, leadership, and communications.

Modernizing HR operations and processes

During 2010–2011, we launched 18 new or revised HR policies and guidelines, including a HR Delegation Policy and Authority Matrix. The objective was to make HR management principles better known and understood by all. Upgrades to the payroll system this year will make the implementation of self-service applications possible during 2011–2012.

Enhancing wellness

IDRC strives to create a healthy work environment. In addition to providing travel health services, we organize various health-promotion activities for employees at head office and in the regions. This year, we organized nine different types of workshops, ranging from sessions on navigating life transitions, smoking cessation, to understanding mental health.

The Centre also engaged a new Employee Assistance Program provider to better meet staff needs.

Communications

IDRC's *Strategic Framework 2010–2015* includes a stronger emphasis on communicating the results of research to our stakeholders, and training staff and grantees to better communicate. The Communications Division works to ensure continued and increased support for development research, to raise awareness and knowledge of IDRC, and to build the communication capacity of staff and grantees.

Create awareness and build support for IDRC and development research

IDRC's 40th anniversary provided an exceptional opportunity to raise awareness and demonstrate the continued relevance and value of our work. Throughout 2010–2011 we hosted events and undertook activities in Canada and abroad through our regional offices. These included

- a monthly series of websites highlighting the lasting impacts of research we have supported, such as higher incomes, greater food security, better health.
- 16 lectures in our *Speakers of Renown* series on pressing development issues: more than 2,200 people attended and 17,000 others have watched the webcasts or archived videos on IDRC's YouTube channel.
- 17 events showcased the impact of research for development on nine Canadian university and college campuses during International Development Week in February 2011.

Expanding international awareness of IDRC and development research

Media coverage of IDRC continues to increase steadily. IDRC-funded projects, staff, and grantees appeared in 4,381 news reports reaching an estimated 430 million people. IDRC media coverage continues to be heavily Web-based, with 85% of the reports appearing in online media. The coverage was overwhelmingly positive.

Social media is gaining in importance at IDRC. Launched in early 2010, our Facebook page now counts 2,000 friends while our Twitter followers now number more than 1,800. IDRC launched its first blog, *Development Research Works*, in March 2011, authored by Rohinton Medhora, Vice-President, Programs, to explore issues and practices in international development.

Sharing research results

In January 2011 the first volume in the *Insight and Innovation in International Development* flagship collection was published. *Universities in Transition*, explores the changing role and challenges for academic institutions. This collection is a collaboration with Springer Science+Business Media, LLC. We plan to release four more titles in 2011–2012.

During the past year we published 27 books presenting the results of IDRC-supported research through co-publishing agreements with 20 commercial and academic publishers in Canada, Europe, and developing countries. All IDRC books are fully open access and are available free of charge on the IDRC website.

During 2010–2011, we added some 2,554 research documents to our digital library, which provides the international research community with access to a comprehensive collection of research results and documents generated by IDRC-funded projects, recipients, and staff. This is also an important part of our accountability to Canadian taxpayers. More than 45,000 documents are now available through our website.

Information management and technology

During 2010–2011, the Information Technology Management and the Research Information Management divisions merged to form the Information Management Technology Division (IMTD). IMTD combines the strengths of both former divisions and creates a clear service orientation.

The work of the new division is guided by a three-year strategic plan. A central goal of this plan is to establish a single interface to the Centre's information. This will

- improve the ability of staff to collaborate and preserve knowledge
- increase the effectiveness of information-sharing using the Internet
- allow us to explore, deploy, and support useful new technologies economically and quickly.

Maturing IDRC's information infrastructure

During 2010–2011, IMTD's strategic activities focused on:

- Meeting the Centre's changing information management needs. This Basic Content Initiative, as it is called, is a three-year enterprise:
 - During 2010–2011 the public website was revitalized and workspaces for internal collaboration were introduced.
 - In 2011–2012, the capability for extranet collaboration with partners will be built and a more robust search engine implemented.
 - In 2012–2013, we will focus on developing a more effective system for archiving and recall of information.
- Creating a funding and awards portal. This Web-based tool will allow IDRC programs to post their competitive grant processes, and potential recipients to apply online. The tool will help IDRC staff to access and evaluate those applications. The system was launched as a working beta site in March 2011.

Information security

During 2010–2011, Web-content filtering technology was implemented to protect staff and the Centre from illegal content and malicious software. Web-content filtering complies with the Centre's policies and Canadian federal privacy legislation. The average number of threats — including viruses, Trojans, and other malware — detected and blocked each week exceeds 2,200.

As part of the ongoing process to protect IDRC's incoming email from spam and malware, we replaced our existing anti-spam solution, which was housed at all IDRC offices, with one operating on the Internet "cloud." This provided IDRC with a more cost-effective solution while being more scalable and responsive to new threats. This year, we recorded a daily average of 35,000 spam and malicious emails, accounting for 85% of email received.

Senior Management Committee (as at 31 March 2011)

DAVID M. MALONE
President (Chair)

ABOUDOU KARIM ADJIBADE
Regional Director, Middle East
and North Africa

FEDERICO BURONE
Regional Director, Latin America
and the Caribbean

SIMON CARTER
Regional Director, Eastern and
Southern Africa

MICHAEL CLARKE
Director, Research for Health Equity;
Director, Information and
Communication Technologies
for Development

NIKKI DIGNARD
Director, Finance
and Administration

SYLVAIN DUFOUR
Vice-President, Resources and Chief
Financial Officer

NASER FARUQUI
Director, Innovation, Policy,
and Science

JEAN LEBEL
Director, Agriculture
and Environment

STEPHEN MCGURK
Regional Director, South Asia
and China

ROHINTON MEDHORA
Vice-President, Programs
and Partnerships

LAUCLAN T. MUNRO
Vice-President, Corporate Strategy
and Regional Management

ANNETTE NICHOLSON
Secretary and General Counsel

LINE NOREAU
Director, Human Resources

ANGELA PROKOPIAK
Director, Communications
and Parliamentary Affairs

GERD SCHÖNWÄLDER
Director, Policy and Planning Group

ROSALIA SCIORTINO
Regional Director, Southeast
and East Asia

SUE SZABO
Director, Social and Economic Policy

KATHRYN TOURÉ
Regional Director, West
and Central Africa

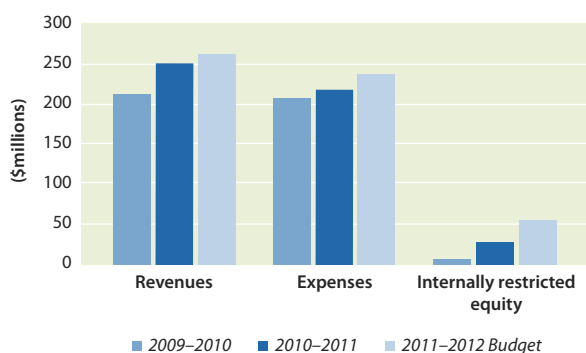
Management's discussion and analysis

Summary of results

- Revenue increased by 16.0% to \$248.8 million from \$214.5 million in 2009–2010 as a result of increased funding from Parliament and donors. Details are on page 35.
- Expenses increased by 3.9% to \$219.1 million from \$210.9 million in 2009–2010, due primarily to greater donor partnership spending. Details are on page 40.
- Development Innovation Fund (DIF) spending increased to \$9.4 million from \$1.7 million in 2009–2010. However, it still lagged behind the related revenues, resulting in a \$15.8 million unspent balance as at 31 March 2011.
- As at 31 March 2011, equity had increased by 176.9% to reach \$46.6 million compared to \$16.8 million at 31 March 2010. The equity balance includes \$15.8 million related to the DIF and \$8.4 million for the African Adaptation Research Centres (AARC). In total, equity was \$0.6 million lower than budgeted. Details are on page 48.
- Outstanding commitments funded by Parliamentary appropriations, excluding the DIF, increased by 1.4% while those funded by donor contributions increased by 48.7% over the course of the year. Details are on page 46.

Note: All monetary amounts are in Canadian dollars unless otherwise stated.

FIGURE 1: FINANCIAL HIGHLIGHTS



The internally restricted equity is to be used specifically for the DIF and the AARC.

Revenues

The Centre derives its funding from five sources: Parliamentary appropriations, donor contributions, recovery of administrative costs, investment income, and other income. Of these, Parliamentary appropriations are

the most significant. Parliamentary appropriations are included with revenues for discussion purposes, although they do not appear as revenues on the Statement of Operations.

TABLE 1: REVENUES

(\$000)	2011–2012	2010–2011			2009–2010	% change actual ^a
	Budget	Revised budget	Actual	Variance	Actual	
Total revenues	261 990	251 124	248 838	(2 286)	214 461	16.0%
Parliamentary appropriations (Table 2)	211 327	196 182	195 616	(566)	174 041	12.4%
Donor contributions						
Funding for development research programming	45 259	48 490	46 299	(2 191)	35 109	31.9%
Recovery of administrative costs	4 390	4 925	4 623	(302)	3 842	20.3%
Investment income	600	311	627	316	288	117.7%
Other income	414	1 216	1 673	457	1 181	41.7%

^a % change actual in 2010–2011 over 2009–2010.

Parliamentary appropriation revenue

The Centre receives different types of Parliamentary appropriations including a share of Canada's Official Development Assistance (ODA) envelope and federal government funding from other sources. Parliamentary appropriations increased by 12.4% to \$195.6 million compared to \$174.0 million in 2009–2010, \$0.6 million lower than budgeted. The decline is the result of accounting adjustments related to property and equipment purchased and amortized, not to reduced votes in Parliament. The Centre will be changing the way it accounts for property and equipment and intangibles in 2011–2012 (see Balance Sheet Outlook, page 49).

The federal budget tabled in February 2008 created the *Development Innovation Fund* (DIF) to be “implemented by strategic partners in the research community working with the International Development Research Centre.” The government selected health as the DIF's initial research theme. The DIF is being driven by a consortium led by the Centre. The Parliamentary appropriation for the DIF was \$20.0 million in 2010–2011.

