

INTERNATIONAL
DEVELOPMENT
RESEARCH
CENTRE

IDRC ANNUAL REPORT 2002-2003

LEARNING
THROUGH
EXPERIENCE
PERSISTENCE
ANALYSIS
INNOVATION



The International Development Research Centre is a public corporation created by the Parliament of Canada in 1970 to help developing countries use science and technology to find practical, long-term solutions to the social, economic, and environmental problems they face. Support is directed toward developing an indigenous research capacity to sustain policies and technologies developing countries need to build healthier, more equitable, and more prosperous societies.

© International Development Research Centre 2003

The National Library of Canada has catalogued this publication as follows:

International Development Research Centre (Canada)

IDRC Annual Report 2002-2003

Annual

1970/71-

Text in English and in French.

Title on added t.p. : Rapport annuel CRDI 2002-2003

ISSN 0704-7584

ISBN 1-55250-113-2

1. Technical assistance, Canadian — Periodicals.
2. Economic development, Canadian — Periodicals.

I. Title.

HC60

338.91'71'01754

C75-743379E

This report is printed entirely on recycled paper using vegetable-based inks. To reduce costs, very few copies have been printed. However, the complete report can be found on the IDRC Web site at <http://www.idrc.ca/library/document/ar0203/>. The Web version (only) includes hyperlinks to related Web sites, stories, and other documents.

0203-AN-113-049

CONTENTS



Message from the Chairman	2
---------------------------	---

CORPORATE PROFILE **4**

Milestones: 2002/03	10
Statistical Snapshot and Financial Highlights	12



FROM WORDS TO ACTION **14**

Message from the President	15
Objective: Strengthen Indigenous Research Capacity	19
Objective: Link Research and Policy	27
Objective: Analyze, Explore, and Consolidate	35



HUMAN AND FINANCIAL RESOURCES **44**

Corporate Governance	44
How to Reach Us	50
Financial Management Discussion and Analysis	51
Financial Statements	57

MESSAGE FROM THE CHAIRMAN



It is with pleasure that I submit the annual report of the International Development Research Centre (IDRC) for the fiscal year ending 31 March 2003.

The year 2002/03 was the third year of operations under IDRC's Corporate Strategy and Program Framework (CSPF) for 2000–2005. With the exception of the Governance, Equity, and Health program initiative, whose prospectus was approved by the Board in October 2002, the 11 other program initiatives that make up the core of the Centre's programming implemented prospectuses approved in 2000/01 or in 2001/02. As evidenced by what is presented in this annual report, the past year was one of delivering on what had been promised.

Staying the course does not imply coasting, however, nor does accomplishment lead to complacency. Far from it. If persistence and constancy are among IDRC's hallmarks, so are adaptability, responsiveness, and innovation.

All these were called into action this past year as the challenges of carrying out our mandate continued to mount throughout the world. Civil unrest in countries such as Zimbabwe and Argentina, extreme weather in the Pacific region, conflict in the Indian subcontinent and war in the Middle East, and the outbreak of contagious diseases — most notably of severe acute respiratory syndrome, or SARS — had significant impacts on IDRC's work. For instance, the Department of Foreign Affairs and International Trade issued travel advisories about more than 60 countries and regions in which the Centre works — including to parts of Canada — some repeatedly. IDRC takes these warnings most seriously. To ensure the security of staff and partners, planned travel to develop and monitor projects, and meetings and conferences to share results, were relocated or rescheduled.

In late May, as tensions between India and Pakistan rose to a dangerous pitch, IDRC authorized the departure of all nonessential staff working in our Regional Office for South Asia in New Delhi. They returned to their posts and homes in July.

Learning how to do business effectively in turbulent environments and manage risk is obviously a pressing concern. In the past year, IDRC management commissioned studies on the impact of conflict on the research it supports in Nepal and Palestine. Both concluded that it is possible to support and carry out research for development, even amidst chaos, and confirmed the value of IDRC's cautious but constant presence.

If the international environment was turbulent, not all changes were negative. Along with challenges come opportunities. Democratic elections in Kenya in late 2002, for example, may open doors that were previously closed. Ongoing trade talks at the bilateral and multilateral levels fuel an appetite for trade-related research within developing countries.

The domestic environment was much more supportive, particularly for development assistance. In February, the Government of Canada announced increases in the international assistance budget by 8% a year until doubled from its current levels. In the same budget, Minister of Finance John Manley showed IDRC a great mark of support when he specifically mentioned that the Centre's funding will increase by 8% annually over the next two years.

This additional funding will help IDRC strengthen its existing programs in 2003/04. It will also allow us to better respond to new opportunities and build strongly on successful initiatives, increasing our support for research that improves the lives of people in the South.

The job of ensuring that these additional funds are used most effectively falls to IDRC President Maureen O'Neil, whose renewal for a five-year term was confirmed in early April 2003. I look forward to working with her and the IDRC team as we continue to implement the current CSPF and begin planning the next.

The Government of Canada appointed five new governors to the IDRC Board this past year. I welcome them to the IDRC family and also extend a warm greeting to those governors whose terms were renewed this past year. I am, of course, delighted to have been reappointed for a second five-year term. Finally, I warmly thank the governors whose mandate has ended for having generously shared their experience and wisdom with us.

Among the issues addressed by the Board this past year, two in particular bear mentioning. The first is the new consolidated policy framework for donor partnerships. Partnerships have always been a key strategy by which the Centre increases the flow of resources to its partners in the South. The new approach, called a Strategic Donor Partnering

Framework, focuses on reducing the transaction costs of IDRC's partnering activities while fostering long-term institutional relations with a group of core donors.

The second issue was the completion of a special examination by the Office of the Auditor General, launched in late 2001.

The auditors indicated that, in their opinion, there are no significant deficiencies in the IDRC systems and practices they examined. But while the overall findings of the report are positive, some areas were cited for improvement. Centre management agrees fully with the overall opinion of the Special Examination Report and, since May 2002, has introduced many initiatives to address noted shortcomings. In endorsing the report, IDRC recognizes the value it will have as a comprehensive assessment for key systems and practices and as a benchmark for self assessment. The Special Examination has made a positive contribution to our thinking about Centre systems and procedures.

I look forward to continuing to work with IDRC management and staff on these and

other issues. 2003/04 promises to be a year of solid achievement during which the Centre will continue to live up to — in the words of the *Budget Speech 2003* — “its world-class reputation for supporting research aimed at finding innovative solutions to the challenges facing developing countries.”



Gordon Smith
Chairman



IDRC: R. Charbonneau

"If persistence and constancy are among IDRC's hallmarks, so are adaptability, responsiveness, and innovation."



IDRC: P. Bennett

Corporate Profile

Mandate

A public corporation, IDRC was created by the Parliament of Canada in 1970. IDRC's objective, as stated in the *International Development Research Centre Act*, 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."

In doing so, the Centre helps developing countries to use science and knowledge to find practical, long-term solutions to the social, economic, and environmental problems they face.

Mission: Empowerment through Knowledge

The Centre strives to optimize the creation, adaptation, and ownership of the knowledge that the people of developing countries judge to be of the greatest relevance to their own prosperity, security, and equity.

Objectives: 2000–2005

- IDRC will strengthen and help to mobilize the indigenous research capacity of developing countries, especially directed to achieving greater social and economic equity, better management of the environment and natural resources, and more equitable access to information.
- IDRC will foster and support the production, dissemination, and application of research results leading to policies and technologies that enhance the lives of people in developing countries.
- IDRC will explore new opportunities and build selectively on past investments within its program framework.

Operating Principles

The Centre advocates a multidisciplinary, participatory approach. Many features describe and distinguish this approach:

- Responding to the needs of the developing world as they are identified by the researchers and policymakers who live and work there.
- Focusing greatest attention on encouraging and supporting work by researchers in the developing world.
- Concentrating on developing human resources and strengthening existing institutions as well as the climate for research in developing countries.
- Devolving responsibility for management and administration of research to institutions in the South.
- Further exploring the potential for research on how to apply scientific, technical, and other knowledge to development problems
- Underpinning all programming by a quest for sustainable and equitable development.
- Adopting a multidisciplinary approach to development problems and employing a variety of ways to do research.
- Considering the differing impact of change on the lives of men and women.
- Tailoring its support to different countries to best match their needs, resources, and aspirations.
- Placing high value on the creative judgement of its staff.

In doing so, IDRC also

- Concentrates on establishing partnerships with other donors that exploit comparative strengths.
- Encourages connected communities of researchers.

- Assists researchers to access and distribute information themselves.
- Promotes evaluation as a planning, learning, and management tool.
- Works to ensure the impact of research by bringing it to the attention of policy- and decision-makers at all levels.



IDRC: D. Barbour

IDRC will strengthen and help to mobilize the indigenous research capacity of developing countries.



Projects must fit with IDRC's priorities, contribute to local capacity-building, and include both gender and ethical considerations.

Programing

The Centre's Corporate Strategy and Program Framework (CSPF) outlines IDRC's broad themes and general directions over a five-year period, from 2000 to 2005.

The CSPF identifies three broad thematic areas in which IDRC supports research. These areas represent an intersection of the priorities of the developing countries and IDRC's potential to make a contribution to sustainable and equitable development. The CSPF also sets targets for the regional distribution of IDRC's resources. IDRC's Board of Governors was closely involved in defining the content of the CSPF, based on preparatory work and consultations undertaken by staff.

Each year, at special Program and Operational Meetings, the President, Vice-Presidents, and senior managers review the way in which the Centre implements the CSPF. Overall program development and implementation are reviewed to take advantage of new opportunities and to ensure a balance between the evolving needs of the regions in which IDRC operates and the Centre's desire to maintain a coherent, focused program of research support. The Directors of Program Areas and the Regional Directors monitor program development and implementation and report to the Board of Governors every October. An annual Program of Work and Budget allocates resources across the different funding mechanisms.

Programing mechanisms and modalities

Program initiatives develop and administer the largest part of the Centre's programing. They constitute networks that link researchers to work on specific problems and set a research agenda.

International secretariats are research consortia of several donors that pursue goals in common with the Centre. IDRC

acts as a catalyst to generate the funds and resources the secretariats need. Their management structure allows donor partners to be involved directly in setting program directions and priorities.

Corporate projects address special needs, opportunities, and exploratory activities that could eventually become significant sectors of intervention for IDRC.

In addition, through its *Canadian partnerships program*, IDRC fosters alliances and knowledge-sharing between scientific, academic, and development communities in Canada and the South. A *grants and awards program* also promotes the personal and professional development of young Canadians and nationals from developing countries through support for academic study and opportunities for hands-on experience.

IDRC'S PROGRAM MATRIX

PROGRAM AREAS	ENVIRONMENT AND NATURAL RESOURCE MANAGEMENT	INFORMATION AND COMMUNICATION TECHNOLOGIES FOR DEVELOPMENT	SOCIAL AND ECONOMIC EQUITY
Program initiatives	Managing Natural Resources, Latin America and the Caribbean (Minga) Cities Feeding People Community-Based Natural Resource Management (Asia) Ecosystem Approaches to Human Health People, Land, and Water (Africa and the Middle East) Sustainable Use of Biodiversity	Acacia: Communities and the Information Society in Africa Pan Asia Networking	Governance, Equity, and Health Micro Impacts of Macroeconomic and Adjustment Policies Peacebuilding and Reconstruction Trade, Employment, and Competitiveness
International secretariats	Environmental Management Secretariat for Latin America and the Caribbean International Model Forests Network Secretariat	Bellanet	Economy and Environment Program for Southeast Asia Research for International Tobacco Control Secretariat for Institutional Support for Economic Research in Africa
Cross-cutting research	Gender Research on Knowledge Systems		
Special initiatives	Canadian Partnerships Grants and Awards		

Project Funding

IDRC's principal approach is to support research projects and related activities developed and proposed by developing-country institutions, and by Canadian institutions in collaboration with one or more developing-country partners. The Centre strives to achieve a critical mass of knowledge on particular topics. Increasingly, this is done in collaboration with other donors.

Most projects proposed to IDRC result from direct exchange with developing-country institutions, in which Centre officers and recipient institutions explore mutual areas of interest. Highly qualified researchers themselves, program officers also play an entrepreneurial role in bringing together the people and resources to pursue common objectives.

Most proposals are developed on the basis of a detailed — and often lengthy — interaction between both parties. In addition to having scientific and technical merit and a potential development impact, projects must fit with IDRC's priorities, contribute to local capacity-building, and include both gender and ethical considerations. The availability of human and institutional resources is also important. A number of program initiatives also fund research under competitive arrangements such as small grants competitions that, in addition to their research purpose, provide another way of identifying new researchers and institutions with which to work.

Depending on the amount of funding required, the proposal is submitted to

the program initiative team or to senior management for approval. A Memorandum of Grant Conditions stipulates the value and purpose of the grant, the terms of its administration, the obligations of all participants, and the formal starting date of the project. Program officers monitor the project's progress until completion.

Program Support

Several related activities are integrated with IDRC's research program to broaden its impact and scope:

■ **Partnerships and Business Development:**

IDRC experiments with a range of options for partnerships and resource expansion to expand the flow of resources to researchers in developing countries.

■ **Evaluation and Learning:**

IDRC recognizes that evaluation makes an essential contribution to learning and decision-making about research. The Centre develops evaluation methods and tools, and provides central coordination and support for monitoring performance and measuring program achievements.

■ **Research Information:**

Through our databases, researchers can tap into development research results and current research dialogues. IDRC's information specialists offer efficient access to research information and intellectual support.

■ **Communications:**

Targeted communications strategies and tools, including public events and publications, in print and electronic formats, present and disseminate Centre activities to a wide range of audiences, as does our Web presence.

Regional Presence

IDRC's headquarters are located in Ottawa. The Centre also maintains six regional offices in the developing world: in Montevideo, Uruguay, to serve Latin America and the Caribbean; in Singapore to serve Southeast and East Asia; in New Delhi, India, to serve South Asia; in Cairo, Egypt, to serve the Middle East and North Africa; in Nairobi, Kenya, for Southern and Eastern Africa; and in

Dakar, Senegal, to serve West and Central Africa.

More than merely administrative outgrowths of headquarters, these offices represent a significant strategic asset and part of IDRC's personality as an institution. Their role of providing a regional perspective to the Centre's program and nurturing partnerships and resource-expansion activities in the regions where IDRC works, as well as promoting the dissemination of research results, is essential to the effective management of the Centre's program matrix.

Accountability and Governance

When the Parliament of Canada created IDRC, it granted the corporation special status. The Centre is not an "agent of Her Majesty." Along with the Bank of Canada and the Canadian Broadcasting Corporation, IDRC is exempt from the *Financial Administration Act's* specific rules governing Crown Corporations. However, IDRC is bound by the general financial rules set out in that act. The Centre is audited annually by the Office of the Auditor General and is accountable to the Parliament of Canada. But its special status does ensure that IDRC has the autonomy it needs to establish links and advance Canadian causes — even when, for political reasons, the government is unable to become involved officially.

An international Board of Governors, comprising 11 experts from Canada and 10 from other — most developing — countries, has overall responsibility for the management of Centre affairs. As Chief Executive Officer and an ex officio member of the Board, the President manages the Centre's operations, with the support of the Senior Management Committee.

Financing

The Canadian Parliament provides IDRC with an annual appropriation. While this is its main source of revenue, the *IDRC Act* also allows the Centre to seek external funding.



IDRC: S. Colvey

IDRC's principal approach is to support research projects and related activities developed and proposed by developing-country institutions.

ASSESSING AND MANAGING RISK

In India, massive communal violence in Gujarat left thousands of Muslims dead or displaced. The violence created dangerous conditions for staff of several projects in the area. A project on women's empowerment has faced some particularly tough challenges. Some staff resigned and others requested transfers. Travel was disrupted, affecting monitoring and other project activities. As a result, one of the research sites had to be relocated. The project has also introduced new elements to the workplan — including initiatives to help staff understand and address issues arising from the violence.

These sorts of risks — and developing ways to overcome them — are part of IDRC's "business" of supporting research for development. Almost by definition, embarking on research involves exploring the unknown and testing the uncertain. It is these variables, especially in the novel areas of IDRC-supported research, that can inspire innovation. Managing the risks associated with the Centre's work while not limiting the flexibility of staff and our research partners to respond to development challenges requires constant effort. The following examples show how the Centre works to strike this balance.

Project and administrative risk

Before a project is supported by IDRC, it must be appraised by a team of program staff. For large proposals, this includes a visit to the site by the responsible program officer. The appraisal includes an assessment of inherent risks that could affect the project's implementation, such as political and economic problems, social unrest, climatic changes, and inadequate sources of information.

Before approval, each project budget is reviewed by a grant administration officer, who verifies the legal identity and status of the proposing institution and assesses the administrative risk, in accordance with IDRC's financial control framework. In the case of large projects with new institutions, the risks are

assessed on site. The findings help to determine the grant conditions to be applied to the project.

Once a project is approved, program officers monitor its progress and help address any unexpected developments. Grant administration officers work with program officers and conduct regular compliance reviews throughout the life of the project. Senior grant administration managers also regularly visit institutions that have high volumes of IDRC funding to review managerial, administrative, and financial capabilities. The findings seek to confirm earlier assessments and help to determine if contract adjustments are necessary.

Reviews

IDRC undertakes special reviews and assessments of countries where difficult conditions have either limited or precluded Centre programming. In the past, such a study has been conducted in Nigeria. In December 2002, senior management requested reviews of Nepal and Palestine, both of which are experiencing conflict and unrest. These studies help the Centre determine how to support research and researchers in high-risk countries.

Health and security

IDRC's work requires frequent travel to areas that can pose health and personal security risks. Some Centre staff are posted to these same areas. Accordingly, the Centre employs several means to minimize these risks. These include the following:

- A Security and Emergency Planning Team (SEPT), composed of senior managers, deals with emergency situations that pose a risk to the safety of Centre staff. For example: SEPT has monitored SARS-related issues on a daily basis, circulated regular advisories on travel to regions affected by SARS, and provided staff with information on the virus and how to prevent its transmission.



IDRC: P. Bennett

Senior management requested reviews of Nepal and Palestine, both of which are experiencing conflict and unrest.

- Health Services staff provide vaccines, prophylactic medication, and information on other preventive health measures to all staff before any international travel.
- Travel bans and advisories from the Department of Foreign Affairs and International Trade are issued to staff on a regular basis. A ban prohibits IDRC staff from traveling to a particular country or area experiencing dangerous conditions. Advisories indicate that travelers should exercise caution. In addition, extensive information on IDRC's internal Web site outlines security precautions for staff while traveling.
- The Centre also provides all staff with ergonomically sound workstations and furnishings, and offers ergonomics training: 42 staff members were trained in 2002/03. First-aid and CPR courses are also offered: 13 staff members availed themselves of these courses in the past year.

MILESTONES: 2002/03

- On 18–20 June, the Open Program Meeting brought together Ottawa staff, regional office staff, and developing-world partners for three days of keynote addresses and discussions around the themes social ingenuity, social equity, and networks.
- On 27 June, IDRC organized the international forum “Rethinking the City.” Held as part of the Conférence de Montréal, it brought together 80 policymakers and business representatives from Latin America, Canada, and Italy to discuss governance, particularly public and private sector interactions.
- Inspired by the G8’s Action Plan for Africa, the IDRC Board of Governors approved a \$2.5 million special fund for activities in support of the New Partnership for Africa’s Development. Two areas are targeted for support: creation of evidence-based health policy and supporting policy reviews, particularly in the areas of science and technology policy and information and communications technologies policies, in selected countries.
- In its 17–23 August issue, *The Economist* reported on IDRC’s work in Tanzania through the Essential Health Interventions Project (TEHIP) in very positive terms.
- IDRC participated in many inter-ministerial meetings leading up to the World Summit on Sustainable Development in Johannesburg in August and September 2002, and worked in close collaboration with the three lead departments working on Canada’s contribution: Environment Canada, CIDA, and DFAIT. IDRC secured two positions in Canada’s official delegation.
- On 16 October, Drs Mario Henry Rodríguez and Juan Eugenio Hernández Avila of Mexico’s Instituto Nacional de Salud Publica were awarded the Jorge Rosenkranz Award 2002 in the area of epidemiology for their work in an IDRC-supported project to find alternatives to DDT to control mosquitoes, vectors of malaria.
- In collaboration with Canadian Heritage, Health Canada, Human Resources Development Canada, Industry Canada, and Environment Canada, IDRC sponsored the Citizens’ Dialogue on the Kind of Canada We Want project. Managed by the Canadian Policy Research Network’s Public Involvement Network, the project engaged Canadians in a dialogue about the kind of Canada they want for themselves and for future generations, including the question of development assistance. Ten sessions took place in various Canadian cities in the fall of 2002.



IDRC: P. Bennett

The Economist reported on IDRC’s work in Tanzania through the Essential Health Interventions Project (TEHIP) in very positive terms.

EXPRESSIONS OF CORPORATE SOCIAL RESPONSIBILITY

- IDRC staff contributed \$30 680 to the 2002 Government of Canada Workplace Charitable Campaign (GCWCC) supporting the United Way/ Centraide and Healthpartners. This is an increase of 23% over the previous year.
- IDRC, through its Regional Office for West and Central Africa in Dakar, Senegal, helped the families of victims of the sinking of the Joola ferry off the coast of Senegal on September 26 by offering the Collectif de coordination des familles de victimes du Joola a refurbished Pentium 166 computer and a sum of \$12 000. A collection was also organized among staff.
- On 17 March 2003, IDRC, through its Regional Office for Eastern and Southern Africa in Nairobi, Kenya, donated 12 computers to Computers for Schools Kenya (CFSK), a program modeled on Computers for Schools, Canada.
- On 2 May, IDRC and the Vulimiri Ramalingaswami Foundation signed an agreement to establish an Endowment Fund to support the Ramalingaswami Scholarship program for South Asian medical professionals in the fields of nutrition science and community medicine. The Regional Office for South Asia in New Delhi, India, released \$100 000 for the fund.



IDRC: S. Colvey

IDRC and the Vulimiri Ramalingaswami Foundation agreed to support the Ramalingaswami Scholarship program for South Asian medical professionals.

- A pilot fundraising training workshop for key IDRC research partners was held in Bangkok in January 2003.
- In February 2003, IDRC participated in International Development and Regional Days organized by CIDA in Vancouver, Winnipeg, and Fredericton.
- On 18 February 2003, the Canadian government committed to "increase funding for the International Development Research Centre by 8% annually over the next two fiscal years in recognition of its world-class reputation for supporting research aimed at finding innovative solutions to challenges facing developing countries." This was the first time ever that IDRC has been specifically mentioned in the federal budget.

STATISTICAL SNAPSHOT AND FINANCIAL HIGHLIGHTS

Statistical Snapshot

Regional offices:	6
Staff (full-time equivalents):	335
Research program activity	
Research projects approved:	114
Research projects completed:	148
Total active research projects:	461
Total research activities approved: (including research projects)	390
Total research activities completed:	369
Total active research activities:	893

New Research Activities in 2002/03

(with total active in parentheses) by area under study and by program area

Area under study	Program area ^a						2002/03 allocation (\$000)	
	Corporate	Other	ENRM	ICT4D	SEE	Total	IDRC	Total ^b
Asia	36 (47)	0 (0)	19 (53)	16 (23)	7 (23)	78 (146)	9 785	11 157
Eastern Europe	0 (1)	0 (0)	0 (0)	0 (0)	0 (0)	0 (1)	0	0
Latin America and the Caribbean	20 (42)	25 (33)	23 (49)	3 (14)	16 (33)	87 (171)	11 142	16 666
Middle East and North Africa	14 (19)	2 (2)	4 (22)	2 (2)	9 (24)	31 (69)	2 305	2 305
Sub-Saharan Africa	43 (87)	2 (4)	28 (90)	35 (88)	16 (52)	124 (321)	16 002	16 052
Multiregional	0 (3)	0 (0)	4 (8)	0 (0)	0 (3)	4 (14)	827	827
Global	29 (75)	2 (3)	15 (39)	2 (5)	17 (41)	65 (163)	14 172	16 205
Other ^c	1 (7)	0 (0)	0 (1)	0 (0)	0 (0)	1 (8)	15	15
Total	143 (281)	31 (42)	93 (262)	58 (132)	65 (176)	390 (893)	52 248	63 227

Note: Research activities include research projects, research support activities, awards programs, etc.

^a ENRM, Environment and Natural Resource Management; ICT4D, Information and Communication Technologies for Development; SEE, Social and Economic Equity. "Corporate projects" include the Gender Unit, international secretariats, the Special Initiatives Program, Partnerships and Business Development, Evaluation Unit, the President's Office, Explorations, Regional Activity Funds, forward planning, etc. "Other" includes programs or projects that are supported outside of IDRC's standard funding mechanisms, such as through the Institute for Connectivity in the Americas.

^b Includes both IDRC and external funding.

^c Includes all other regions of the world, although in practice pertains mostly to Canada and IDRC's Canadian Partnership activities.

Key Financial Highlights

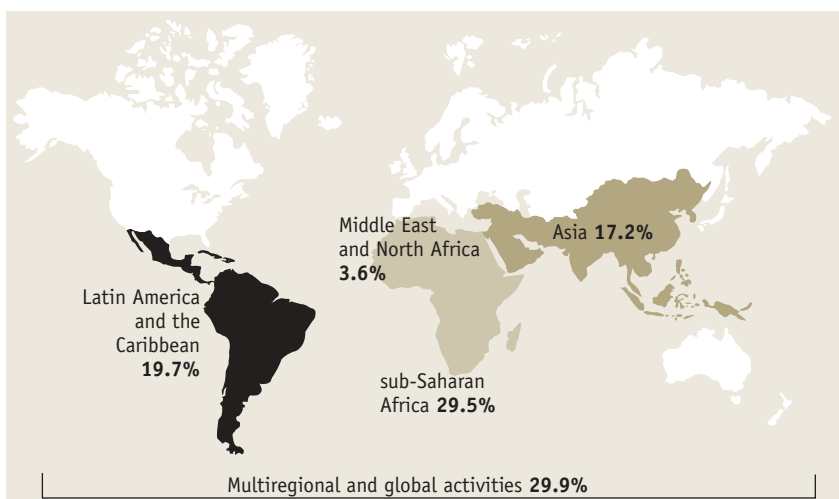
(\$000)	2002/03		2001/02
	Revised budget	Actual	Actual
Revenues			
Parliamentary appropriations	100 893	97 603	97 164
Resource expansion	16 526	36 505	47 515
Recovery of indirect costs, investment, and other income	3 407	3 923	3 596
	<u>120 826</u>	<u>138 031</u>	<u>148 275</u>
Expenses			
Development research programs	80 020	97 894	98 512
Development research support	20 428	20 152	18 830
Administrative services	23 821	21 892	21 218
	<u>124 269</u>	<u>139 938</u>	<u>138 560</u>
Net results of operation	(3 443)	(1 907)	9 715
Equity	6 428	7 964	9 871
Expenditure ratios	64/16/20	70/14/16	71/14/15
Program allocations			
Centre programs	72 500	64 771	56 077
Resource expansion	18 700	30 822	65 938
	<u>91 200</u>	<u>95 593</u>	<u>122 015</u>

Notes

- The Parliamentary appropriations represents 71% of the total revenues.
- The expenses for development research programs represent 70% of the total expenses.
- The actual expenditure ratios (development research programs/development research support/administrative services) demonstrate that IDRC is committed to investing as many resources as possible on research program activities (see page 52 for an explanation of IDRC's three-tier cost structure).
- For further information on these key financial highlights, please refer to the Financial Management Discussion and Analysis beginning on page 51.