Parliamentary appropriations also included transfers from other federal agencies that are not part of the long-term recurring funding base, but a result of the Centre's collaborations with other federal agencies.

TABLE 2: APPROVED PARLIAMENTARY APPROPRIATIONS

(\$000)	2011–2012 Budget	2010–2011 Actual	2009–2010 Actual	% change actual ^a
Appropriation before transfers	208 057	195 574	168 171	16.3%
Appropriation transfers from				
Canadian International Development Agency	—	—	2 000	-100.0%
Canadian Institutes of Health Research	676	172	3 579	-95.2%
Public Health Agency of Canada	176	172	246	-30.1%
Natural Sciences Engineering Research Council of Canada	500	—	—	—
Social Sciences and Humanities Research Council of Canada	350	—	—	—
	1 702	344	5 825	-94.1%
Total approved appropriations	209 759	195 918	173 996	12.6%
Deferrals and amortizations (Note 12)	1 568	(302)	45	—
Total appropriations recognized (Table 1)	211 327	195 616	174 041	12.4%

^a % change actual in 2010–2011 over 2009–2010.

Donor contribution revenues

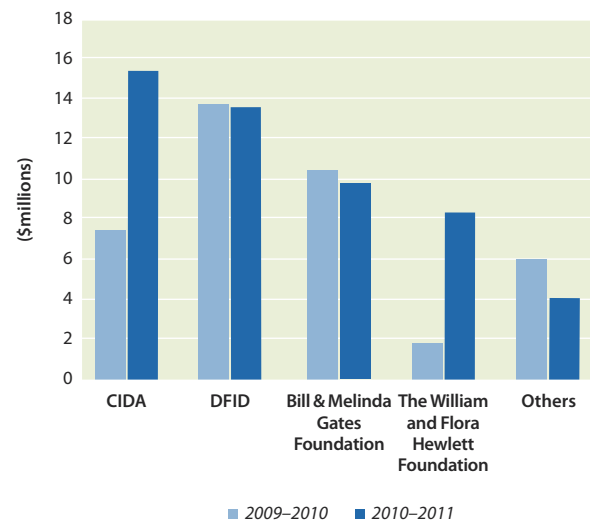
Revenues from **donor contributions** relate to funding for entire development research programs and to funding for specific research projects within existing development research programs the Centre conducts or manages on behalf of other organizations. Funds received in advance are not recognized as revenue until the related expenses are incurred. Consequently, the impact of variances in donor contributions on the Centre's net results and

year-end equity is limited to the amount of administrative costs recovered (or not) from donors. Despite ending the year at \$2.2 million lower than budgeted, donor contribution revenues, excluding administrative costs recovery, increased by 31.9% to \$46.3 million compared to \$35.1 million in 2009–2010. The budget variance is due to delayed spending on a few large agreements.

The volatility in sources and levels of donor funding can be seen in Figure 2. For example, in 2010–2011, total funding from the Canadian International Development Agency (CIDA) increased to \$15.2 million, representing 29.9% of total donor funding, compared to \$7.2 million and 18.5% of funding in 2009–2010.

The **recovery of administrative costs** represents reimbursement for costs incurred to administer projects and to support project staff, but does not include core operating costs covered by Parliamentary appropriations. The rate of cost recovery is calculated according to generally accepted management accounting principles and is reviewed annually. Since the recovery of administrative costs from donor contribution agreements is directly proportional to donor contribution revenues recognized, the total variance is proportional to the variance in the revenues recognized from donor contributions. Revenue in 2010–2011 was under budget by \$0.3 million.

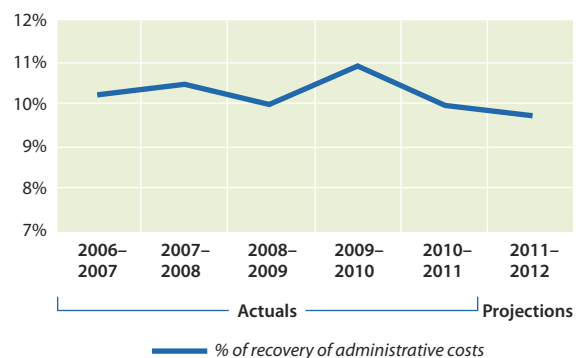
FIGURE 2: REVENUES FROM DONOR CONTRIBUTIONS^a



^a Expended on development research programming and administrative cost recovery.

CIDA: Canadian International Development Agency
DFID: Department for International Development (UK)

FIGURE 3: RECOVERY OF ADMINISTRATIVE COSTS COMPARED TO DONOR CONTRIBUTION REVENUES



The recovery of administrative costs on donor contribution agreements decreased to 10.0% of direct project costs (recognized as donor contribution revenues) in 2010–2011 from 10.9% in 2009–2010. The variance reflects the implementation of a large agreement with an 8.0% contracted administrative cost-recovery rate, substantially lower than the Centre's 12.0% standard administrative cost-recovery rate. The lower rate of cost recovery corresponds to lower projected administrative costs related to this agreement. The Centre has conservatively budgeted an average cost-recovery rate of 9.7% for 2011–2012, which takes into consideration the variances in rates on the many agreements that will be active during the year.

Investment income

In line with the Centre's asset management policy, excess working capital is invested in high-quality money market instruments that returned investment income of \$0.6 million in 2010–2011. For the first half of 2010–2011 there was limited availability of short-term instruments offering yields higher than those earned on the Centre's bank account balances. It was not until mid-year that money market investment rates rose above those offered by the Centre's bank on cash deposits. From that point forward, many short-term investments were made and cash balances dropped steadily over the balance of the year. The average return on the bank account and investments was 0.90% compared to the average Treasury Bill yield of 0.75% for 2010–2011.

Other income

Other income includes revenues associated with conference and catering facilities and other miscellaneous items such as the sale of publications and office space subleasing. Income from these sources amounted to \$1.7 million in 2010–2011, slightly higher than the \$1.2 million earned in 2009–2010.

Revenue outlook

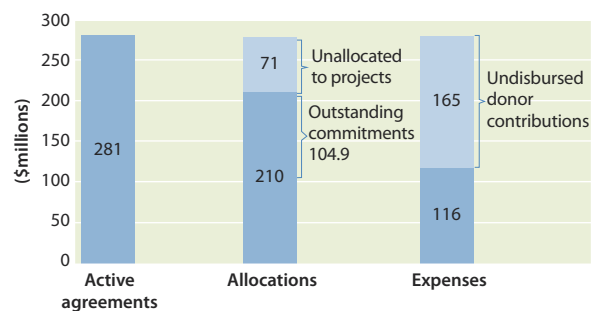
The 2010–2011 federal budget capped the Centre's share of the International Assistance Envelope at the 2010–2011 levels. Despite this cap, the 2011–2012 revenue budget will increase by \$13.2 million from \$248.8 million in 2010–2011 to reach an all-time high for the Centre of \$262.0 million (see Table 1, page 35). The variance reflects an increase in revenue of \$25.0 million for the DIF, partially offset by the non-recurrence of a one-time amount of \$10.0 million received in 2010–2011 for the African Adaptation Research Centres (AARC). The Centre will continue to receive Parliamentary appropriation transfers from other federal departments as indicated in Table 2 (see page 36).

Over the past several years, the Centre has entered into large financial agreements with donors for funding programs in their entirety rather than smaller single projects. The implementation of these programs will continue. During 2011–2012, management anticipates that \$41.3 million — 91.2% of \$45.3 million in donor contribution funding available for the year — will be

recognized against existing donor agreements. The remaining \$4.0 million is expected to be recognized against new agreements to be finalized during 2011–2012.

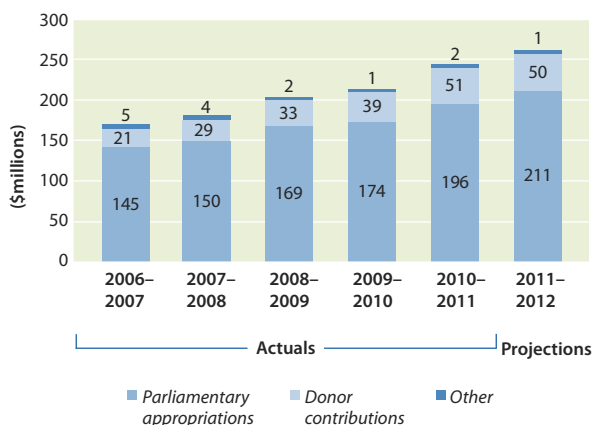
Figure 4 shows the total value of signed donor contribution agreements (\$281 million), the amount remaining to be allocated to projects from these agreements (\$71 million), and the amount of undisbursed donor contributions (\$165 million) as at 31 March 2011. Of the \$281 million in active agreements, \$116 million had been expensed by 31 March 2011, leaving \$165 million in undisbursed donor contributions for the remaining life of the agreements. Management expects to realize \$49.6 million (30% of the undisbursed donor contributions) during 2011–2012.

FIGURE 4: DONOR FUNDING AS AT 31 MARCH 2011



The Centre's Parliamentary appropriations represented approximately 78.6% of total revenues in 2010–2011. This will increase to 81.0% in 2011–2012, mostly due to planned revenue increases for the DIF (see Figure 5).

FIGURE 5: RELATIVE SHARES OF INCOME (ACTUAL AND PROJECTED) 2006–2007 TO 2011–2012



Expenses

The Centre tracks its expenses under two main headings: corporate and administrative services; and development research programming, which is tracked by two business lines — research projects and capacity building.