Geographical Distribution of Program Allocation

IDRC's Corporate Strategy and Program Framework (CSPF) for 2000–2005 sets notional targets for the distribution of programing resources. Over its first three years, 25% of resources were to be allocated to Latin America and the Caribbean, 44% to sub-Saharan Africa, 6% to the Middle East and North Africa, and 25% to Asia. As shown here, the actual distribution of resources is slightly different from these targets. This is because some activities touch more than one region and others are considered of a global nature.





IDRC: S. Colvey

From Words to Action

*"We have learned much about the practical application of research to development problems in the South — lessons about the value of **innovation**, whether of ideas, methods, or technologies, about the need for **persistence** and constancy, and about the importance of building on **experience**. We have also learned that **analysis** and evaluation are indispensable tools."*



MESSAGE FROM THE PRESIDENT

Learning for the Future

Conflict and war, threatened and actual, were without doubt at the forefront of most of our minds throughout much of 2002/03 — in the Middle East, in India and Pakistan, in Iraq, and in the Democratic Republic of the Congo, among others. Against this backdrop of death and destruction, tension and terror, another war continued to be waged — against poverty, against inequity. While this battle does not make the daily headlines, the enemy is, if anything, more entrenched, more intractable, and its victims more numerous.

The turmoil of the past year has irrefutably proven the theory that development and peace are two sides of the same coin, or — in the words of Finance Minister John Manley — that, quite simply, “we cannot have a world of peace without addressing the world of need.” While there are few who would dispute this, there is less agreement on how to best meet that need, how to “do” development.

For IDRC, the chaos and strife has reaffirmed the crucial importance of our mandate: 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. As well as these core aims, by bringing together people of like-minded interests to work together outside of a political context, the work of IDRC contributes to improved transnational understanding.

The Canadian government made a commitment in its *Budget Plan 2003* to addressing the world of need by pledging to double Canada’s official international assistance by the year 2010. As noted by Minister Manley, this goal is more than a spending target, it represents the tangible promise of a better future for the world’s most vulnerable citizens.

That same budget recognized IDRC’s experience and role in fulfilling that promise: IDRC’s Parliamentary appropriation will be increased by 8% annually over the next two fiscal years in recognition of the effectiveness of our approach to addressing development problems. IDRC’s International Assistance Envelope (IAE) appropriation funding base for 2003/04 has therefore been set at \$100.2 million, an increase of \$7.7 million over 2003/03. With other Treasury Board adjustments to compensate for salary and related increases, IDRC’s total Parliamentary appropriation for 2003/04 will be \$108.3 million.

A total of 390 new research projects and support activities were approved in 2002/03. Centre expenditures for development research programs — research projects either financed or administered by IDRC for both Centre program and resource expansion — totaled \$97.9 million in 2002/03. Expenditures on development research support activities were \$20.2 million. Together, these represented 84% of IDRC’s total expenses, a clear indication that we are committed to investing as many resources as possible on research activities. This year, as in the past, most program funding was allocated to the 12 program initiatives.

But the hard numbers are only part of the picture.

IDRC’s success is the result of lessons learned from more than 30 years of endeavouring to advance the theory and dream of development. We have learned much during that time about the practical application of research to development problems in the South — lessons about the value of innovation, whether of ideas, methods, or technologies, about the need for persistence and constancy, and about the importance of building on experience. We have also learned that analysis and evaluation are indispensable

tools, and that regular environmental scanning is fundamental to strengthening current endeavours and to planning future directions. All these are the foundations of our Corporate Strategy and Program Framework (CSPF) 2000–2005, which set the course for the past year’s activities.

Sharing Knowledge and Ideas

The past year afforded IDRC a number of opportunities to share its experience and knowledge with key Canadian government departments and thus contribute to shaping Canada’s position at a number of international forums. For example, IDRC collaborated closely with Robert Fowler, Canadian Ambassador to Italy and G8 Sherpa for the June 2002 Summit in Kananaskis, Alberta, in preparing papers and briefings on IDRC’s and other initiatives in Africa. Following a year of work with the G8 office, Industry Canada, CIDA, and Ambassador Fowler — and as a result of IDRC’s active participation in the work of the Digital Opportunities Task Force, of which I was co-chair — Canada confirmed a \$12 million contribution over three years to create a centre for connectivity in Africa. Supported by IDRC, Connectivity Africa builds on Canada’s experience in connectivity projects in Africa.

Inspired by the G8 action plan for Africa, in June 2002, IDRC’s governors proposed and approved a \$2.5 million special fund for activities in support of the New Partnership for Africa’s Development (NePAD) initiative. This special fund will strengthen policymaking, based on evidence gathered through research, in Africa. Building on experience that the Tanzania Essential Health Interventions Project (TEHIP) researchers and policymakers have gained, IDRC will also support the creation of a research and policy institution in East Africa devoted to health.

The Centre also played an important role in shaping the messages and images Canada shared with the world at the World Summit on Sustainable Development (WSSD) in Johannesburg. Although a number of our projects were featured, the

spotlight was on two IDRC activities: the Ecosystems Approaches to Human Health (Ecohealth) program initiative, a trans-disciplinary research area in which IDRC has played a pioneering role, and the International Model Forest Network (IMFN), an approach to natural resource management in which Canada is a leader. In a speech at the WSSD, Environment Minister David Anderson announced IDRC's International Forum on Ecosystem Approaches to Human Health — held in mid-May 2003 — as the type of activity that is feeding into the Government of Canada's new global partnership initiative, "Strengthening Health and Environment Linkages: From Knowledge to Action." Canada also announced that it would provide \$2.1 million to support the IMFN Secretariat for a three-year period, in addition to a \$1.5 million

contribution to establish the Regional Model Forest Centre for Latin America and the Caribbean, a multidonor initiative to be headquartered in Santiago, Chile.

In January, IDRC was also an active participant at the Third World Water Forum in Kyoto where its innovative Water Demand Management Forum for the Middle East and North Africa were showcased. These venues and others in which IDRC participated during the past year afforded us ideal opportunities to communicate the results of research to policy- and decision-makers around the world. Fostering evidence-based policy development is one of the Centre's objectives for a simple reason: when the *IDRC Act* talks about research for development, it really means research for social, economic, and environmental change. That change can only occur within an enabling policy framework.

These activities and a number of others this past year have enhanced IDRC's public sector partnerships and reaffirmed our place as a valued member of Canada's foreign policy family.

Meeting Strategic Goals

Progress was also made on a number of other strategic goals that I personally set for the current CSPF.

[1] To make important and practical contributions to evidence-based solutions to key development problems.

For example, CIDA, IDRC, and the Egyptian Ministry of Foreign Trade have jointly supported a Small and Medium Enterprise Policy Project (SMEPol) in Egypt since 2000. Small, medium-sized, and micro enterprises are seen as critical in dealing with the employment challenge facing Egypt in the coming years. But although a variety of enterprise-promotion programs have been put in place by government, nongovernmental organizations (NGOs), and donor agencies, the overall policy environment for small and medium-sized enterprise (SME) development remains weak. This past September, the Egyptian minister of Economy and Foreign Trade announced that months of SMEPol-supported research and consultation had led to the development of a unified definition for

SMEs. The definition will help rationalize government support programs for these enterprises. Based on this definition, the Government of Egypt also announced significant and wide-ranging policy measures to support the SME sector, including a 10% quota of purchases from SMEs, a more favourable regulatory framework, and support for revisions to the income tax regime.

[2] To be a strategic mobilizer of disparate communities to find solutions to common problems.

Enlisting natural and social scientists in Canada and in other countries to work together on common problems and fostering research cooperation are objects enshrined in the *IDRC Act*. It has become the Centre's *modus operandi*, both in the composition of its program initiative teams and in the formulation of projects it supports. The Centre has also learned — sometimes the hard way — the necessity of including community decision-makers in the research process, whether they be heads of households, village leaders, senior government officials, men or women. This is key to approaches such as community-based natural resource management, which includes those with most at stake — community members — in identifying their problems, designing the research, and implementing solutions.

Some communities are also closer to home. For example, in partnership with the Association of Universities and Colleges of Canada (AUCC), IDRC encouraged the organization of a series of campus-level roundtables on the internationalization of Canadian research, linkages with the South, and implications for Canadian universities: 15 such roundtables were held on campuses across Canada in the past year. In a number of cases, the roundtables appear to have been the first time that the campus community dealing with research and training in developing countries have come together to share views and plans. As a follow-up, university vice-presidents of research and key staff from national research funding and policy organization will convene in Ottawa in May 2003 for a national roundtable on "Research without (Southern) Borders: The Changing Canadian Research Landscape."



IDRC: D. Marchand

Canada announced that it would provide \$2.1 million to support the IMFN Secretariat for a three-year period, in addition to a \$1.5 million contribution to establish the Regional Model Forest Centre for Latin America and the Caribbean.

3 To support research that makes real improvements in people's lives.

Development is too often interpreted as economic growth. But we are learning that national economic growth often means little to rural communities and, in fact, often impoverishes them as communal lands make way for large commercial farms, depriving local people of uncultivated food sources, destroying biodiversity, and damming or diverting water sources for irrigation. Real improvements are perhaps more difficult to identify, and those resulting from research can take many years before becoming apparent. IDRC-supported research is nevertheless having some immediate, tangible effects. For instance, in the two districts where the Tanzania Essential Health Interventions Project (TEHIP) has been piloted, infant mortality rates have declined by 31% since 1996. Isolated indigenous communities of Bolivia have rediscovered the ancient Inca crop *arracacha* and have developed enterprises to transform the nutritious root vegetable into commercially viable products, from flour to snacks. As a result, whole communities have been revived. Innovative uses of information and communication technologies (ICTs) have brought the outside world to remote Asian villages linking families and friends, schools and students, markets and producers.

4 To continue to be recognized as a good donor for those areas where we are providing research support.

A “good” donor in my view is respectful of its partners, looks for opportunities to collaborate with others, and seeks to increase the sources of funds available through partnerships. These are basic principles at IDRC. The CSPF, for instance, give pride of place to the conviction that researchers in developing countries take the lead in producing knowledge for the benefit of their own communities. IDRC has funded more than 20 000 researchers in the South since its inception. Some 520 institutions in 88 countries are currently working with IDRC’s support. The current CSPF was itself based on extensive consultation with scientists and policymakers in all major regions of the developing world — as will its successor.



IDRC: P. Bennett

Community-based natural resource management includes those with most at stake — community members — in identifying their problems, designing the research, and implementing solutions.

IDRC’s project portfolio is testament to our belief in collaboration with other donors: over the years, 146 donors have cofunded Centre projects. We also seek to promote the coordination of international development research through the creation of networks among our programs and partners — some of these networks are presented on the following pages. Over the years, IDRC has experimented with a range of options for partnerships and resource expansion to expand the flow of resources to researchers in developing countries. Revenues from resource expansion were \$36.5 million in 2002/03. This year, a Strategic Donor Partnering Framework was presented to the Board.

Making Strategic Choices

These solid accomplishments are the results of many years of hard work, some of which is only now bearing fruit. As the Report of the Special Examination carried out by the Office of the Auditor General and presented to the IDRC Board of Governors this past March itself noted, “the nature of research poses unique challenges to managers trying to determine the outcomes and impacts of their

activities. Outcomes are more uncertain in research than in many other kind of activity. Results can take many forms and come at any time. Moreover, they can lie dormant for a long time before they are put to practical use and their full impact assessed.”

And that is perhaps one of the hardest lessons: to persevere without hope of immediate return, to trust.

At IDRC, learning is a continuous process. We learn from our partners in Canada and in developing countries, from experience, through persistence, through innovation, and through analysis. Just as we believe that learning from the past is vital to preparing for the future, we also understand that it is not enough. As IDRC starts the fourth year of its five-year plan, it has already embarked on a series of consultations and studies around the world that will help us identify where we, with our existing resources, can continue to make a significant contribution during the next CSPF, 2005–2010.

This annual report presents some of the past year’s accomplishments, but also points to some of the challenges faced. The projects and activities outlined — just a few of the close to 400 that were

active in the past year — also show how complex problems require multi-disciplinary approaches, how sustainable solutions almost always travel through the policy process, and how sharing knowledge is essential.

Perhaps more important, they teach that nothing durable can be accomplished without the full and active participation of all affected and that knowledge-sharing can foster better governance: the shared discovery and consideration of a few hard facts can often help dispel superstition and prejudice, revealing new formulas for resolving old disputes. Talking about issues on the basis of evidence can lead to building new understanding, as the dialogue builds from one idea to another. Whether or not hypotheses are proven or anticipated results achieved, the benefits of research accrue in terms of stronger institutions, better trained researchers, new leads and insights, new partnerships.