TABLE 3: EXPENSES

(\$000)	2011–2012	2010–2011			2009–2010	% change actual ^a
	Budget	Revised budget	Actual	Variance	Actual	
Total expenses	241 754	220 793	219 099	(1 694)	210 947	3.9%
Development research programming						
Research projects						
Funded by Parliamentary appropriations	123 608	100 046	104 641	4 595	108 430	-3.5%
Funded by donor contributions	39 766	41 443	39 861	(1 582)	27 839	43.2%
	163 374	141 489	144 502	3 013	136 269	6.0%
Capacity building						
Funded by Parliamentary appropriations	47 814	47 022	44 111	(2 911)	43 597	1.2%
Funded by donor contributions	5 493	7 047	6 438	(609)	7 270	-11.4%
	53 307	54 069	50 549	(3 520)	50 867	-0.6%
	216 681	195 558	195 051	(507)	187 136	4.2%
Corporate and administrative services	25 073	25 235	24 048	(1 187)	23 811	1.0%

^a % change actual in 2010–2011 over 2009–2010.

Development research programming expenses

Development research programming expenses increased by 4.2% in 2010–2011 to \$195.1 million from \$187.1 million in 2009–2010. The net increase was the result of an \$11.2 million increase in expenses funded by donor contributions and a \$3.3 million decrease in expenses funded by Parliamentary appropriations. The development research programming envelope consists of expenses for capacity-building activities and research projects. Research projects include grants to recipients for

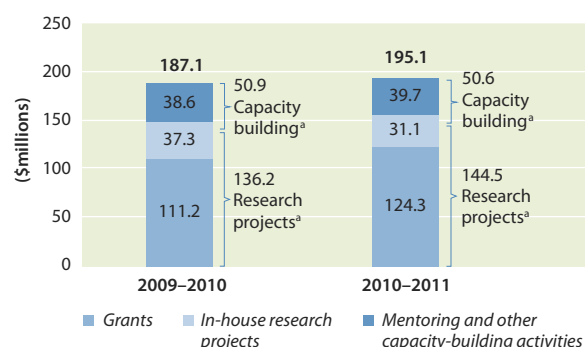
technical and scientific research projects as well as the Centre-administered (in-house) portion of research projects, which is expended by the Centre when there are no recipients to whom the work can be devolved. Capacity building is carried out through two main modalities related to the Centre's grants-plus business model: in-house projects and mentoring activities provided by the Centre.

As noted above, Centre-administered (in-house) project expenses are found in both the subcategories of research

projects and capacity building. When dividing the total development research programming expenses by modality, we gain a different perspective on the make up of these expenses. In 2010–2011, close to \$124.3 million of the development research programming expenses were spent on grant payments to recipients, compared to \$111.2 million in 2009–2010 (see Figure 6). In-house projects represented \$31.1 million of the development research programming expenses in 2010–2011, down from \$37.3 million in 2009–2010. The Centre’s mentoring costs remained relatively stable in 2010–2011 at \$39.7 million of development research programming expenses compared to \$38.6 million in 2009–2010.

As previously noted, **research project** expenses reflect the direct costs, mainly in the form of grants and scientific and technical research project funding, administered by the Centre as part of its ongoing programs. This category of expenses also includes individual training grants, scholarships, fellowships, internships, and individual research and research-related grants that support the work and activities undertaken by individuals.

FIGURE 6: DEVELOPMENT RESEARCH PROGRAMMING EXPENSES



^a See Table 3

In 2010–2011, the share of research project expenses funded by Parliamentary appropriations decreased by 3.5% to \$104.6 million compared to \$108.4 million in 2009–2010: they were nonetheless \$4.6 million more than budgeted. The variance is primarily due to higher expenses for the DIF. The decline in expenditures levels was not as pronounced as anticipated in the revised budget.

TABLE 4: RESEARCH PROJECT EXPENSES BY PROGRAM FOR THE YEAR ENDED 31 MARCH 2011 (\$'000)

Program area	2010–2011			2009–2010
	Funded by Parliamentary appropriations	Funded by donor contributions	Total	Total
Agriculture and Environment	24 081	12 368	36 449	36 787
Information and Communication Technologies for Development	20 300	2 550	22 850	26 944
Innovation, Policy, and Science	7 788	—	7 788	7 960
Social and Economic Policy	20 795	15 115	35 910	28 410
Research for Health Equity	17 912	8 455	26 367	18 182
Special Initiatives Division	8 622	1 080	9 702	10 562
Program Support and Complement	1 639	—	1 639	2 878
Corporate Strategy and Regional Management Branch	3 504	293	3 797	4 546
Total	104 641	39 861	144 502	136 269

FIGURE 7: DEVELOPMENT RESEARCH PROGRAMMING EXPENSES — CENTRE AND DONOR FUNDING

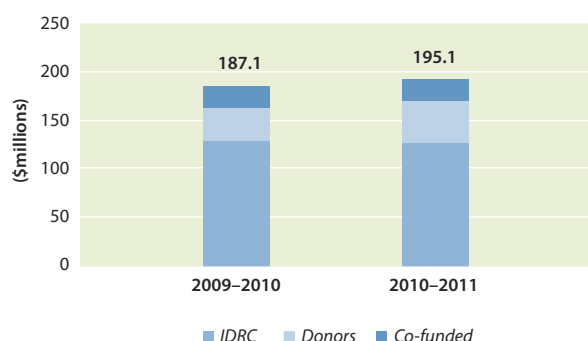
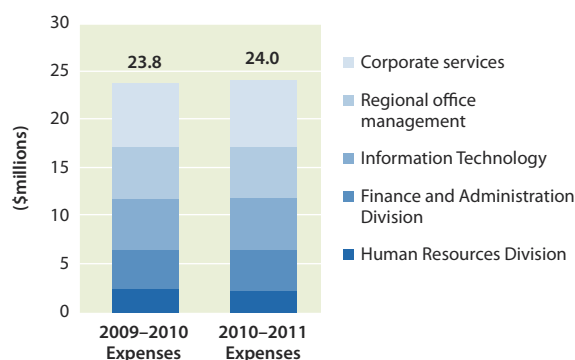


FIGURE 8: CORPORATE AND ADMINISTRATIVE SERVICES EXPENSES



As shown in Figure 7, the proportion of the Centre's development research programming expenses used as matching funds (or co-funding) to donor contribution funding decreased to 11.4% in 2010-2011 from 13.2% in 2009-2010. As the level of donor contribution activity increased (to 23.7% in 2010-2011 from 18.8% in 2009-2010), the level of development research programming expenses related to projects funded solely by the Centre declined to 64.8% of the total in 2010-2011 compared to 68.0% in 2009-2010.

The **capacity-building** portion of the development research programming expenses represents the Centre's advisory and knowledge-brokerage functions. During 2010-2011, expansion in capacity-building activities not related to donor contributions was constrained to little more than inflationary growth as management restricted increases to expenses. Management also reviewed the impact of not filling positions vacated by departing employees to further reduce costs and manage the anticipated impact of future inflation. Capacity-building expenses decreased 0.6% to \$50.6 million in 2010-2011 from \$50.9 million in 2009-2010, \$3.5 million lower than budgeted. These savings are primarily due to under-spending on travel, salaries, and benefits, and expenses funded by Parliamentary appropriations.

Corporate and administrative services expenses

Corporate and administrative services provide a variety of policy, executive, administrative, and service functions such as legal, information technology, human resource management, financial management, facilities management, and material management and procurement services. These services support the Centre's overall operations and corporate responsibilities. All corporate and administrative services expenses except salaries and rent were constrained in 2010-2011. As a result, despite modest salary and rent increases, expenses increased by only 1.0% to \$24.0 million from \$23.8 million in 2009-2010. These expenses were \$1.2 million less than budgeted, primarily due to underspending on professional services and amortization. As shown in Figure 8, the

spending by function in 2010–2011 remained relatively stable year over year.

As shown in Figure 9, corporate and administrative costs declined from 14.4% in 2006–2007 to a projected 10.4% in 2011–2012. The Centre continues to strive to balance program spending and administrative costs.

Expenses outlook

Expenses will reach \$241.8 million during 2011–2012.

Development research programming expenses are expected to increase by 11.1% to \$216.7 million in 2011–2012 compared to actual expenses of \$195.1 million in 2010–2011. The increase reflects planned expenses on the DIF as well as large donor-funded programs such as the Canadian International Food Security Research Fund.

Corporate and administrative services budgets are budgeted to remain relatively consistent at \$25.1 million.

Management's decision to restrict expenses related to corporate and administrative services, as well as the portion of capacity building not related to donor contributions, will help to address the freezing of the Centre's appropriation for the foreseeable future and position the Centre for the government's strategic and operating review expected in 2011–2012.

It is noteworthy that expenses for outstanding commitments funded by Parliamentary appropriations will reach an all-time high of \$96.2 million in 2011–2012 (see "old" projects in Figure 10). This amount represents nearly 78% of the funding available for projects during the year. The increase in expenditures from previous years continues to be reflected in ongoing projects, but the freezing of the regular Parliamentary appropriation (excluding the DIF) leaves substantially fewer resources to fund new projects. The funding available for new projects will drop from \$32.8 million in 2010–2011 to \$27.4 million in 2011–2012. Management expects funding available for new projects to remain steady at about \$27 million after 2011–2012.

FIGURE 9: ADMINISTRATIVE COSTS

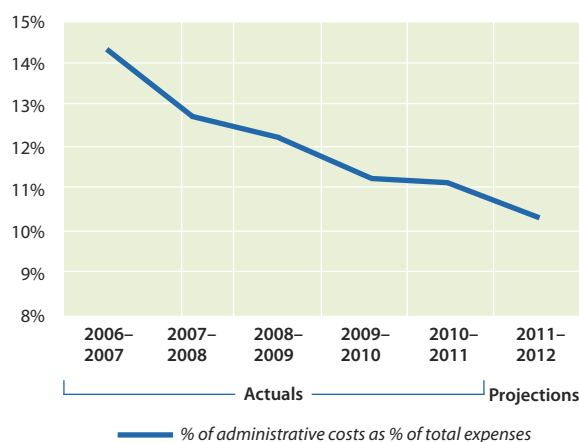
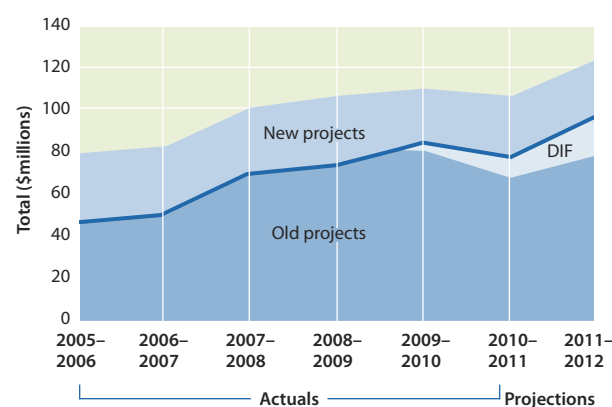


FIGURE 10: PARLIAMENTARY APPROPRIATION-FUNDED PROGRAM EXPENSES



We expect DIF-related expenditures to grow incrementally over the next 24 months, reflective of the pace at which projects are moving forward. That trend will have a favourable impact on the relative share of administrative services costs (Figure 9).

Other key financial indicators

TABLE 5: PROGRAM ALLOCATIONS

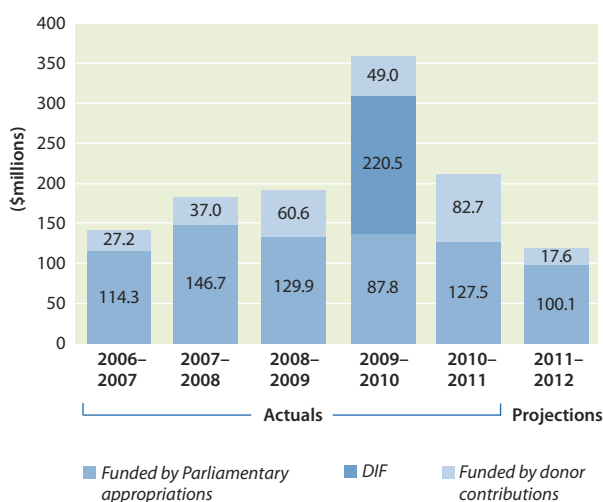
(\$000)	2011–2012	2010–2011			2009–2010	% change actual ^a
	Budget	Revised budget	Actual	Variance	Actual	
Total program allocations	117 650	214 935	210 163	(4 772)	357 340	-41.2%
Development research programming						
Funded by Parliamentary appropriations						
Recurring funding	100 000	128 647	127 420	(1 227)	305 862	-58.3%
Specific projects and programs funding	50	500	74	(426)	2 432	-97.0%
Funded by donor contributions	17 600	85 788	82 669	(3 119)	49 046	68.6%

^a % change actual in 2010–2011 over 2009–2010.

Program allocations funded by Parliamentary appropriations

Program allocations represent the funds approved for new research projects, which can last up to five years. Disbursement is progressive over the project's life. The recurring program allocations funded by Parliamentary appropriations decreased to \$127.4 million in 2010–2011 from \$305.9 million in 2009–2010. This included the required matching funds for projects and programs co-financed with donors, which declined to \$20.7 million from \$29.4 million in 2009–2010. The significant decrease reflects the one-time DIF allocation of \$220.5 million in 2009–2010. Excluding the DIF, 2010–2011 regular program allocations increased 49.2% to \$127.4 million from \$85.4 million in 2009–2010, primarily due to two large projects being fully allocated during the year and for which the Centre received additional revenue.

FIGURE 11: PROGRAM ALLOCATIONS
(ACTUAL AND PROJECTED) 2006–2007 TO 2011–2012



Program allocations funded by donor contributions

The program allocations funded by donor contributions increased by 68.6% to \$82.7 million in 2010–2011 (\$3.1 million below budget) compared to \$49.0 million in 2009–2010. The significant increase in 2010–2011 is due to the rollout of Think Tank Initiative activities in Latin America and South Asia, and the approval of many research projects covered by the Canadian International Food Security Research Fund.

Most (around 82.0%) of the \$210.2 million program allocations made in 2010–2011 were committed during the 2010–2011 fiscal year. Expenditures began for projects committed in 2010–2011 and will continue over the lifespan of the individual projects. During 2010–2011, program allocations increased from an original budget of \$90.5 million to \$127.4 million as a result of one-time increases to the Centre’s Parliamentary appropriations. To accommodate the cap in the Centre’s recurring Parliamentary appropriation at 2010–2011 levels (see Revenue Outlook, page 38), management has determined that the 2011–2012 program allocations funded by Parliamentary appropriations will be \$100.1 million, which is \$27.4 million lower than in 2010–2011 (see Figure 11). When co-funding pledges to projects are considered, the amount of funds remaining for programming not linked to donor contributions stands at \$91.1 million or 77% of total program allocations of \$117.7 million (see Figure 12).

FIGURE 12: EXPECTED FUNDING SOURCE OF PROGRAM ALLOCATIONS

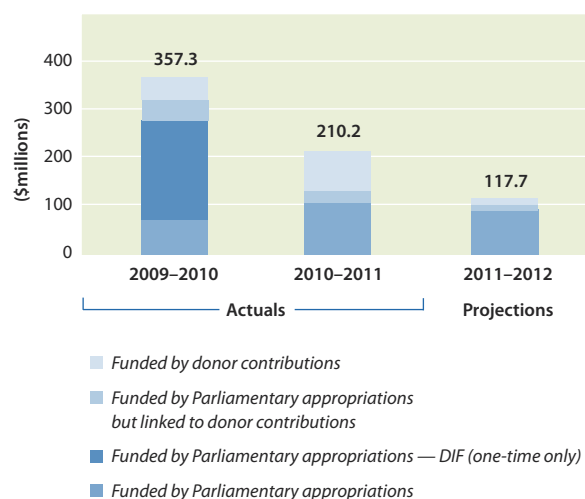


TABLE 6: OUTSTANDING COMMITMENTS ON DEVELOPMENT RESEARCH PROGRAMMING

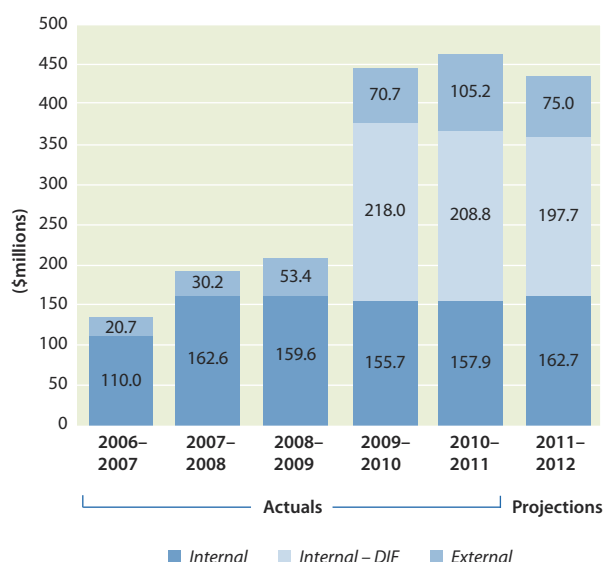
(\$000)	2010–2011	2009–2010	% change actual ^a
	Actual	Actual	
Total outstanding commitments	471 851	444 415	6.2 %
Funded by Parliamentary appropriations – DIF ^b	208 795	217 975	-4.2 %
Funded by Parliamentary appropriations	157 887	155 725	1.4 %
Funded by donor contributions	105 169	70 715	48.7 %

^a % change actual in 2010–2011 over 2009–2010.
^b This segregation is made solely by management to facilitate the interpretation of the figures below.

As at 31 March 2011, the Centre is committed to payments of up to \$471.9 million on development research programming activities over the next five years. This commitment is subject to funds being provided by Parliament (\$366.7 million) and by donor partners (\$105.2 million) and, with few exceptions, to recipients' compliance with the terms and conditions of their grant agreements. The increase in outstanding commitments funded by donor contributions reflects the approval of a large project during the year. The DIF-related outstanding commitment is valued at \$208.8 million. Excluding this amount, the outstanding commitment funded by Parliamentary appropriations remains relatively stable at a 1.4% increase to \$157.9 million from \$155.7 million in 2009–2010.

Of the \$366.7 million in outstanding commitments funded by Parliamentary appropriations, \$36.6 million is linked to projects co-financed by donor contribution agreements, which are included in the \$157.9 million in Table 6.

FIGURE 13: OUTSTANDING COMMITMENTS ON DEVELOPMENT RESEARCH PROGRAMMING



Balance sheet discussion

TABLE 7: ASSETS AND LIABILITIES

(\$000)	2010–2011	2009–2010	% change actual ^a
	Actual	Actual	
Total assets	108 774	92 818	17.2%
Current	96 840	80 467	20.3%
Long-term	11 934	12 351	-3.4%
Total liabilities	62 170	75 989	-18.2%
Current	39 730	50 483	-21.3%
Long-term	22 440	25 506	-12.0%

^a % change actual in 2010–2011 over 2009–2010.

Total assets increased by 17.2% to \$108.8 million from \$92.8 million in 2009–2010. Current assets are comprised of cash, investments, accounts receivable, and prepaid expenses: long-term assets include property and equipment that initially cost \$5,000 or more. The increase in current assets is largely due to funds received and invested for the DIF and the AARC, as well as lower accounts receivable from donor contributions (see Note 5 of the Notes to the Financial Statements, page 63). The decrease in **long-term assets** is due to a net increase of amortization and disposals over purchases, offset by the capitalization of assets such as software applications and leasehold improvements.

Total liabilities decreased by 18.2% to \$62.2 million from \$76.0 million. The current liabilities include accounts payable, accrued liabilities, and deferred revenue. The long-term liabilities include the long-term portion of deferred revenue and employee future benefits. The decrease in liabilities, both current and long-term, is due largely to a decline in deferred revenues, related to the unspent portion of funds received from donor contributions (see Note 9 from the Notes to the Financial Statements, page 64).