Looking Ahead

I have little doubt that the next few months will be as challenging for the international community as the past year has been. But IDRC is now in a better position to respond to opportunities emerging from the rapidly changing, turbulent world in which we work. In the

coming year, IDRC will strengthen existing exploratory activities, including research on knowledge systems in the South, the impact of the biotechnology revolution on developing countries, the role of ICTs in poverty alleviation, and the gender component of policy processes.

We will also seize new program opportunities in response to emerging situations and through international processes such as NePAD. We will build on the outstanding success of IDRC initiatives, such as TEHIP.

Other opportunities include replicating elsewhere in the world the highly regarded Environment and Economy Program for Southeast Asia. Finally, we intend to expand our programing on ICTs for development in the Middle East and North Africa.

For these and other activities, I count on the dedication and experience of our staff and the continued support of our many partners, North and South.



Maureen O'Neil
President



Whether or not hypotheses are proven or anticipated results achieved, the benefits of research accrue in terms of stronger institutions, better trained researchers, new leads and insights, new partnerships.

IDRC: P. Bennett

Objective:

STRENGTHEN INDIGENOUS RESEARCH CAPACITY

"IDRC will strengthen and help to mobilize the indigenous research capacity of developing countries, especially directed to achieving greater social and economic equity, better management of the environment and natural resources, and more equitable access to information."

In 1986, IDRC published a 15-year history of the Centre and its contribution to development. The title, *With Our Own Hands*, neatly captured one of IDRC's guiding philosophies — that societies must build their own futures. The *IDRC Act* commits the Centre to assist developing regions to build up the research capabilities, the innovative skills, and the institutions to solve their problems. This is the essence of capacity-building.

IDRC's approach to supporting research has evolved over the years. At the beginning, the Centre defined its programs by scientific discipline and sector. Now, it targets its resources to the solution of specific development problems and forges links among different disciplines that can contribute solutions. However, the importance of capacity-building — whether it is developing human resources, strengthening institutions, or even improving the climate for research in developing countries — remains central to its work. As noted in the Corporate Strategy and Program Framework 2000–2005, "researchers in developing countries must take the lead in producing knowledge for the benefit of their own communities."

The Centre delivers its support through a variety of mechanisms — the strategic approaches described below. Many of the projects cited as examples of how these mechanisms contribute to the goals of the organization have multiple objectives. In fact, most IDRC-supported research projects seek to simultaneously produce research results and build capacity, whether it be by providing hands-on

training for young researchers, improving project management skills, helping communities formulate development problems and implement solutions, or improving researchers' ability to bring research results to the attention of policymakers. The following examples focus solely on the capacity-building component of the projects.

Strategic Approach: Program Initiatives

Program initiatives (PIs) are the Centre's primary vehicle for funding Southern researchers and research institutions. These multidisciplinary staff teams in IDRC's headquarters and regional offices start with a problem, not a discipline, and consider what knowledge and what disciplines can contribute to its solution. PIs also act as networks that link researchers to address specific issues and to set research agendas.

Each PI team develops a prospectus that outlines the scope of activities that will be supported during a given period of years. Projects submitted for funding are reviewed against the objectives and priorities set out in the prospectus. Each PI prospectus is approved by the Board of Governors. In 2002/03, 11 PIs implemented prospectuses approved by the Board in 2000/01 or 2001/02. The one exception is Governance, Equity, and Health, which "graduated" from an exploratory activity to a program initiative in the past year (see page 40).

IDRC: P. Bennett



Researchers in developing countries must take the lead in producing knowledge for the benefit of their own communities.

Statistical snapshot

Number of PIs:	12
Number of new research projects funded in 2002/03:	114
Total number of active research projects:	444
Number of research institutions supported in 2002/03:	141
Total number of research institutions currently supported:	518

Resource tenure and food security

PI: *Community-Based Natural Resource Management*

Context: Most of Lao PDR policies on natural resources have been driven by external actors, with Laotian researchers acting as consultants rather than participants in decision-making processes. The National University of Laos (NUOL) wants to become a source of “home-grown” research that is relevant for policymaking — a challenge for the newly formed university that is primarily a teaching institute.

Objective: To improve research capacity in natural resource management, resource tenure, and food security among NUOL faculty members.

Progress to date: The project initially aimed to develop small research projects in collaboration with other national and regional institutes. However, it became clear that there was first a greater need to improve the basic research skills of NUOL staff. By the project’s completion in 2002, 11 faculty members had been trained to conduct multidisciplinary research in resource tenure and had implemented three small research projects. Together, project researchers prepared and delivered a successful workshop in the Lao language on national forest and land allocation policy, attended by international donors, NGOs, and government officials.

Looking ahead: A proposal for a second phase calls for continued efforts to enhance research capacity at NUOL, to link faculty to research users and to

establish administrative incentives and support for university-based research.

African Economic Research Consortium

PIs: *Trade, Employment, and Competitiveness and Micro Impacts of Macroeconomic and Adjustment Policies*

Context: A shortage of policy-oriented economic researchers in sub-Saharan Africa impedes economic policymaking, and thus development. The African Economic Research Consortium (AERC), launched by IDRC in 1984, represents a major long-term investment by IDRC in the development of research capacity in Africa.

Selected objectives: To continue to build capacity in economics and policy analysis among researchers and policymakers in Africa and to strengthen graduate training in economics.

Progress to date: The Nairobi-based AERC, now an independent legal entity, currently brings together 16 funders to support a vast program of training and research, as well as the dissemination of results. Through its small grants program, for example, AERC has supported hundreds of research projects and more than 200 researchers in 22 countries. More than 700 students have graduated from its collaborative master’s program, which spans 20 universities in 15 countries. In December 2002, AERC launched its new collaborative doctoral program in which eight universities in six sub-Saharan countries are currently participating. In January 2003, IDRC contributed \$1 million to the AERC Research Innovation Endowment Fund, which aims to support innovative research and provide an avenue for multidisciplinary projects, as well as for special workshops and comparative research.

Looking ahead: AERC is seeking to engender sustainability in its activities through the Research Innovation Fund and other means. Networking and dissemination will be enhanced through electronic means.



IDRC: D. Marchand

Increasing development pressures in the Brazilian Amazon threaten the small-scale fisheries that are a critical source of food and employment in the region.

Natural resource management by fishing communities of the Amazon: research action, training, and technology transfer

PI: *Managing Natural Resources, Latin America and the Caribbean (Minga)*

Context: Increasing development pressures in the Brazilian Amazon threaten the small-scale fisheries that are a critical source of food and employment in the region. Researchers with the Museu Paraense Emilio Goeldi have studied these environmental and social changes for more than 30 years in the state of Para. They are now applying their research results to support local initiatives for natural resource management.

Objective: To develop the capacity of fishing communities to ensure the sustainability of natural resources and to improve their livelihoods.

Progress to date: Working with a network of community organizations, the project catalogued an extensive list of environmental problems. These included industrial pollution, depleted fish stocks, and the unbridled development of tourism. To equip people with the skills to deal with these challenges, the project organized courses and workshops on subjects ranging from management for

small businesses to basic beekeeping. Some 1 250 fishers and their families benefited from these efforts. In addition, 44 scholarship students undertook research as part of the project.

Looking ahead: Despite the distances between members and a lack of experience in collective action, project researchers remain confident that the network of community organizations will grow. IDRC staff plan to visit the project to discuss future plans and consider networking opportunities with other researchers in the region

Economic empowerment of women through ICTs in Uganda

PI: Acacia: Communities and the Information Society in Africa

Context: SMEs make a significant contribution to the economy of Uganda. Over 45% of SMEs are owned and operated by women in such sectors as retail, trade, and beverage production. Productivity, however, is hampered by lack of access to information. The Council for the Economic Empowerment for Women in Africa (CEEWA) investigated and experimented with innovative uses of ICTs to fill this gap.

Objective: To give women entrepreneurs access to information relevant to the development of entrepreneurial skills and the expansion of their enterprises.

Progress to date: CEEWA has established the Women's Information Resource and Electronic Service — a "one-stop" centre where women can obtain information on markets, prices, best practices in agriculture, advisory services, and support organizations. Women in three project sites access the information through databases, the Internet, and electronic discussions. Training in business skills and enterprise development using ICTs is an important part of the project, although initial sessions were too short to be meaningful. By the end of the project in 2002, however, 95 female entrepreneurs had been trained in entrepreneurship development and ICT usage. CEEWA has also enhanced its skills in developing training programs and producing training materials in local languages, as well in bridging the gap between sources of information and the women who need it.

Looking ahead: Building on the results of this experiment, the Humanist Institute for Co-operation with Developing Countries (HIVOS), a Dutch NGO, is supporting the second phase of the project.

Equinet phase II: equity and governance in Southern Africa

PI: Governance, Equity, and Health

Context: Health care resources in Africa are often concentrated in urban areas and among elites. The spread of

HIV/AIDS has exacerbated these health inequalities. The Network for Equity in Health in Southern Africa, established in 1998, is dedicated to influencing policies of the countries of the Southern Africa Development Community (SADC) to ensure equity in health. It is made up of research, civil society, and health sector organizations.

Objectives: To build human and institutional capacity, to involve stakeholders in policy dialogue, and to promote equitable health policies.

Progress to date: The first phase of Equinet successfully brought issues of health equity to the forefront of the SADC agenda. A second phase is helping to strengthen the capacity of institutions to intervene in policy and policymaking for greater health equity and to base these interventions on evidence gathered through research. Research subjects from the past year have included resource allocation and deprivation and the impacts of participation and governance on equity in health systems.

Looking ahead: With IDRC support, Equinet has developed a strategic plan for 2003–2005. While work will continue in key research areas, new themes will include health sector responses to HIV/AIDS, health human resources, and promoting public health in trade agreements.



IDRC: P. Bennett

CEEWA has established the Women's Information Resource and Electronic Service — a "one-stop" centre where women can obtain information on markets and prices, and be trained in enterprise development.

Strategic Approach:

International Secretariats

International secretariats are research consortia of several donors that pursue goals in common with the Centre. IDRC acts as a catalyst to generate the financial and administrative resources that secretariats need to undertake a long-term research agenda. Independent steering committees oversee secretariat operations and research directions.

Statistical snapshot

Number of international secretariats:	6
Number of institutions supported:	123

Research for International Tobacco Control

Context: The mission of the Research for International Tobacco Control (RITC) secretariat is to create a strong research, funding, and knowledge base for the development of effective tobacco-control

policies and programs in developing countries. It does this through a combination of research, dissemination, strengthening of capacity, and coordination.

Selected objective: To enhance tobacco-control research capacity to produce credible information for local, national, and international policymaking and program development.

Progress to date: RITC is strengthening capacity through a variety of initiatives, including postgraduate academic support and small research grant competitions to stimulate a new generation of tobacco-control researchers in developing countries. Research tools have also been developed, including a training manual on qualitative tobacco-control research, a book of case studies documenting tobacco-control policymaking in six countries, and a monograph series to disseminate research data on tobacco control. In November 2002, RITC brought together organizations involved in funding tobacco-control research globally to explore ways to improve coordination among donors. The need for capacity building was a recurring theme throughout the meeting.

Looking ahead: Participants developed an action plan for building research capacity. This plan identified the need for training and fellowship programs for the development of research tools and software, and for data production. Participants agreed to discuss next steps at a special session organized by RITC and key partners at the 12th World Conference on Tobacco or Health, to be held in August 2003.

Economy and Environment Program for Southeast Asia

Context: The Economy and Environment Program for Southeast Asia (EEPSEA) was established in 1993 to support training and research in environmental and resource economics. The program uses a networking approach to provide not only financial support but also meetings, resource persons, access to literature, publication outlets, and opportunities for comparative research across its 10 member countries.



IDRC: M. Hibler

EEPSEA's objective is to strengthen local capacity for the economic analysis of environmental problems.

Objective: To strengthen local capacity for the economic analysis of environmental problems so that researchers can provide sound advice to policymakers.

Progress to date: Biannual workshops are the focal point of EEPSEA's program. Each event involves up to 60 people and includes individual consultations between researchers and their advisors; working groups in which research reports and proposals are presented; and plenary sessions with talks by international experts. The theme of the meeting in May 2002 was drawing and communicating policy implications from research. It included a one-day workshop for researchers on critical thinking and effective writing.

Looking ahead: Owing to changing funding priorities, EEPSEA lost some of its sponsorship in 2002. At the same time, other donors are increasing their support. For example, Sida, Sweden's official international development agency, has doubled the amount of its most recent grant. These increases compensate for the reductions and provide a satisfactory budget for future work.



IDRC: D. Marchand

The mission of RITC is to create a strong research, funding, and knowledge base for the development of effective tobacco-control policies and programs in developing countries.

A LESSON ABOUT EVIDENCE-BASED PLANNING

In 1996, malaria accounted for 30% of the years of life lost because of deaths and debilitating diseases in Morogoro Rural District, Tanzania. The budget for malaria prevention and treatment, however, accounted for only 5% of total health care spending. This dichotomy was discovered when health officials in Morogoro analyzed their budget priorities against actual evidence of the disease burden borne by the population. As a result, by 1998, malaria's share of the budget had increased to 25%.

This is just one early success of the Tanzania Essential Health Interventions Project (TEHIP), a collaborative venture between Tanzania's Ministry of Health and IDRC. Launched in 1996, it was established to test innovations in planning, priority setting, and resource allocation in the context of Tanzania's decentralization and health reforms. TEHIP was the first project to test an idea presented in the World Bank's 1993 *World Development Report*, which suggested that providing packages of essential health interventions to 80% of the population of low-income countries could substantially reduce the burden of disease.