TABLE 8: EQUITY

(\$000)	2011–2012	2010–2011			2009–2010	% change actual ^a
	Budget	Revised budget	Actual	Variance	Actual	
Total equity	78 525	47 181	46 604	(577)	16 829	176.9%
Retained earnings						
Unrestricted	8 899	6 919	10 815	3 896	4 038	167.8%
Internally restricted	51 783	28 659	24 249	(4 410)	5 225	364.1%
Reserved	17 843	11 633	11 534	(99)	7 596	51.8%
Accumulated other comprehensive income	—	(30)	6	36	(30)	-120.0%

^a % change actual in 2010–2011 over 2009–2010.

The Centre's equity is segregated between unrestricted, internally restricted, reserved, and other comprehensive income. Internally restricted and reserved equity levels are established in accordance with the Centre's Equity Policy.

The **unrestricted** retained earnings represent the balance not set aside to cover either the financial planning reserve or internally restricted retained earnings. Unrestricted retained earnings increased by 167.8% to \$10.8 million from \$4.0 million in 2009–2010. This is due primarily to savings in capacity building and corporate and administrative services, as well as incremental Parliamentary appropriations year-over-year.

The Centre has **internally restricted** a portion of the retained earnings (\$24.2 million), which is the unspent portion of the funds to be used for the DIF (\$15.8 million) and the AARC (\$8.4 million). In accordance with our policy, internally restricted equity will be drawn down as funds are used.

The Centre has established a financial planning **reserve** of \$11.5 million (7.0% of its 2011–2012 Parliamentary

appropriation) to stabilize its financial position. Having a reserve is important for a number of reasons: the funding modality and contractual arrangements with project recipients are evolving; the timing of program spending is not entirely controlled by the Centre as it depends to a large extent on the performance of recipients; and small variances in project expenditure patterns can have a significant impact on total expenditures. The Board of Governors has approved a policy requiring a financial planning reserve of 4.0% to 7.0% of the recognized appropriation.

Further to a choice made pursuant to Canadian accounting standards (see Note 2 in the Notes to the Financial Statements, page 59), the financial instruments classified as available for sale are measured at fair value with unrealized gains and losses recognized in accumulated other comprehensive income. This year's comprehensive income reflects an unrealized gain of \$36,000, resulting in a residual balance at year-end of \$6,000. (Refer to the Notes to the Financial Statements for more details.)

Balance sheet outlook

During 2011–2012, the Centre will continue to invest surplus cash in accordance with the Centre's policies and as financial market offerings permit.

The change in the accounting treatment of deferred property and equipment and intangible assets, required under International Financial Reporting Standards (IFRS), will result in an increase of \$12.9 million in our 2011–2012 equity (see Future Accounting Changes related to IFRS on page 50). It should be noted, however, that this reclassification into equity is non-cash and will offset the amortization of property and equipment and intangibles in equity from 2011–2012 onward.

Equity levels are projected to be \$78.5 million at the end of 2011–2012. This includes \$51.8 million of internally restricted equity related to the DIF and the AARC, and unrestricted equity of \$8.9 million. The unrestricted equity will act as a cushion permitting the Centre to stabilize program allocations pending the government's expenditure review expected in 2011–2012.

Quarterly financial reporting

Effective 1 April 2011, the *Financial Administration Act* requires that all departments and parent Crown corporations prepare and make public a quarterly financial report within 60 calendar days after the end of each quarter.

The quarterly financial reports will include:

- financial statements for the fiscal quarter with year-to-date and comparative information for the preceding fiscal year, where required;
- selected explanatory notes;
- a narrative discussion outlining the financial results, risks, and significant changes in relation to operations, personnel, and programs, including explanations of financial results on a quarterly and year-to-date basis;
- a report on the use of appropriations.

Management is responsible for ensuring that all information in the quarterly financial report is consistent, where appropriate, with the unaudited quarterly financial statements. IDRC's first quarterly financial reporting period will end on 30 June 2011.

Future accounting changes

Effective 1 January 2011, the Canadian Institute of Chartered Accountants (CICA) adopted International Financial Reporting Standards as Canadian Generally Accepted Accounting Principles (GAAP) for publicly accountable enterprises. Throughout 2010–2011 we captured the necessary data to produce IFRS-compliant statements to ensure that comparative figures are available for our 2011–2012 financial statements.

We have completed our in-depth assessment of the accounting standards relevant to the Centre. There will be changes to our financial statement presentation and expanded financial statement note disclosures. The more significant accounting policy changes that we have made based on the standards in effect as of 31 March 2011 are outlined on page 50.

Future accounting changes

International Financial Reporting Standards beginning fiscal year 2011–2012

	Comparison of accounting treatments	Impact on the Centre
Government assistance	<p>IAS 20 requires the recognition of untargeted government grants as revenue in the period it is received.</p> <p>Under Canadian Generally Accepted Accounting Principles (Canadian GAAP), the portion of government grants used for property and equipment, and intangible assets was held in deferred revenue and recognized as revenue as the assets were depreciated.</p>	<p>The impact of recognizing accumulated deferred revenue linked to property and equipment and intangible assets will result in a \$12.9 million decrease in deferred revenue and a corresponding increase in equity.</p>
Financial instruments	<p>IFRS 9 allows for alternative classification of financial instruments. This new standard becomes effective 1 January 2013; however, we have elected to early adopt IFRS 9 as part of our transition to IFRS on 1 April 2010. Financial instruments are classified by their intended use, taking into consideration the organization's business model.</p>	<p>Upon transition, the Centre will classify investments as "amortized cost," instead of "available for sale" under Canadian GAAP.</p> <p>This classification eliminates the need to record changes in the fair value of investments through Other Comprehensive Income. As a result, that statement will be eliminated. Upon transition, equity will increase by \$30,000.</p>
Employee future benefits	<p>IAS 19 requires the accrual of amounts related to the sick leave benefit given to employees.</p> <p>IAS also strongly recommends that companies use an actuary to determine the amount of liability to accrue for employee future benefits.</p> <p>Other employee future benefits, namely severance, were not subject to actuarial evaluations.</p>	<p>The impact of recognizing the sick leave benefit will create a \$250,000 liability, with that amount being absorbed from equity. This amount was determined by an actuarial review.</p> <p>An actuarial review was also performed of the Centre's severance benefits. As a result, the severance benefit liability was increased by \$140,000 and removed from equity.</p> <p>Actuarial reviews will be needed in the future to re-evaluate these liabilities.</p>
Key management personnel	<p>IAS 24 requires the disclosure of salary and benefit information for key management personnel.</p> <p>No such additional disclosure is required under Canadian GAAP.</p>	<p>The Centre will need to disclose a total number for salary and benefit information for key management personnel in the Notes to the Financial Statements.</p>
Contingent liabilities	<p>IAS 37 requires a different valuation method for the accrual and disclosure of contingent liabilities. IAS 37 requirements are more onerous than Canadian GAAP.</p> <p>Canadian GAAP required that outcomes of contingent liabilities be assessed on a basic "likely/unlikely" scale.</p>	<p>The Centre will change the way it values contingent liabilities.</p> <p>Depending on the circumstances of the contingent liability, additional disclosures than currently required under Canadian GAAP may be necessary.</p>

Four year historical review

(\$000)	Budget	Actual			
	2011–2012	2010–2011	2009–2010 ^a	2008–2009 ^a	2007–2008 ^a
Statement of Operations					
Revenues					
Parliamentary appropriations	211 327	195 616	174 041	168 828	149 742
Donor contributions					
Funding for development research programming	45 259	46 299	35 109	29 675	26 091
Recovery of administrative costs	4 390	4 623	3 842	2 969	2 729
Investment income	600	627	288	1 096	2 377
Other income	414	1 673	1 181	1 196	1 154
Expenses					
Development research programming					
Research projects					
Funded by Parliamentary appropriations	123 608	104 641	108 430	108 324	98 773
Funded by donor contributions	39 766	39 861	27 839	22 289	19 500
Capacity building					
Funded by Parliamentary appropriations	47 814	44 111	43 597	42 383	40 722
Funded by donor contributions	5 493	6 438	7 270	7 386	6 591
Development research programming	216 681	195 051	187 136	180 382	165 586
Corporate and administrative services	25 073	24 048	23 811	25 047	24 284
Net results from continuing operations	20 236	29 739	3 514	(1 665)	(7 777)
Program allocations					
Development research programming					
Funded by Parliamentary appropriations	100 000	127 420	305 862	126 108	145 033
Funded by Parliamentary appropriations					
– specific programs and projects	50	74	2 432	3 769	1 643
Funded by donor contributions	17 600	82 669	49 046	60 621	37 041

(\$000)	Budget	Actual			
	2011–2012	2010–2011	2009–2010 ^a	2008–2009 ^a	2007–2008 ^a
Balance sheet					
Assets					
Cash and cash equivalents		14 235	23 238	39 076	22 450
Investments		73 890	45 952	21 407	38 891
Accounts receivables and prepaid expenses		8 715	11 277	16 071	10 382
Property and equipment		9 224	10 332	11 494	11 002
Intangible assets		2 710	2 019	1 271	1 082
Liabilities					
Accounts payable and accrued liabilities		15 294	14 202	15 927	18 012
Deferred revenue – current		24 436	36 281	35 956	30 765
Deferred revenue – long term		16 071	19 354	17 819	14 154
Employee future benefits		6 369	6 152	6 154	5 858
Equity					
Retained earnings	78 525	46 598	16 859	13 345	15 010
Accumulated other comprehensive income	—	6	(30)	118	8
Outstanding commitments					
Funded by Parliamentary appropriations	360 455	366 682	373 700	159 577	162 579
Funded by donor contributions	75 004	105 169	70 715	53 353	30 182

^a Certain costs were reclassified to conform to the financial presentation for this year.