TEHIP has been testing the feasibility of institutionalizing an evidence-based approach to planning at the district level in Morogoro Rural and Rufiji districts. The project is achieving this by supporting research carried out by Tanzanian researchers in multidisciplinary teams; by developing tools and building the capacities of Council Health Management Teams (CHMTs) to plan and use resources strategically; and by providing funds to help districts implement their plans.

The tools developed to collect and analyze information are providing the evidence that enables the CHMTs to



IDRC: P. Bennett

set priorities and allocate resources as part of their planning process. For example, health managers found that health spending was disproportionate in some areas and recommended increasing spending on neglected diseases for which cost-effective treatments or preventive measures existed. Local officials also found that improving other sectors, such as communications and transport, would lead to better health care.

To help the districts implement their plans, TEHIP increased health budgets by about US\$1 per person per year. This cash infusion smoothed the transition to a more effective approach to health care. For example, health workers were trained to treat common symptoms, using the cheapest means first, and to educate patients on disease prevention. Drugs were ordered according to documented need. Preventive measures were also emphasized, for example, insecticide-impregnated bednets were promoted to protect against mosquitoes, vectors of the malaria parasite.

The results? In Rufiji, infant mortality fell by 31% between 1999 and 2001 and the proportion of children dying before their fifth birthday dropped by 22% to 103 per 1 000. Adults also benefited: the proportion dying between age 20 and 50 decreased by 18%.

The results are so striking that the Ministry of Health is now working to expand the program and incremental funding to Tanzania's remaining 112 districts. IDRC is continuing to support innovations for evidence in health planning through a new grant approved in late 2002.

Strategic Approach: Corporate Projects

Corporate projects address special needs, opportunities, and exploratory activities that could eventually become significant sectors of intervention for IDRC.

PROGRAM AREA	ENVIRONMENT AND NATURAL RESOURCE MANAGEMENT	INFORMATION AND COMMUNICATION TECHNOLOGIES FOR DEVELOPMENT	SOCIAL AND ECONOMIC EQUITY
Corporate projects	Eco Plata Mining Policy Research Initiative	Connectivity Africa Institute for Connectivity in the Americas PAN Americas	Peru Consortium for Economic and Social Research Tanzania Essential Health Interventions Project

IDRC: R. Charbonneau



CIES is diversifying its funding sources and manages projects supported by the Peruvian public sector and a growing range of donors.

Peru Consortium for Economic and Social Research

Context: The Peru Consortium for Economic and Social Research (CIES) was established in 1999 to contribute to Peru's development by raising the level of analysis and debate on key options for economic and social policy. Since it was founded, CIES has expanded from 5 to 30 members, including research centres, NGOs, and public sector agencies. CIES receives core support from IDRC and CIDA.

Objective: To strengthen and mobilize Peru's community of research centres to contribute more effectively to public policy debate on economic and social issues.

Progress to date: The CIES research program includes national research networks on macroeconomics, poverty, microcredit, employment, education, and health policy, as well as numerous smaller projects. Most of these smaller projects, and some of the network projects, have made an important contribution to developing the skills and careers of younger researchers, and to building the capacities of lesser developed research centres. Research results have been of high relevance to national development challenges, and they are contributing to policy debates

and decisions. A model developed by the CIES macroeconomics network has been adopted by the Peruvian central bank.

Looking ahead: CIES is diversifying its funding sources and manages projects supported by the Peruvian public sector and a growing range of donors. It is currently developing a strategy for its own long-term sustainability.

Strategic Approach: Training and Awards

The Centre Training and Awards Program (CTAP) embodies the Centre's commitment to the personal and professional development of Canadians and developing-country nationals. By supporting academic study and providing opportunities for hands-on experience, IDRC helps countries of the South develop a critical mass of trained researchers. At the same time, a new generation of Canadians has the opportunity to participate actively in international development and consider careers in this field. In addition to funding and managing IDRC's corporate awards, CTAP administers awards funded by other parts of the Centre. In 2002/03, 68 awards were granted.

Awards granted: 2002/03

28	IDRC Doctoral Research Awards
11	Centre Internship Awards
5	Agropolis: International Graduate Research Awards in Urban Agriculture
5	IDRC Ecosystem Approaches to Human Health Training Awards
5	IDRC Awards for International Development Journalism
5	Professional Development Awards
2	Individual training awards to IDRC project partners
2	Sabbatical awards
1	Visiting Research Fellowship
1	The Bentley Fellowship: Use of Fertility Enhancing Food, Forage and Cover Crops in Sustainably Managed Agroecosystems
1	John G. Bene Fellowship in Community Forestry: Trees and People
1	IDRC Research Awards on Economic and Social Policy in Peru
1	Canadian Window on International Development Award

IDRC Doctoral Research Awards

Context: The IDRC Doctoral Research Awards support the field research of Canadian graduate students for doctoral research in developing countries on topics of relevance to IDRC's research priorities. The award covers expenses for 3 to 12 months to a maximum of \$20 000.

Objective: To promote the growth of Canadian capacity in research on sustainable and equitable development from an international perspective.

Progress to date: Awards were given to 28 students this year for research that included the provision of urban services in the slums of Haiti, the plight of young Sudanese refugees living in Egypt, and risk factors for HIV/AIDS among youth in Bamako, Mali. IDRC frequently receives reports of the success of former awardees. For example, in October 2002,

Dr Karen Mundy was awarded a Canada Research Chair in Global Governance and Comparative Educational Change at the University of Toronto. She undertook her doctoral research in Zimbabwe and Tanzania in 1993/94 with an IDRC award.

Looking ahead: IDRC continues to monitor the awards program and to make adjustments accordingly. A recent change has been to accelerate the review of research proposals by considering them once they have been approved by candidates' supervisors, rather than waiting for approval by a thesis committee.

Agropolis: International Graduate Research Awards Program in Urban Agriculture

Context: In the developing world, urban agriculture can improve food supplies, generate income, and put marginal land to productive use. However, the majority of urban farmers are poor and work without the support of government policies or the aid of technology. Their farming methods can also be hazardous to human health and produce low economic returns. The Agropolis awards program was established in 1998 to advance research on these issues and others relating to urban agriculture at the graduate level.

Objective: To add to the body of knowledge of urban and peri-urban agriculture and, thereby, to support interventions that address critical areas in the industry.

Progress to date: Agropolis supports master's- and doctoral-level research that is designed and implemented in collaboration with nonacademic partners. These partners — "end-users" of the research — are in development sectors where urban agriculture can make a contribution. They include community-based organizations, city councils, and national governments. Five students received Agropolis awards in 2002/03 for topics ranging from urban rabbit production in Cameroon to the introduction of urban composting in Ghana.

Looking ahead: Agropolis has created a new category of awards in 2003: there will be two postdoctoral awards available to researchers who have obtained a doctorate in urban agriculture or in a related field in the last five years and who wish to specialize further in their field.



IDRC: B.L. Wilson

In the developing world, urban agriculture can improve food supplies, generate income, and put marginal land to productive use.

Strategic Approach: **Cross-cutting Research**

While IDRC research support is concentrated in three main areas of enquiry (see IDRC program matrix, page 7), the Centre also devotes resources to research on two issues that cut across the full program framework: gender and knowledge systems. The budget of the Centre's Gender Unit has been significantly increased this past year to support both research activities and capacity-building. The Unit's research theme for 2002–2004 is "gender, citizenship, and entitlement," with a particular focus on governance and gender violence. The Unit also works with program initiatives to implement a variety of mainstreaming and capacity-building activities related to gender issues. The Program of Work and Budget 2003/04 includes a 30% increase in the Gender Unit's budget, thus building on the trajectory established in 2002/03.

The other major cross-cutting initiative, Research on Knowledge Systems, explores the ways in which knowledge is produced, communicated, and applied to development problems, and investigates the policy and institutional frameworks that govern this process.

Capacity-building for social and gender analysis

*PI: People, Land, and Water
(Africa and the Middle East)*

Context: Men and women access and use natural resources in different ways. Understanding those differences and taking them into account is key to developing resource management strategies that are more equitable and, ultimately, more sustainable. Research that incorporates social and gender analysis and that directly involves men and women in the process is needed across the developing world.

Objective: To build capacity for social and gender analysis, and in participatory approaches, into natural resource management research and development efforts within institutions in the Middle East and in Eastern and Southern Africa.

Progress to date: In December 2002, IDRC's People, Land, and Water program initiative (PLaW) approved a new project with the Organization of Social Science Research in Eastern and Southern Africa (OSSREA), a nongovernmental, nonprofit research network of social scientists headquartered in Nazareth, Ethiopia. OSSREA will develop a training and small grants program to support research projects in Eastern and Southern Africa that focus on soil and water management for increased food and water security. This project builds on an earlier innovative collaboration between IDRC and OSSREA through which researchers associated with IDRC projects in various universities and institutions were trained to assess proposals and evaluate projects, thus enabling them to better manage research activities.

Looking ahead: The OSSREA team will develop and test a social and gender analysis framework for reviewing project proposals, monitoring, and evaluating research projects, and for designing training workshops on research methods.

Research on Knowledge Systems

Context: Launched in June 2001, Research on Knowledge Systems (RoKS) is IDRC's intelligence and policy effort in support of knowledge, science, and technology for capacity-building in the South. Its operations revolve around partnerships designed to improve policy for action.

Objective: To promote analysis and debate, at local, national, and international levels of key issues in the evolution and functioning of "knowledge systems" in developing countries.

Progress to date: RoKS supports an annual research competition, each year focusing on a different theme. In April 2002, RoKS awarded six grants in its first competition. In January 2003, RoKS launched its second competition on Strengthening Knowledge Policy for Small States. RoKS has developed a range of other activities, including support to SciDev.net, an innovative Web site on science, technology, and development, and workshops on public policy issues in genomics and biotechnology. It also cohosted a workshop with the United Nations Educational, Scientific, and Cultural Organization (UNESCO) to discuss the impacts of science and technology reviews undertaken in developing countries.

Looking ahead: RoKS has identified several potential themes for future competitions, including the impact of ICTs on research in developing countries and linking research to public policy.



IDRC: P. Bennett

Men and women access and use natural resources in different ways. Understanding those differences is key to developing strategies that are more equitable and, ultimately, more sustainable.

Objective: LINK RESEARCH AND POLICY

"IDRC will foster and support the production, dissemination, and application of research results leading to policies and technologies to enhance the lives of people in developing countries."

IDRC: P. Bennett



Policy change cannot occur without communication — of ideas, of information, of knowledge, of vision.

IDRC's Corporate Strategy and Program Framework 2002–2005 places a great deal of emphasis on the factors affecting policymaking for social, economic, and environmental change — in short, for development. The reason is simple: for change to occur, it has to do so within a policy framework. IDRC, however, does not envision a straight line between research and policy, researchers and politicians: far from it. We recognize that policy change in any society is nonlinear and often elusive. But whether it occurs by design or by alchemy, or by a little of both, it cannot do so without communication — of ideas, of information, of knowledge, of vision.

This thrust in IDRC's programming is a renewal rather than an innovation: emphasizing the use and dissemination of research results was a fundamental tenet of the Centre's first Corporate Program Framework. Today, however, IDRC increasingly looks for opportunities to link research results more closely to policy and policymaking — for "closing the loop"; for linking like-minded researchers, policymakers, and members of civil society interested in common issues; and for making the results of the research it supports more widely available.

Strategic Approach:

Link Research to Policy- and Decision-making

How can research best inform policy? That question is the subject of much debate in development circles and a central preoccupation at IDRC. Our examinations of the question led to a paper in

2001 entitled "Closing the Loop: Communication for Change at IDRC," and the provision that year of \$50 000 to each program initiative to support a special project that would make research results more accessible to decision-makers: the urban agriculture policy advisory tools project described below is one example. Linking research and policy is also increasingly an integral component of the projects we support. In 2002/03, IDRC's Evaluation Unit launched a strategic evaluation of the influence of past research on public policy.

Statistical snapshot

Number of new research projects with stated policy objectives, 2002/03:	38
Total active research projects with stated policy objectives:	117
Total number of research institutions currently involved:	128

Urban agriculture policy advisory tools for local governments in Latin America and the Caribbean

PI: Cities Feeding People

Context: Although urban agriculture is seen as an important means of feeding Latin America's cities, most municipalities lack information about how best to promote and implement urban agriculture programs.

Objective: To strengthen capacities of municipal governments to implement urban agriculture programs and policies.

Progress to date: Background papers were drafted on key issues in urban agriculture, from which nine policy briefs were prepared on topics ranging from the



In Latin America, most municipalities lack information about how best to promote and implement urban agriculture programs.

reuse of waste water to gender considerations. The draft briefs were validated by urban farmers, government representatives, and the private sector through local and regional workshops in 15 municipalities and a regional consultation in Peru in September 2002. In the process, the capacity of municipalities to formulate and implement urban agriculture policies was increased and partnerships were forged between research institutions and local governments, and between the municipalities themselves. The briefs have been published in Spanish, English, and French. The project, completed in March 2003, was cofinanced by IDRC, the Urban Management Programme — Regional Office for Latin America and the Caribbean of UN HABITAT (Ecuador), and IPES —

Promoción del Desarrollo Sostenible (Peru).

Looking ahead: The briefs are being translated into Portuguese. Dissemination is assured through the support of a number of regional and international organizations. A similar process to develop urban agriculture briefs for Africa and the Middle East is now under consideration. The limited usefulness of the academic background papers — a lesson learned in Latin America — could lead to a different methodology in these regions.