Financial statements

Management Responsibility for Financial Statements

The financial statements presented in this annual report are the responsibility of management and have been approved by the Board of Governors. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and, where appropriate, include amounts that have been estimated according to management's best judgment. Financial information presented elsewhere in the annual report is consistent with the information presented in the financial statements.

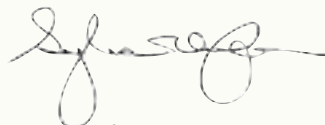
Management maintains books of accounts, information systems, and financial and management controls that are designed to provide reasonable assurance as to the reliability of financial information. Management also asserts that the Centre's assets are safeguarded, that resources are managed economically and efficiently in the attainment of corporate objectives and that operations are carried out in accordance with the *International Development Research Centre Act* and by-laws of the Centre.

The Centre's Internal Auditor has the responsibility for assessing the Centre's systems procedures and practices. The Auditor General of Canada conducts an independent audit of the annual financial statements in accordance with Canadian generally accepted auditing standards. His audit includes appropriate tests and procedures to enable him to express an opinion on the financial statements. The external auditors have full and free access to the Finance and Audit Committee of the Board.

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board benefits from the assistance of its Finance and Audit Committee in overseeing and discharging its financial management responsibility, which includes the review and approval of the financial statements. The Committee, which is made up of governors, meets with management, the internal auditors and the external auditors on a regular basis.



David M. Malone
President



Sylvain Dufour
Vice-President, Resources and CFO

Ottawa, Canada
June 22, 2011



INDEPENDENT AUDITOR'S REPORT

To the International Development Research Centre
and the Minister of Foreign Affairs

Report on the Financial Statements

I have audited the accompanying financial statements of the International Development Research Centre, which comprise the balance sheet as at 31 March 2011, and the statement of operations, statement of changes in equity, statement of comprehensive income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the International Development Research Centre as at 31 March 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the International Development Research Centre that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with applicable provisions of Part X of the *Financial Administration Act* and regulations, the *International Development Research Centre Act* and the by-law of the International Development Research Centre.

Clyde M. MacLellan, CA
Assistant Auditor General
for the Interim Auditor General of Canada

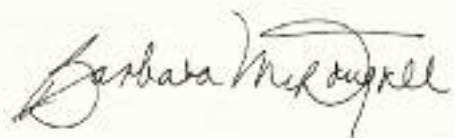
22 June 2011
Ottawa, Canada

Balance Sheet

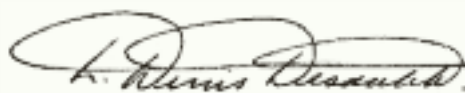
as at 31 March 2011
(in thousands of dollars)

	2011	2010
Assets		
Current		
Cash and cash equivalents (Note 3)	14 235	23 238
Investments (Note 4)	73 890	45 952
Accounts receivable (Note 5)	7 143	9 594
Prepaid expenses	1 572	1 683
	<u>96 840</u>	<u>80 467</u>
Property and equipment (Note 6)	9 224	10 332
Intangible assets (Note 7)	<u>2 710</u>	<u>2 019</u>
	<u>108 774</u>	<u>92 818</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	15 294	14 202
Deferred revenue (Note 9)	24 436	36 281
	<u>39 730</u>	<u>50 483</u>
Deferred revenue (Note 9)	16 071	19 354
Employee future benefits (Note 10)	6 369	6 152
	<u>62 170</u>	<u>75 989</u>
Equity		
Retained earnings	46 598	16 859
Accumulated other comprehensive gain (loss) income	6	(30)
	<u>46 604</u>	<u>16 829</u>
	<u>108 774</u>	<u>92 818</u>
Commitments (Note 14)		
Contingencies (Note 15)		

The accompanying notes form an integral part of these financial statements.



The Honourable Barbara McDougall
Chairman
Board of Governors



Denis Desautels
Chairman
Finance and Audit Committee

Statement of Operations

for the year ended 31 March 2011
(in thousands of dollars)

	2011	2010
Revenues		
Donor contributions (Note 11)		
Funding for development research programming	46 299	35 109
Recovery of administrative costs	4 623	3 842
Investment income	627	288
Other income	1 673	1 181
	<u>53 222</u>	<u>40 420</u>
Expenses		
Development research programming		
<i>Research projects</i>		
Funded by Parliamentary appropriations	104 641	108 430
Funded by donor contributions	39 861	27 839
<i>Capacity building</i>		
Funded by Parliamentary appropriations	34 698	34 643
Funded by donor contributions	6 438	7 270
Research complements	9 413	8 954
	<u>195 051</u>	<u>187 136</u>
Corporate and administrative services		
Corporate services	18 666	18 362
Regional office administration	5 382	5 449
	<u>24 048</u>	<u>23 811</u>
Total expenses	<u>219 099</u>	<u>210 947</u>
Cost of operations before Parliamentary appropriations	(165 877)	(170 527)
Parliamentary appropriations (Note 12)	195 616	174 041
Net results of operations	<u>29 739</u>	<u>3 514</u>

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 March 2011
(in thousands of dollars)

	2011	2010
Retained earnings		
Unrestricted		
Beginning of year	4 038	5 892
Net results of operations	29 739	3 514
Transfers to reserved and restricted	(22 962)	(5 368)
Balance end of year	10 815	4 038
Reserved		
Beginning of year	7 596	6 753
Financial planning reserve increase	3 938	843
Balance end of year	11 534	7 596
Internally restricted		
Beginning of year	5 225	700
Expenditures incurred	(9 985)	(2 475)
Additions	29 009	7 000
Balance end of year (Note 13)	24 249	5 225
Total retained earnings end of year	46 598	16 859
Accumulated other comprehensive gain (loss) income		
Beginning of year	(30)	118
Other comprehensive gain (loss) income	36	(148)
Balance end of year	6	(30)
Total equity end of year	46 604	16 829

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

for the year ended 31 March 2011

(in thousands of dollars)

	2011	2010
Net results of operations	29 739	3 514
Other comprehensive gain (loss) income		
Net unrealized gains (losses) from available-for-sale financial instruments	36	(148)
Total comprehensive income	29 775	3 366

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 March 2011
(in thousands of dollars)

Operating activities

	2011	2010
Net results of operations	29 739	3 514
Items not affecting cash		
Amortization of property and equipment and intangible assets	2 035	2 214
Amortization of deferred revenue — property and equipment and intangible assets	(2 035)	(2 214)
Amortization of bond premium	1 095	756
(Gain) Loss on disposal of property and equipment and intangible assets	(41)	56
Employee future benefits	217	(2)
Deferred revenue — long-term	(3 137)	1 821
	(1 866)	2 631
Change in non-cash operating items		
Accounts receivable	2 451	4 771
Prepaid expenses	112	23
Accounts payable and accrued liabilities	1 092	(1 725)
Deferred revenue — current	(11 574)	453
	(7 919)	3 522
Cash flows from operating activities	19 954	9 667

Financing activities

Parliamentary appropriation used for property and equipment and intangible assets	1 618	1 800
Cash flows from financing activities	1 618	1 800

Investing activities

Purchase of investments	(130 186)	(47 409)
Maturity of investments	101 189	21 960
Acquisition of property and equipment and intangible assets	(1 632)	(1 863)
Proceeds from the disposition of property and equipment and intangible assets	54	7
Cash flows (used in) investing activities	(30 575)	(27 305)
(Decrease) in cash and cash equivalents	(9 003)	(15 838)
Cash, beginning of the year	23 238	39 076
Cash and cash equivalents, end of the year	14 235	23 238
Composition of cash and cash equivalents		
Cash	2 760	23 238
Cash equivalents	11 475	—
	14 235	23 238

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2011

(in thousands of dollars unless otherwise stated)

1. Authority and objective

The International Development Research Centre (the Centre), a corporation without share capital, was established in 1970 by the Parliament of Canada through the *International Development Research Centre Act*. The Centre is funded primarily through an annual appropriation received from the Parliament of Canada. In accordance with section 85(1) of the *Financial Administration Act*, the Centre is exempt from Divisions I to IV of Part X of the Act, except for sections 131 to 148 of Division III. The Centre is a registered charity and is exempt under section 149 of the *Income Tax Act* from the payment of income tax.

The objective of the Centre is to initiate, encourage, support, and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical, and other knowledge to the economic and social advancement of those regions.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The significant accounting policies of the Centre are:

a. Revenue recognition

i) Parliamentary appropriations

Parliamentary appropriations, other than the portions used for the purchase of property and equipment, and intangible assets and for specific projects and programs, are recorded as revenue in the year for which they are appropriated. The portion of the Parliamentary appropriations used for the purchase of property and equipment and intangible assets is recorded as deferred revenue and amortized into income on the same basis and over the same period as the related assets. Upon disposition of depreciable property and equipment and intangible assets, all remaining deferred funding related to the specific asset is recognized into income. Parliamentary appropriations received for specific projects and programs are also deferred and recognized when the related expenses are incurred.

ii) Donor contributions

The Centre enters into contribution agreements for research conducted or managed on behalf of other organizations. Funds received or receivable under donor contribution agreements are recorded as deferred revenues. These deferred revenues are recognized as revenues in the year in which the related expenses are incurred.

iii) Investment and other income

Investment income is recorded on an accrual basis and includes realized gains and losses on disposal of investments. All other income is recorded on the accrual basis of accounting.

b. Grant payments

All contractual grant payments are subject to the provision of funds by Parliament or by donor partners. They are recorded as an expense in the year they come due under the terms and conditions of the agreements. Refunds on previously disbursed grant payments are credited against the current year expenses when the project is active or to other income when the project is closed.

c. Property and equipment and amortization

Property and equipment are recorded at cost and amortized over their estimated useful lives on a straight-line basis. The estimated useful life of each asset class is as follows:

Computer equipment	3 years
Office furniture and equipment	5 years
Vehicles	3 to 7 years
Communication systems	5 years
Leasehold improvements	Remaining term of lease

d. Intangible assets and amortization

Intangible assets consist of internally developed software and computer software and are recorded at cost and amortized over their estimated useful lives on a straight-line basis. The estimated useful life of the asset class is 3 to 10 years.

e. Financial instruments

The Centre's financial instruments consist of cash, cash equivalents, investments, accounts receivable, accounts payable, and accrued liabilities that are incurred in the normal course of business. Financial instruments are initially recognized at the transaction price, which is the fair value of the consideration given and, subsequent to initial recognition, measured based on their classification. The classifications were as follows:

i) Financial instrument	Classification	Measurement
Cash	Held for trading	Fair value
Cash equivalents and investments	Available for sale	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

ii) Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term money market instruments with maturities of 90 days or less at the time of acquisition.

iii) Investments

Investments are comprised of high quality money market instruments with a maturity between 91 days and one year at the time of acquisition. Investments may be sold in response to changes in the Centre's liquidity requirements, to changes in the credit rating of the instruments, or to an imbalance in the asset mix relative to benchmarks stipulated in the Centre's investment policy. These investments are initially recognized at the transaction price, which is the fair

value of the consideration given. Gains and losses arising from changes in fair value, except for impairment losses, are recognized in other comprehensive income (OCI) until the financial asset is sold or otherwise derecognized. Upon derecognition, the cumulative gain or loss previously recognized in OCI is transferred to other income. Purchases and sales of investments are recorded on the settlement date. Where applicable, transaction costs related to the acquisition of investments are expensed.

iv) Embedded derivatives

Embedded derivatives are required to be separated and measured at fair value if certain conditions are met. Management has reviewed contracts and determined that the Centre does not have embedded derivatives that require separate accounting treatment.

f. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Assets and liabilities are translated at rates in effect when the assets were acquired or obligations incurred. Revenue and expense items are translated at a weekly rate of exchange. Exchange gains and losses are included in other income.

g. Employee future benefits

i) Pension benefits — head office

All eligible head office-hired employees participate in the Public Service Pension Plan administered by the Government of Canada. The Centre's contributions reflect the full cost as employer. This amount is currently based on a multiple of an employee's required contributions and may change over time depending on the experience of the Plan. The Centre's contributions are expensed during the year in which the employee's services are rendered and represent the total pension obligation of the Centre. The Centre is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

ii) Pension benefits — regional offices

The Centre offers a number of defined contribution plans that provide pension and other benefits to eligible employees. The Centre's contributions reflect the full cost as employer. This amount is currently based on a multiple of an employee's required contributions to the plans. The Centre's contributions are expensed during the year in which the employee's services are rendered and represent the total obligation of the Centre.

iii) Other benefit plans

Severance benefits

Employees are entitled to severance benefits, as provided for under their conditions of employment. Management determines the accrued obligation for severance benefits using a method based on assumptions and its best estimates. This method reflects that, generally, employees with more than five years of service are entitled to a severance benefit calculated on the basis of one week of salary per year of service. The cost of these benefits is accrued as employees render the services necessary to earn them.

h. Retained earnings

The Centre's retained earnings consist of the accumulation of revenues over expenditures from operations and include unrestricted, internally restricted amounts for special program and operational projects, and reserved amounts.

Internally restricted equity for special program and operational projects is drawn down as the funds are used for the initiatives. Internally restricted equity unused at the end of the initiatives is reclassified by management into unrestricted equity.

Variances in regular program spending can have a significant impact on net results of operations and therefore the retained earnings balance. One of the objectives of the Centre's equity policy is to ensure that a sufficient balance is available to absorb these program expenditure variances. Management earmarks a minimum of 4% and a maximum of 7% of the Parliamentary appropriation as a financial planning reserve. The value of the reserve is established each year during the budgeting process.

i. Non-monetary transactions

On occasion, the Centre carries out non-monetary exchanges, which are exchanges of non-monetary assets, goods, or services for other non-monetary assets, goods, or services with little or no monetary consideration involved. Non-monetary transactions are recorded at the fair value of the assets, goods, or services given up, unless the fair value of the assets, goods, or services received is more reliable.

j. Use of estimates

The preparation of financial statements in accordance with Canadian GAAP principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, as well as the reported amounts of income and expenses during the period. Employee severance benefits, estimated useful lives of property and equipment and intangible assets, the fair value of financial instruments, and contingent liabilities are the most significant items for which estimates are used. Actual results could differ significantly from those estimated.

k. Future accounting changes

In December 2009, the Public Sector Accounting Board (PSAB) issued an amendment to the introduction to the Public Sector Accounting Standards of the PSA Handbook. The amendment eliminated the Government Business Type Organizations (GBTO) classification. Entities currently classified as a GBTO were required to reassess their classification.

Under the revised introduction the Centre is classified as an Other Government Organization (OGO). As an OGO, the Centre has determined that the most appropriate basis of accounting to meet the needs of the users of its financial statements are the International Financial Reporting Standards (IFRS).

Effective 1 January 2011, the Canadian Institute of Chartered Accountants (CICA) adopted the International Financial Reporting Standards (IFRS) as Canadian GAAP for publicly accountable enterprises. The Centre will adopt IFRS for its fiscal year beginning 1 April 2011. The assessment of the impact of the new accounting standards relevant to the Centre is complete. The Centre is now modifying processes and procedures to accommodate the changes. The preparation of an IFRS opening balance sheet as at 1 April 2010 is required, in order to produce the IFRS balance sheet elements for 2010–2011, which will be used as the comparative numbers in the 2011–2012 financial statements. At fiscal year end, the Centre is on track with the IFRS conversion plan. There will be adjustments to the opening equity upon implementation of these standards.

The International Accounting Standards Board has a number of projects underway, some of which will impact the standards relevant to the Centre. The Centre is closely monitoring the progress of these projects. Revisions made to the standards could potentially have an impact on the financial statements and may result in the revisiting of the Centre's conclusions.

3. Cash and cash equivalents

	2011	2010
Cash	2 760	23 238
Cash equivalents	11 475	—
	<u>14 235</u>	<u>23 238</u>

The Centre invests in money market instruments such as commercial paper, bankers' acceptances, and bearer deposit notes that are rated R-1 (low) or better by the Dominion Bond Rating Service (DBRS). The weighted average yield as at 31 March 2011 is 1.15% (2010: nil) and the average term to maturity of the Centre's year-end portfolio at the time of purchase is 66 days (2010: nil)

4. Investments

	2011	2010
Canadian chartered banks	55 930	4 976
Federal, provincial, or municipal governments	9 974	37 476
Corporations	7 986	3 500
	<u>73 890</u>	<u>45 952</u>

The Centre invests in bonds that are rated A or better by the Dominion Bond Rating Service and money market instruments such as commercial paper, bankers' acceptances, and bearer deposit notes that are rated R-1 (low) or better by the DBRS. The weighted average yield as at 31 March 2011 is 1.23% (2010: 0.54%) and the average term to maturity of the Centre's year-end portfolio at the time of purchase is 139 days (2010: 284 days).

5. Accounts receivable

Accounts receivable are incurred in the normal course of business and are due on demand. Of the total related to donor contributions, 86% is due from the Canadian International Development Agency (CIDA) and is not considered by management to present a significant credit risk (2010: 85% was due from CIDA).

	2011	2010
Donor contributions	3 474	7 375
Parliamentary appropriation	829	205
Other	2 840	2 014
	<u>7 143</u>	<u>9 594</u>

6. Property and equipment

	2011		2010
	Cost	Accumulated amortization	Net book value
Leasehold improvements	11 376	3 314	8 062
Computer equipment	3 181	2 732	449
Office furniture and equipment	1 170	875	295
Vehicles	925	707	218
Communication systems	1 209	1 009	200
	17 861	8 637	9 224

Amortization expense for the year is \$1 642 (2010: \$1 804).

7. Intangible assets

	2011		2010
	Cost	Accumulated amortization	Net book value
Internally developed software	7 760	5 415	2 345
Computer software	1 522	1 157	365
	9 282	6 572	2 710

Amortization expense for the year is \$394 (2010: \$410).

8. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are incurred in the normal course of business. The amounts set out below represent the carrying value and are estimated to be the fair value owed by the Centre.

	2011	2010
Accounts payable	8 407	7 180
Payroll accruals	3 464	4 807
Grant accruals	2 914	1 676
Other	509	539
	15 294	14 202

9. Deferred revenue

Deferred revenue includes the unspent portion of funds received or receivable on donor partnership activities, the unamortized portion of the Parliamentary appropriations used for the purchase of property and equipment and intangible assets and the unspent portion of the Parliamentary appropriations received for specific projects and programs (see Note 12).

Details of these balances are as follows:

a. Donor contribution funding for development research programming

	2011	2010
Current	21 011	32 059
Long-term	4 269	8 651
	<u>25 280</u>	<u>40 710</u>

Of the total deferred donor contribution funding, CIDA accounts for \$7 694 (2010: \$8 072) of which \$2 997 (2010: \$6 321) is receivable at year-end.

b. Parliamentary appropriations — property and equipment and intangible assets

	2011	2010
Balance at beginning of year	12 351	12 765
Portion of the appropriations used for property and equipment and intangible assets	1 618	1 800
Amortization	<u>(2 035)</u>	<u>(2 214)</u>
Balance at end of year	<u>11 934</u>	<u>12 351</u>
Current	1 706	1 977
Long-term	<u>10 228</u>	<u>10 374</u>
	<u>11 934</u>	<u>12 351</u>

c. Parliamentary appropriations — projects and programs

	2011	2010
Current	1 719	2 245
Long-term	<u>1 574</u>	<u>329</u>
	<u>3 293</u>	<u>2 574</u>

d. Total deferred revenues (sum of all of the above)

	2011	2010
Current	24 436	36 281
Long-term	<u>16 071</u>	<u>19 354</u>
	<u>40 507</u>	<u>55 635</u>

10. Employee future benefits

a. Pension benefits — head office

The Centre and all eligible head office-hired employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The Centre's and employees' contributions to the Public Service Pension Plan for the year were as follows:

	2011	2010
Centre contributions	4 258	4 050
Employee contributions	2 334	2 250

b. Pension benefits — regional offices

The Centre and eligible regional employees contribute to various defined contribution pension plans as specified in the Plan Agreements. The Centre's contributions to these plans for the year were \$439 (2010: \$436).

c. Severance benefits

The Centre provides severance benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations. Information about the plan, measured as at the balance sheet date, is as follows:

	2011	2010
Accrued benefit obligation, beginning of year	6 558	6 809
Cost for the year	934	659
Benefits paid during the year	(764)	(910)
Accrued benefit obligation, end of year	6 728	6 558
Current	359	406
Long-term	6 369	6 152
	6 728	6 558

The current portion is reported in the balance for accounts payable and accrued liabilities.

11. Donor contributions

Donor contribution funding for development research programming relates specifically to research projects conducted or managed by the Centre on behalf of other organizations. This research is funded by CIDA, the United Kingdom's Department for International Development (DFID), the Bill & Melinda Gates Foundation, the William and Flora Hewlett Foundation, several other Government of Canada entities, and other donor agencies. A breakdown of the revenue and expense recognition for donor contributions is provided below:

	2011	2010
CIDA	13 957	6 596
DFID	12 171	12 298
The Bill & Melinda Gates Foundation	8 955	9 200
The William and Flora Hewlett Foundation	7 399	1 643
Other Government of Canada entities	685	36
Other donor agencies	3 132	5 336
	46 299	35 109

The Centre recovers administrative costs from the management of donor contribution funding. The total recovery for this year is \$4 623 (2010: \$3 842) of which \$1 290 (2010: \$622) was from CIDA.

12. Parliamentary appropriations

	2011	2010
Approved Parliamentary appropriations	195 918	173 996
Portion deferred for projects and programs	(2 400)	(2 000)
	193 518	171 996
Deferral for property and equipment and intangible assets purchased in the current year (Note 9)	(1 618)	(1 800)
Amortization of deferred Parliamentary appropriations — projects and programs	1 681	1 631
	193 581	171 827
Amortization of deferred Parliamentary appropriations — property and equipment and intangible assets	2 035	2 214
Parliamentary appropriation recognized in the statement of operations	195 616	174 041

13. Retained earnings — internally restricted

	2011				2010
	Opening	Received and internally restricted	Expended	Closing value	Closing value
African Adaptation Research Centres (AARC)	—	9 009	(627)	8 382	—
Development Innovation Fund (DIF)	5 225	20 000	(9 358)	15 867	5 225
Total	5 225	29 009	(9 985)	24 249	5 225

A portion of the 2010–2011 Parliamentary appropriation was internally restricted by management to finance the Development Innovation Fund (DIF). The DIF is a large initiative implemented by the Centre to support leading-edge scientific research that improves the lives of the poor in developing countries. The DIF is focused on global health research. Funding support is being provided to scientific institutions engaged in health research through a series of peer-reviewed grant competitions which result in research awards to successful applicants. Management has segregated the DIF in its accounts because of its significant size and the impact any delays or variance in implementation could have on the Centre's results.

The African Adaptation Research Centres (AARC) initiative will help deliver timely and independent scientific advice and expert assessment for adaptation investments and policy decisions across Africa. Funding was provided to existing organizations that have demonstrated their scientific leadership in adaptation and their capacity to work effectively with decision-makers. Management has internally restricted the AARC funding because of the relative importance of the amount the Centre received in 2010–2011, which management intends to disburse to recipients over approximately three years. Internally restricted equity allows management to segregate the AARC commitments from the recurring programming of the Centre.

14. Commitments

a. Program-related

The Centre is committed to making payments up to \$471.9 million (2010: \$444.4 million) during the next five years subject to funds being provided by Parliament or donors and subject to compliance by recipients with the terms and conditions of grant agreements. Of this amount, \$366.7 million (2010: \$373.7 million) is expected to be covered by funding from future Parliamentary appropriations and the balance of \$105.2 million (2010: \$70.7 million) by funding from currently valid donor contribution agreements.

b. Operating leases

The Centre has entered into various contractual commitments for leases of office premises in Canada and abroad and for staff accommodation in various countries. The lease agreements expire at different dates up to 2022.

Future payments related to these contractual commitments as at 31 March 2011 are as follows:

2011–2012	7 372
2012–2013	7 543
2013–2014	7 622
2014–2015	7 735
2015–2016	7 410
2016 to 2022	<u>51 445</u>
Total future payments	<u>89 127</u>

15. Contingencies

Various claims have been asserted or instituted against the Centre. Litigation is subject to many uncertainties and the outcome of individual matters is not predictable. Based on the advice of legal counsel, management is of the opinion that these claims are unlikely to materialize.

16. Related party transactions

In addition to the related party transactions disclosed in Notes 5, 9, and 11 to these financial statements, the Centre is related in terms of common ownership to all Government of Canada-created departments, agencies, and Crown corporations. The Centre enters into transactions with these entities in the normal course of operations, under the same terms and conditions that apply to unrelated parties. The transactions are recorded at their exchange amounts which are determined to approximate fair value.

17. Fair value of financial instruments

Fair value represents the amount of consideration that would be agreed upon to exchange a financial instrument in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value of investments is determined using quoted prices in active markets for identical assets. Fair value is assumed to equal book value for accounts receivable and payable and accrued liabilities due to the short-term nature of these instruments. Fair value is also assumed to equal book value for cash and cash equivalents.

Fair value hierarchy

The table below presents the fair value hierarchy for those items carried on the Centre's balance sheet at fair value. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable.

Level 1 — fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — fair values are determined using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3 — fair values are determined using inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

All of the Centre's financial instruments, measured at fair value, are classified as Level 1.

18. Financial instrument risks

The principal risks that the Centre is exposed to as a result of holding financial instruments are credit risk, market risk, and liquidity risk. Risk management for investing activities is carried out by the Corporate Treasury function. Investments are held for liquidity purposes, or for longer terms. The Centre has various other financial instruments such as cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities which arise directly from operations.

a. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will default on its obligations to the Centre, thus resulting in financial losses. The Centre is exposed to credit risk since it has investments and extends credit to its customers and donor partners in the normal course of business. The maximum exposure is represented by cash and cash equivalents, investments, and accounts receivable amounts presented on the Centre's balance sheet. Credit risk associated with accounts receivable is considered by management to be minimal since most receivables are due from donor partners and Canadian government entities. The Centre's investment policy sets out guidelines that define the minimum acceptable counterparty credit rating pertaining to investments. The investments in financial institutions and Canadian government entities must have minimum ratings from two external rating agencies that are equivalent to Dominion Bond Rating Service (DBRS) ratings of R-1 (low) for short-term investments and A for long-term investments. The investment policy is reviewed and approved as required by the Board of Governors, and procedures which establish credit limits for each counterparty are reviewed by management at least annually. These policies and procedures are designed to manage and limit the credit risk associated with these financial instruments.

i) Concentrations of credit risk

The Centre's primary exposure to credit risk is summarized as follows:

	DBRS rating	2011	2010
Canadian chartered banks	R1-L	55 930	4 976
Federal, provincial, and municipal governments	R1-L	9 974	37 476
Corporations	R1-M	7 986	3 500

b. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The Centre is exposed to potential losses as a result of movements in interest and foreign exchange rates.

i) Currency risk

Currency risk is the potential adverse impact on the fair value or future cash flows of financial instruments resulting from foreign exchange rate movements. The Centre has exposure to currency risk in part from the operating costs of six regional offices throughout the world. To manage this risk, the Centre normally funds regional operations to meet short-term requirements only, minimizing currency balances and reducing significant exposure to foreign exchange rate movements.

The Centre has multi-year donor contribution agreements with non-Canadian donors which are denominated in currencies other than the Canadian dollar. When progress payments are received from donors, they are translated to Canadian dollars at the weekly exchange rate (see Note 2f). In turn, the Centre issues multi-year grant agreements which are denominated in Canadian dollars. The Centre manages its foreign currency risk on these activities by setting aside a portion of the donor contribution agreement funding to absorb exchange gains and losses until such time that the full impact of the currency risk is known. The magnitude of the foreign currency funding set aside is gauged against actual fluctuations on a quarterly basis, with additions being made when needed, which occurs rarely, and releases being made only toward the end of the agreement, when no longer needed. The Centre's currency risk is not considered material.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Centre is exposed to interest rate risk in that changes in market interest rates may cause fluctuations in the fair value of investments. To manage this risk, the Centre normally invests in short-term marketable securities that are not significantly affected by variations in interest rates.

c. Liquidity risk

Liquidity risk is the risk that the Centre will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk can arise from mismatched cash flows related to assets and liabilities. The treasury function within Corporate Accounting is responsible for the Centre's liquidity management. This risk is managed by monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Centre also holds cash equivalents and investments in marketable securities which are readily convertible to cash, to ensure that sufficient liquidity can be made available to meet forecasted cash requirements. Given the timing of receipts and payments, the Centre's exposure to liquidity risk is not considered material.

19. Capital management

The Centre defines its capital as the balance of retained earnings comprised of reserved, internally restricted, and unrestricted components. The Centre has a capital management process in place to ensure that it is appropriately capitalized and that the capital position is identified, measured, managed, and regularly reported to the Board of Governors.

The objectives, with respect to its capital management, are to minimize the accumulation of retained earnings while ensuring adequate capital exists to protect the financial position of the Centre.

Capital is managed through a Board-approved equity policy which reserves a portion of retained earnings as a financial planning reserve. The financial planning reserve is intended to cushion the impact of significant variances in development research programming expenditures. Management will also restrict a portion of retained earnings to fund special or significant programs and operational initiatives planned for future fiscal years. The Centre is not subject to any externally imposed capital requirements.

20. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

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