Water Demand Management Forum

PI: People, Land, and Water (Africa and the Middle East)

Context: The economic and environmental costs of tapping scarce water sources in the Middle East and North Africa make it imperative that the conventional supply-oriented approach be replaced with a demand management approach.

Selected objective: To improve the effective use of scarce water resources by facilitating information exchange and networking.

Progress to date: Coordinated by IDRC, the Water Demand Management Forum is an extension of the Water Demand Management Research Network, supported by IDRC since 1998. In collaboration with more than 25 donor and partner organizations — including CIDA, UNDP's Special Unit for Technical Cooperation among Developing Countries (UNDP/TCDC), and the Japanese government through the UNDP/TCDC — four forums were held in 2002/03 to promote water demand management to more than 500 decision-makers from 11 countries. In total, 22 case studies were discussed in the forums, and have been published on-line and on CD-ROM in English, French, and Arabic to enhance knowledge sharing and networking. They were also presented at the Third World Water Forum in Kyoto, Japan, in March 2003.

Looking ahead: During 2003/04, IDRC and its partners will analyze, consolidate, and publish the results to date; promote South-South exchanges through bilateral missions; and design a new phase.

Toward a network of productive municipalities, Bolivia

PI: Managing Natural Resources, Latin America and the Caribbean (Minga), with the Special Initiatives Division

Context: Decentralization and municipal reforms in Bolivia during the past decade have given municipalities greater responsibility for developing and implementing economic development projects.

Selected objective: To determine how Bolivian municipalities can play an active role in national efforts to overcome poverty.

Progress to date: This project was launched in October 2002. During the pilot phase of this collaborative project between the Atlantic Community Economic Development Institute, Halifax, the Centro de Servicios Agropecuarios Técnicos de Chuquisaca, and the Mancomunidad de Municipalidades de Pando, Bolivia, researchers made initial contacts with municipal officials and other local actors in 14 municipalities. They developed and tested a participatory data-collection tool to identify a wide range of local resources that could be harnessed for sustainable development. Before the end of the project, key individuals in the Ministry of Sustainable Development and in the Bolivian Federation of Municipal Associations expressed keen interest and decided to explore the possibility of expanding the project to the entire country.

Looking ahead: In May 2003, a national meeting was convened by the Federation of Municipal Associations in La Paz to foster the establishment of a network of public, private, and international donor organizations interested in sustainable local economic development and productive municipalities. The meeting identified a clear need to build common ground to enable all stakeholders to collaborate effectively.

Biotransformation of olive wastes

PI: Sustainable Use of Biodiversity

Context: The Moroccan government seeks national self-sufficiency in olive oil. Some 60% of the country's olive oil is produced using traditional artisanal oil presses known as *maâsras*, which are

inefficient and generate tonnes of environmentally hazardous waste.

Objective: To increase small producers' efficiency, improve the quality of the oil, and find uses for waste products.

Results to date: Since launching the first phase of this project in 1996, the research team at the Institut Agronomique et Vétérinaire Hassan II in Rabat, Morocco — in collaboration with Agriculture and AgriFood Canada's Food Research and Development Centre in Saint-Hyacinthe, Québec — has developed means of converting the olive waste products into high protein animal feeds, of synthesizing natural aromas, and of improving smallholders' olive harvesting, handling, and processing techniques. In 2002/03, the team built and field tested a mobile, mechanized *maâsra* to extract olive oil optimally in the field. Adoption of this technology — which won first prize for innovation at an agricultural fair in December 2002 — would help meet the government's goals of modernizing the traditional olive sector.



IDRC: M. Hibler

The research team has developed means of converting the olive waste products into high protein animal feeds and of improving smallholders' olive harvesting, handling, and processing techniques.

Looking ahead: IDRC funding for this project will end in 2003. The technologies developed in the course of this project have earned the lead researcher a nomination for the 2003 *Grand prix Hassan II pour l'invention et la recherche dans le domaine agricole*. Interest in the mobile *maâsra* has been expressed by olive oil producers in Tunisia.

Strategic Approach: Foster Networks and Communities of Practice

Networking has been at the core of the Centre's philosophy and operations from the start, an explicit recognition that development and the research to support it are by necessity cooperative ventures. For a number of years, IDRC has worked intensively with networks, lending significant intellectual support and investing 25 to 30 percent of its allocations in networking arrangements. Networks, both formal and informal, continue to be a hallmark of the Centre's approach, fostering interdisciplinary research, improving policy development, and encouraging comparative analyses.

Information technologies, particularly the Internet, have made this sharing easier and vastly more effective. They also foster communities of practice — decentralized knowledge-sharing webs of individuals and organizations that share common concerns or interests.

Statistical snapshot

Number of IDRC-supported network research projects supported in 2002/03:	45
Total active network research projects:	140
Total number of research institutions currently involved:	171

Food security in South Asia: enhancing community capacity to generate knowledge and influence policy

PI: Sustainable Use of Biodiversity

Context: The breakdown of traditional food-production systems is an important source of food insecurity among poor



IDRC: S. Colvey

The breakdown of traditional food-production systems is an important source of food insecurity among poor rural populations.

rural populations and, consequently, of social instability.

Objective: To enhance the capacity of communities to generate knowledge on biodiversity-based production systems and to influence food policy.

Progress to date: This project has been linking policy advocacy, training and capacity-building, and research through a variety of activities in Bangladesh, India, Nepal, Pakistan, and Sri Lanka. Information sharing is an important component, through publications, films, and farmer exchanges. In August 2002, these exchanges took an international dimension when 18 South Asian and Canadian farmers participated in the South Asia-Canada Dialogue on the Future of Agriculture, organized by IDRC, the South Asia Network for Food, Ecology and Culture (SANFEC), and InterPares, a Canadian NGO. A statement on the farmers' common vision of the future of agriculture was presented to the International Federation of Organic Agriculture Movements World Congress in Victoria, BC, and to the World Summit on Sustainable Development. The Dialogue concluded in February 2003 with a return visit to South Asia by Canadian participants: policy dialogues between farmers and national- and state-level policymakers were held in four major cities in India (Hyderabad, Pune, Delhi, and Mumbai).

Looking ahead: In August 2003, the SAARC (South Asia Association for Regional Cooperation) People's Forum will enable SANFEC members to formulate strategies for influencing SAARC's policies on food insecurity and its impact on regional trafficking in women and children.

MercoNet: the Mercosur Economic Research Network

PI: Trade, Employment, and Competitiveness

Context: Mercosur, a customs union linking Argentina, Brazil, Paraguay, and Uruguay, has had considerable impact on the economies of member countries. Analyzing this impact and the effects of possible supporting policies is critical to making decisions on how to move forward in the integration process.

Objective: To promote and reinforce the contribution of research to the regional integration process.

Progress to date: During the first phase of this project (1998–2002), a network of nine leading institutions was established and three regional projects were completed on macroeconomic policy coordination, foreign and direct investment, and nontariff barriers to intraregional trade. The network's strong record has

paved the way for the expansion of activities in collaboration with government officials, civil society, and international organizations. The second phase, launched in July 2002, continues MercoNet's research focus, with an emphasis on strengthening linkages between researchers and policymakers and other stakeholders. For example, in the last year, MercoNet has provided technical input to the Foro Consultivo Económico y Social, Mercosur's civil society forum, to articulate civil society positions on key policy challenges.

Looking ahead: In June 2003, the network-coordination office will relocate to the Mercosur headquarters — a clear vote of confidence, which will increase opportunities for direct interaction between researchers and policymakers.

Development of an African ICT policy research network hub

PI: Acacia: Communities and the Information Society in Africa

Context: The demand from African policymakers for information, research, and analysis on the use of ICTs as tools to accelerate growth is increasing. Research in this field, however, is limited and fragmented.

Selected objective: To establish a research network hub on ICTs for African research centres.

Progress to date: Launched in December 2002, the project aims to develop an ICT policy research base in Africa, centred at the Learning Information Networking and Knowledge (LINK) Centre of Witwatersrand University in Johannesburg, South Africa. The project will strengthen LINK's research base, improve coordination and stimulate debate across the continent, and facilitate access to information by decision-makers, academics, and civil society organizations. The research agenda is being developed collaboratively and builds on other IDRC-supported initiatives in Africa. The continental network will be enhanced by the LINK's inclusion into the Learning Initiatives on Reforms for Network Economies (LIRNE.NET), an international collaboration between the Delft Universities of Technology, the Technical



MercoNet's strong record has paved the way for the expansion of activities in collaboration with government officials, civil society, and international organizations.



The demand from African policymakers for information, research, and analysis on the use of ICTs as tools to accelerate growth is increasing.

University of Denmark, and the London School of Economics: LINK is the first African university to join the network.

Looking ahead: In 2003, network members will participate in the first expert forum in Africa on "Stimulating Investment in Network Development," to be hosted by the LINK Centre with IDRC support. Specialized master's- and doctoral-level university programs on ICT policy will be developed, a first in Africa.

Strategic Approach:

Disseminate Research Results

From information to knowledge to action — this continuum hinges on many factors. Not the least of these is dissemination: providing the information generated to those who can use it to create knowledge, to promote debate, and to broaden participation in public policy development. IDRC has always emphasized the sharing the results of the research it supports through various means, both by researchers themselves and as a corporate activity. Increasingly, such communication is an intrinsic component of the projects it supports.

Statistical snapshot

Corporate communications, 2002/03

Books published and copublished:	18
■ Environment and Natural Resource Management:	6
■ Information and Communication Technologies for Development:	4
■ Social and Economic Equity:	6
■ Other:	2
Current titles in print:	210
Books available free, full-text online:	80
Copies distributed (sold and complimentary):	17 572
Book sale revenues:	\$101 000
Web pages viewed:	More than 11 million
Unique visitors to catalogue of IDRC publications:	More than 250 000

REACHING OUT TO RESEARCHERS

Archiving and disseminating the results of IDRC-supported research is the responsibility of the Research Information Management Service (RIMS) Division. RIMS maintains a corporate archive of IDRC outputs to ensure continuing access to the Centre's accumulated knowledge assets.

■ **Archives:** 1 073 items were added in 2002/03.

■ **BIBLIO:** The Library catalogue where researchers can find over 30 years of final research reports from IDRC-funded projects. Many reports and documents are now available in full text. In 2002/03, 32 451 searches were conducted by researchers external to IDRC.

■ **IDRIS:** Provides comprehensive and descriptive information on all IDRC research projects since the beginnings of the Centre. In 2002/03, 19 189 searches were conducted by external researchers.

■ **IMAGES:** Access to a digital photo library of thousands of photographic images related to IDRC projects and activity in developing countries. External researchers conducted 8 326 searches in 2002/03.

■ **Reference services:** Library staff receive requests from researchers and students around the world for information and reports on IDRC project activity. 835 such requests were handled in 2002/03.

LESSONS ABOUT POLICY INFLUENCE FROM VIET NAM

Despite its still considerable economic and social problems, Viet Nam has made important strides: in less than 12 years, it has succeeded in raising itself from the bottom of the World Bank's list of least developed countries to the status of "simply" a less developed country. IDRC has been supporting capacity-building economic research in Viet Nam during that time. Has this research contributed to economic policymaking in Viet Nam?

A study commissioned by IDRC's Evaluation Unit in 2002/03 sought to determine to what extent — and by what means — work sponsored by IDRC in Viet Nam has had a degree of policy impact. This study was part of a large project on the influence of research on public policy undertaken by IDRC's Evaluation Unit (see p. 36).

IDRC's presence in Viet Nam goes back to 1991. In 1993, IDRC and CIDA supported a major effort to increase Viet Nam's capacity in environmental economic research through the Viet Nam Institutional Strengthening and Economic Development (VISED) project. By its close in 1997, it has supported 50 somewhat disparate projects in 25 institutions. In 1997, CIDA and IDRC each contributed \$1.2 million to VISED's successor, the five-year Viet Nam Economic and Environmental Management (VEEM) program, to build on that experience in a more tightly structured manner. Focus on the economics side was on trade liberalization and the competitiveness of export industries: VEEM therefore had a clear policy focus from its inception. At the same time, IDRC supported research on economic modeling and on community-based poverty monitoring through its Micro Impacts of Macroeconomic and Adjustment Policies (MIMAP) program initiative.

The study of these three research programs concludes that all had an impact on policy, particularly on the expansion of policy capacities by developing talent in policy research and analysis and improving the capacity to communicate new ideas, among other means. They also broadened policy horizons by providing opportunities for learning and networking, for instance, and by fostering a broader understanding of issues. Timing was obviously a strong factor: Viet Nam was transforming its economic system. Strong project advisory groups with well-connected members also undoubtedly contributed.

More important, however, was IDRC's approach, which sought to develop an autonomous research and policy capability through capacity-building, institutional development, and network creation. This, the report notes, "is a patient, long-term orientation which allows for the sustained application of financial and human resources over several years and which



IDRC: M. Hilber

refuses to be discouraged by initial confusion or flailing around, and by the absence of immediate breakthrough results." IDRC "stuck with it remarkably over a ten-year period despite serious occasional difficulties and criticisms, and discouraging setbacks."

Thus, VISED provided the experimental phase where the approach was tested, institutions assessed, and a first group of researchers trained. VEEM — and to some extent MIMAP — built on that experience and brought it to fruition. The benefits of IDRC's persistence will perhaps be reaped through the Viet Nam Economic Research Network (VERN), funded in 2002/03 to continue the earlier work on issues related to trade, growth, and poverty through a competitive small grants program coordinated by the Institute of Economics, IDRC's first and constant partner in the country. Integral to the project are activities to make findings accessible to policymakers and facilitate wide discussion within civil society, insofar as the political situation allows.

IDRC, for its part, will bring the lessons learned from these experiences to bear on its future programing.

Southern agenda on trade and environment

PI: Trade, Employment, and Competitiveness

Context: Two main positions dominate the international policy debate on trade and environment: that of developed countries, which feel that developing countries are prepared to sacrifice their environment for growth; and that of the developing world, which suspects that environmental measures in trade are protectionist.

Objective: To strengthen the capacity of developing-country trade negotiators and policymakers to promote proactive positions in multilateral negotiations on trade and environment.

Progress to date: In the first phase of this project, completed in October 2002 — the first-ever attempt to systematically collect and analyze the views of developing-country delegates — formal and informal consultations were organized in advance of, and at, the Fourth Ministerial Meeting of the World Trade Organization in Doha, Qatar, in November 2001. The second phase, launched in March 2003, will provide evidence and arguments to assist developing-country governments to participate constructively in the trade and environment negotiations of the Doha round. The work is being carried out by the International Institute for Sustainable Development, the International Centre for Trade and Sustainable Development, and

10 Southern institutions, members of a London-based network called The RING (Regional and International Networking Group).

Looking ahead: Among planned products to foster policy dialogues are background papers for regional consultations, a trade and environment negotiations resource book, and a series of targeted consultations and multistakeholder forums to support the analysis and representation of developing-country interests in multilateral trade and environment negotiations.

MAPPA: Medicinal and Aromatic Plants Program in Asia

PI: Sustainable Use of Biodiversity

Context: In South Asia, most of the population, particularly the poor, relies on medicinal and aromatic plants for its primary health care.

Objective: To enhance the sustainable and equitable use of medicinal and aromatic plant resources in South Asia.

Progress to date: IDRC support for research on medicinal plants in South Asia began in 1994 and is currently provided through the MAPPA program of small grants, networking, and collaboration based at IDRC's Regional Office for South Asia in New Delhi, India. Supported also by the Ford Foundation, the International Fund for Agricultural Development, and CIDA, MAPPA has achieved notable successes. Communication and dissemination are central elements of MAPPA's work. During just the

last four months of 2002/03, for instance, MAPPA supported an Indo-Nepal exhibition and seminar organized by the Ministry of Science and Technology in Kathmandu, published the proceedings of a regional workshop on Sharing Local and National Experience in Conservation of Medicinal and Aromatic Plants in South Asia, and supported a five-day workshop on Wise Practices in Himalayan Medicinal Plants, jointly organized by IDRC, UNESCO, the World Wildlife Fund, People and Plants International, and Nepal's Ministry of Forest and Soil Conservation.

Looking ahead: Information generated by MAPPA is being shared widely through the Medicinal Plant Global Information Network (MEDPLANT). MAPPA is moving into a second phase with support from IDRC, the Ford Foundation, and the International Fund for Agricultural Development.

Tenure, access to, and use of land, water, and forest resources

PI: Managing Natural Resources, Latin America and the Caribbean (Minga)

Context: In the Andean region, more sustainable use of land, water, and forest resources is key to the future well-being of rural dwellers, the national economy, and to urban water supplies.

Objective: To explore issues surrounding land tenure and access to, and use of, natural resources in the inter-Andean valleys of Bolivia as the basis for formulating a policy agenda.



IDRC: S. Colvey

In South Asia, most of the population, particularly the poor, relies on medicinal and aromatic plants for its primary health care.



In the Andean region, more sustainable use of land, water, and forest resources is key to the future well-being of rural dwellers

Progress to date: A consortium of five Bolivian organizations, led by Fundación TIERRA in La Paz, Bolivia, documented and analyzed the impact of changes in land tenure on both rural men and women's access to natural resources in the inter-Andean valleys since the agrarian reform of 1952. The main findings are that, contrary to current cadastral law, the population wants and needs private and group titles to common pool resources, as well as private titles to individual parcels. These results have been disseminated to municipal authorities through workshops in all municipalities surveyed as they are key to implementing land reform. A dissemination document on the findings was produced in October 2002, and a book was published in February 2003. The project officially ended in November 2002.

Looking forward: A dissemination phase is being supported by IDRC until June 2003. A new phase of research is being negotiated to study the third macro-region of Bolivia, the Altiplano, thus completing a country-wide survey.

Security and defense policy in Guatemala

PI: Peacebuilding and Reconstruction

Context: Facilitating reforms to democratic institutions is one of the cornerstones for building sustainable peace in

war-torn societies. In Guatemala, this was recognized in the 1996 Agreement on the Strengthening of Civilian Power and the Role of the Army in a Democratic Society.

Objective: To contribute to consolidating peace in Guatemala by enhancing the capacity of various sectors of Guatemalan society to contribute to formulating feasible security and defense policy options.

Progress to date: Five booklets on security policy issues and the role of civil and defense organizations were produced and strategically disseminated through public presentations and mail-outs to members of the Guatemalan congress, political parties, journalists, academics, and members of social organizations. The booklets have also informed discussions taking place in the multistakeholder dialogue process surrounding the formulation of the Guatemalan White Paper on Defense Policy. This project, completed in March 2003, followed an earlier project by the Latin American Faculty of Social Sciences, targeted at senior policy and academic audiences. A lesson from this first project was that, to really engage on issues of security and defence policy in Guatemala, members of society needed access to information in a user-friendly format.

Looking ahead: In Central America, security sector reform and the role of the

army in a democratic society are integrally linked to larger discussions on accountability and military spending, social policy reform, and socioeconomic development with equity. IDRC continues to support research to ensure that Latin Americans are able to build a solid base of knowledge to make informed decisions.

Web content management system for IDRC

Context: IDRC's public Web site and intranet have outgrown the Centre's existing Web-publishing system.

Selective objectives: To provide IDRC with a single knowledge base for Internet, intranet, and print publication and to allow the creation of subject-specific sites, thus leveraging content for knowledge building and knowledge sharing.

Progress to date: The design of the research network site and public Web site have now been completed. Customization of the Web content management system has also been completed and more than 35 000 documents migrated to the new system. More than 100 staff members have been trained in Ottawa and the regional offices. The research network site was officially launched in December 2002. The public Web site will be launched in mid-2003.

Looking ahead: Poor connectivity has delayed implementing the system in IDRC's regional office for Southern and Eastern Africa, and war has hindered progress in the Middle East and North Africa. Unanticipated requests for additional sites and customization have slowed the development of intranet sites, which are now anticipated for the end of 2003. The first community Web site — the MIMAP network site — is being migrated to the system: this will extend the network to users outside IDRC.

Objective: ANALYZE, EXPLORE, AND CONSOLIDATE

"IDRC will explore new opportunities and build selectively on past investments within its new program framework."

IDRC: P. Bennett



Evaluation makes an essential contribution to learning and decision-making about research within IDRC.

Responding to the evolving needs of its developing-world partners and capitalizing on new insights garnered by Southern scientists are hallmarks of IDRC's institutional flexibility. Flexibility, however, poses its own set of challenges. IDRC relies upon experience, the judgement of its staff, extensive environmental scans, and a variety of other mechanisms for identifying new avenues of research where our support can best contribute to development efforts.

Balanced against the needs and demands of new endeavours on the one hand is the requirement for longer term support of research and capacity-building efforts on the other. Persistence, goes the old axiom, pays off. But persistence must be informed. One of those sources of information are evaluations: the evaluation processes that IDRC has put in place — and continues to develop — provide information that is critical to informed decision-making both within the Centre and among the partners it supports. The examples that follow illustrate how IDRC

balances exploring new opportunities with building selectively on past investments within the framework of its current Corporate Strategy and Program Framework (CSPF).

Strategic Approach: Evaluation

Evaluation makes an essential contribution to learning and decision-making about research within IDRC and, increasingly, within its partner institutions. The Centre promotes evaluation as a planning, management, and accountability tool. The Centre also builds local capacity for evaluation and assesses the use of research and its impact on development. The growing demand for evaluation training and the emergence of evaluation associations in the South is a clear indication that our Southern partners are also embracing evaluation as a means of enhancing the effectiveness of their institutions and the research they undertake.

Statistical snapshot Evaluations carried out by type and program area

Program area	2002/03				2001/02				2000/01			
	Total	Project	Program	Corporate	Total	Project	Program	Corporate	Total	Project	Program	Corporate
ENRM	17	7	5	5	10	8	2	0	14	10	4	0
SEE	5	0	1	4	6	4	2	0	17	14	3	0
ICT4D	9	1	1	7	2	2	0	0	4	2	2	0
Other	1	0	1	0	4	0	1	3	2	0	0	2
Total	32	8	8	16	22	14	5	3	37	26	9	2

Corporate assessment framework

Context: IDRC's focus on learning by doing extends to its own programs, which learn about their effectiveness by undertaking evaluation studies. However, evaluations that meet the learning needs at the project and program levels do not generate data that can be readily accessed and used at the corporate level to address strategic issues or corporate performance. In the course of implementing the current CSPF, the need for better measures of corporate performance has become apparent.

Objective: To generate empirical information on key areas of corporate performance.

Progress to date: In April 2001, IDRC's Senior Management Committee committed to expanding the Centre's evaluation system to include comprehensive performance monitoring at the corporate level. Senior management has selected seven performance areas from the CSPF to monitor: considerations of gender, Canadian partnerships, evaluative thinking, regional presence—programming balance, donor partnerships, indigenous capacity building, and research results for policy and technology influence. Working with the Evaluation Unit during the past year, senior management has developed preliminary definitions of good performance for all seven areas and continues to define and monitor the characteristics of good performance within each area.

Looking ahead: The Evaluation Unit will continue to develop background material on performance monitoring, in refining monitoring strategies, and in data collection and analysis.

Gender Evaluation Methodology

Context: Worldwide, ICT-based interventions are now a common component of development projects. And yet, far too few development organizations fully understand their impacts on gender equality.

Objective: To develop methodologies to determine if ICTs really improve women's lives and how they might, and to mainstream gender considerations into ICT development interventions.

Progress to date: Since 2001, IDRC, in association with the Women Networking Support Program (WNSP) of the Association for Progressive Communications (APC) and a consortium of donors, has been supporting a project to develop tools and the capacity to better assess the effects of ICT projects along gender and social parameters. The result is the Gender Evaluation Methodology (GEM). GEM integrates gender analysis into evaluations of ICT interventions geared to social change, and it can be used as a project planning tool to incorporate gender concerns. In 2002, APC, with input from IDRC's Evaluation Unit, refined GEM and began field-testing it through a series of workshops in Africa, Asia Pacific, Latin America, and Central and Eastern Europe: 29 organizations and networks are involved in testing GEM in a variety of ICT projects.

Looking ahead: APC will use the results of the regional workshops and local experiences to further refine GEM and to draw out lessons about the effect of ICT use on gender equality, women's empowerment, and social transformation. A core

group of individuals and organizations will be trained in the application of the GEM and will serve as resource people.

Influence of research on public policy

Context: Supporting research that influences policy is increasingly central to IDRC's activities. Although IDRC-supported research influences policy in many ways, how research actually contributes to policy processes is not fully understood.

Objective: To build a deeper understanding of how IDRC-supported research has influenced public policy to improve the policy reach of future Centre programming.

Progress to date: In 2001, IDRC initiated a strategic evaluation into the influence of research on policy: 29 case studies covering 67 projects in more than 20 countries were commissioned. These studies were completed in 2002/03. Together with other background studies, this research has shed new light on how IDRC programs contribute to policy influence. In the past year, four workshops — one each in Africa, Asia, Latin America, and Ottawa — were held to discuss findings and begin an analysis of the case studies.

Looking ahead: Issues identified during the workshops, such as the importance of persistence in our support and how to effectively communicate and disseminate research results to policymakers and other stakeholders, will be more fully explored. The studies will be analyzed, synthesized, and published.

Worldwide, ICT-based interventions are now a common component of development projects. And yet, far too few development organizations fully understand their impacts on gender equality.



IDRC: P. Bennett



Development organizations are under constant pressure to demonstrate that their programs improve the well-being of their intended beneficiaries.

Outcome Mapping

Context: Development organizations are under constant pressure to demonstrate that their programs improve the well-being of their intended beneficiaries. However, such “impacts” are often the product of a confluence of events for which no single agency or group of agencies can realistically claim credit. As a result, assessing development impacts remains problematic.

Objective: To characterize and assess the contributions development programs make to improving people's lives.

Progress to date: In 1999, IDRC's Evaluation Unit developed a new approach to planning, monitoring, and evaluating development research. Called Outcome Mapping, it focuses on behavioural change and assesses the contribution a given intervention has made in solving the problem it was intended to address. In 2001, IDRC published *Outcome Mapping: Building Learning and Reflection into Development Programs*. The past year has seen the completion of a set of tools for those who teach and use Outcome Mapping. Within IDRC, Outcome Mapping is now used by 12 program groups. Outside of the Centre, more than 30 organizations have adopted this new methodology.

Looking ahead: IDRC will continue to refine and promote Outcome Mapping as a tool for monitoring, evaluating, and improving the effectiveness of its programing.

Strategic Approach: Partnerships

By partnership, IDRC envisages a relationship based on a shared vision and mutual respect that addresses equitably issues of ownership and control; that recognizes fully the different contributions of each partner; that explicitly acknowledges reciprocal rights, obligations, and accountability; and that is conducted in an open, transparent, and collegial manner. Partnerships with recipients, Canadians, other donors and governments have been and will continue to be a key strategy by which IDRC garners support for promising research and expands the

flow of resources to researchers in developing countries. IDRC's Partnership and Business Development Division is the focus of institutional efforts to increase the resources available for development-related research in the South through strategic partnering with like-minded donors, development agencies, and other institutions in Canada and worldwide.

Statistical snapshot

Number of ongoing donor partnerships 2002/03:	39
Total number of donor partners since 1971:	146
Resource expansion target for 2002/03:	\$16.5 million
Actual resource expansion, 2002/03:	\$36.5 million*
Projected for 2003/04:	\$15.4 million
*The variance stems from the delayed graduation of the Micronutrient Initiative Secretariat as a separate entity.	

Building learning systems for Honduran development

Context: In October 1998, Hurricane Mitch tore across Central America leaving 1.5 million victims in its wake. One of the worst hit countries was Honduras. With support from the international community, the Government of Honduras created a series of roundtables that brought together government, civil society, and donor representatives to coordinate reconstruction efforts. The roundtable process has now been expanded to help guide Honduras' development plans.



CIDA: D. Trattles

In 2002, IDRC and CIDA announced the creation of a new program, *Building Learning Systems for Honduran Development*.



Projects are isolated because of poor connectivity in much of rural Asia and the Pacific.

Objective: To strengthen the capacity of Hondurans to plan and implement development projects and policies that address the needs of the poor and other vulnerable populations.

Progress to date: In 2002, IDRC and CIDA announced the creation of a new program, Building Learning Systems for Honduran Development. The program is funded through a \$5 million grant from CIDA's Pro-Mesas program, which was created to enhance dialogue between government, civil society, and donors supporting reconstruction efforts following Hurricane Mitch. The project will feed discussions within the roundtables on agriculture and environment. An IDRC grant was also approved in 2002/03 in support of this concerted effort.

Looking ahead: The project is currently piloting a learning systems approach in two planning forums, the Pro-Mesas team and the national program for sustainable rural development. IDRC's Bellanet Secretariat is working with national partners to develop a Web-based communications and knowledge-sharing system to capture and share the results from these and other forums.

Electronic Networking for Rural Asia Pacific Projects

PI: Pan Asia Networking

Context: Projects supported by the International Fund for Agricultural Development (IFAD) — the UN agency charged with alleviating poverty in rural

communities — are isolated because of poor connectivity in much of rural Asia and the Pacific.

Objective: To help projects in the Asia Pacific region funded by IFAD more efficiently document and share knowledge and best practices in rural development, primarily through electronic media.

Progress to date: A three-year pilot phase of Electronic Networking for Rural Asia Pacific Projects (ENRAP) was launched in 1998 with IDRC support. An evaluation revealed solid gains in capacity building and in raising awareness of the need for, and advantages of, self-sustaining communications among IFAD-supported projects. However, the evaluation also found that the project fell short of its goals of documenting and sharing knowledge on a systematic network-wide basis. On completion of the project's first phase in late 2002, ENRAP's core partners (IFAD, Bellanet, IDRC, NEXUS Research Cooperative, TeleCommons Development Group, and World Link Communications Private Limited, Nepal) agreed on a second phase of funding. It is building on the evaluation findings to help IFAD projects become more effective in documenting and sharing knowledge and best practices.

Looking ahead: ENRAP II will have more focused, clearer, and manageable objectives. A people-based network, it will also ensure a minimum level of ICT access and institutional capacity building to facilitate communication and knowledge exchange. The focus will be on national networking to help ENRAP share information and knowledge. Some 40 projects in eight countries will be involved.

Canada–Latin America and the Caribbean research exchange grants

Canadian Partnerships Program

Context: There is growing interest on the part of Canadian, Latin American, and Caribbean researchers for stronger partnerships among themselves. IDRC has been fostering this type of collaboration since the creation of its Canadian Partnerships Program in 1979. Canadian Partnerships contributes to a wide range

of small research, knowledge-sharing, and dissemination activities that seek to engage citizens in issues of global importance.

Objective: To strengthen international partnerships and consolidate emerging networks among academic researchers from Canada and Latin America working in one or more of IDRC's priority areas.

Progress to date: Since the project was launched in 1995, 108 grants have been awarded. In 2002/03, IDRC renewed its funding of the Canada–Latin America and the Caribbean research exchange grants for a third three-year cycle. Funded by IDRC, the initiative is managed by the Association of Universities and Colleges of Canada (AUCC). Through this research exchange program, AUCC and IDRC foster a better understanding and familiarity among Canadian researchers and academics, and among institutions throughout the Americas.

Looking ahead: Sixteen travel-support grants, each a maximum of \$6 500, will be awarded in 2003. AUCC and IDRC will strengthen and broaden the scope of existing interactions between Canadian and Latin American researchers.



There is growing interest on the part of Canadian, Latin American, and Caribbean researchers for stronger partnerships among themselves.

A LESSON ABOUT THE VALUE OF MULTIDISCIPLINARY RESEARCH

It was one of IDRC's most "visible" projects. In the early 1990s, the global news media became entranced by a small town in northern Chile that was harvesting fog for drinking water. Newspaper reporters and television cameras were drawn by the sight of the giant mesh collectors that trapped droplets of fog drifting in from the coast. Those droplets — which coalesced into an average of 15 000 litres of water a day — were piped down from the El Tofo mountain for use in the formerly parched community of Chungungo.

The technology worked well and the increased water supply helped to transform the town. The population tripled and local officials capitalized on the community's new profile to lobby successfully for electricity and telephone services. By summer 2002, however, the mesh nets that blanketed El Tofo mountain were in tatters and local officials were campaigning for an expensive pipeline from the Los Choros river to supply the town's water needs. In the meantime, water is once again being hauled in, at much greater expense, by truck.

What changed? For one, success gave rise to practical problems. With 900 inhabitants in the town — rather than 300 — the original number of fog collectors could not supply enough water. Even more unsettling, periods without fog meant depleted reservoirs and occasional drought in the community. Fog collectors came to be seen as an unreliable source of water. Second, a study commissioned by IDRC in 2002 found that not enough preparatory work had been done to determine if the community had the commitment to sustain this type of technology and how much it was willing to contribute to maintain the fog collectors. In part, this was

due to a change in project direction. It had originally been conceived as a way to perfect the fog collector technology, with the water being used in a reforestation project. Supplying water to the community was an unforeseen application, which created organizational chaos with no single authority responsible for the system.

Those who have followed the roller-coaster ride of fog collecting at El Tofo draw some clear lessons from the experience. One is that understanding social conditions and securing the involvement and commitment of local people is always vital to the long-term viability of a development project. IDRC's multidisciplinary approach to programing, refined since the launch of the fog catcher project, means that research takes into account social as well as technical facets of a problem. It is an ongoing challenge to ensure that these factors are adequately addressed in the design and execution of each research project.

Another lesson is that fog collectors work. Proof of this can be found in a new network of specialists who have taken this technology to arid areas across the globe. Today, fog collectors have been adopted or are under study in 25 different countries, including Guatemala, Haiti, Nepal, and Yemen.



IDRC: J.-M. Fleury

From 1992 (top) to 2002 (bottom): Understanding social conditions and securing the involvement and commitment of local people is always vital to the long-term viability of a development project.

Strategic Approach: Explorations

The changing context of international development requires that IDRC constantly re-examine and recast its programming to address new challenges. It also mandates that the Centre explore new opportunities, whether thematic or methodological. IDRC's Program of Work and Budget 2002/03 noted, in fact, that considerable turbulence in the development environment could offer IDRC new opportunities to apply its expertise. A formal mechanism exists to enable IDRC to examine new issues in greater detail: explorations. The goal of explorations, as IDRC is currently doing in the areas of water, climate change, and biotechnology, is to see how we can enhance programming in these areas, whether as a dedicated program, or through existing programs and project modalities.

The criteria used to judge whether or not to support these new areas include

- Has a request for research on a particular issue been submitted from a developing country?
- What research, if any, is already underway in the developing world?
- What are other donors and Canadian institutions doing in related areas?
- How do these new issues fit into the Centre's programming framework?
- Most importantly, how could IDRC support be expected to make a significant difference?

Explorations can take place within programs, as the "What kind of peace is being built?" example below shows. They can also occur at the corporate level, as was the case for the Governance, Equity, and Health program, which graduated from an exploration to a program initiative in 2002/03. IDRC also supports less formal explorations as part of its regular programming.

Governance, Equity, and Health

Context: IDRC's 2000–2005 CSPF cites governance as one of the new elements the Centre will seek to introduce into its program approaches. One of the main themes identified within this broad cate-

gory is "research on innovations in the management of public goods, such as education and health care." In March 2001, the Board approved a proposal to explore the usefulness of supporting research on governance, equity, and health.

Focus: Governance, Equity, and Health (GEH) examines health systems through a governance lens and conversely uses health to approach challenges in governance — how power is exercised, how decisions are taken, and how citizens have their say. The GEH mission is strengthening health systems, promoting civic engagement, and making research matter.

Progress to date: In its exploration phase, GEH built on-going projects in sub-Saharan Africa and focused on research-to-policy linkages. The evolution of these activities convinced Centre management that the GEH approach was sound and that IDRC should increase its support for this work. In 2002, IDRC's Board of Governors approved a four-year prospectus, creating a new program initiative that builds on the platform consolidated during the exploration period. To date, 11 new projects have been approved for funding and 25 more are in GEH's planning pipeline. The Swiss Agency for Development and Cooperation (SDC) has approved \$1.5 million over

four years in program-level funding for GEH, a first at IDRC.

Looking ahead: In the next two years, GEH will build a portfolio of projects addressing four key research entry points: the policy process, health systems, priority conditions or interventions (such as tuberculosis and HIV/AIDS), and civic engagement. The PI is also implementing an innovative approach to linking research results to policy development and other activities, called GEH Research Matters.

What kind of peace is being built?

Context: In 1996, IDRC established the Peacebuilding and Reconstruction (PBR) program initiative to explore what contributions research could make to building a lasting peace in countries emerging from violent conflict. Six years after its creation, the field is at a crossroads. The uneven benefits — even in cases of relative success such as Cambodia, El Salvador, and South Africa — together with national policies advocating pre-emptive defence in the international war on terrorism has many practitioners questioning the very notion of peacebuilding.

Objective: To examine the current state of the peacebuilding and reconstruction field and explore new avenues for research and policy.



IDRC: P. Bennett

Governance, Equity, and Health (GEH) examines health systems through a governance lens and conversely uses health to approach challenges in governance.



IDRC established the Peacebuilding and Reconstruction (PBR) program initiative to explore what contributions research could make to building a lasting peace in countries emerging from violent conflict.

Progress to date: In the course of carrying out or supporting research on challenges common to postwar situations, IDRC and its partners frequently asked an essential question: What kind of peace was being built? In early 2001, IDRC initiated a transnational discussion to explore this question more systematically. A workshop in September 2002 brought together some 40 partners and practitioners from the research, diplomacy, policymaking, and programming communities in the North and in the South to take stock of what has been achieved in postwar peacebuilding efforts and to look at how this is informing our thinking about broader peacebuilding, conflict prevention, and human security challenges.

Looking ahead: IDRC's PBR program initiative and potential partners are exploring new research endeavours to follow up on the broad agenda outlined during the workshop.

Competition policy

Context: Competition policy is an issue of growing importance in international discussions at the World Trade Organization and other forums. It represents a relatively new and difficult challenge to

public policy for developing-country governments.

Objective: To examine international competition policy as an emerging issue within global trade talks and its implications for developing countries.

Progress to date: In 2001, IDRC engaged a technical advisor to help it develop a program of research on competition policy and development. In April 2002, a group of experts from across the world met in IDRC's Regional Office for Latin America and the Caribbean to examine international aspects of competition policy. The workshop provided an opportunity to exchange information on ongoing policy changes and international negotiation processes and to explore how research might help developing countries create prodevelopment competition policies. The workshop led to the development of six research projects that examine aspects of competition policy and development and to the establishment of a network of researchers working on these issues.

Looking ahead: The proposals are being considered for IDRC funding and being submitted to other donors. IDRC is also willing to support the network.

Strategic Approach: Incubation and Devolution

The goal of IDRC's capacity-building efforts are self-sustaining institutions and research systems. Learning by doing leads to experience and, with persistence, to a critical mass of trained professionals who can inform policymaking processes and contribute to sustainable development efforts. When this threshold has been reached, IDRC looks to devolve the responsibility for coordination, administration, and management of programs and networks to institutions in the South. Some examples follow.

Poverty and Economic Policy network

PI: Micro Impacts of Macroeconomic and Adjustment Policies

Context: Launched in 1990, the Micro Impacts of Macroeconomic and Adjustment Policies (MIMAP) program initiative has established a series of networks that connect developing-country researchers, policy officials, NGOs, and international experts. These networks work to increase knowledge of the human costs of macroeconomic policies and shocks and improve policies and programs to alleviate poverty and increase equity.

Objective: To help developing countries build the knowledge base to measure and analyze poverty, as well as design policies and programs that meet economic stabilization and structural adjustment targets while alleviating poverty and reducing vulnerability.

Progress to date: On 13 November 2002, Université Laval in Québec announced the launch of the Poverty and Economic Policy (PEP) network. PEP is comprised of three subnetworks on modeling and policy impact analysis (MPIA); poverty measurement, monitoring, and analysis (PMMA); and community-based monitoring systems (CBMS). It includes more than 40 research teams from Asia, Africa, and Canada. The move to consolidate these networks into one umbrella network emerged from a concerted effort by MIMAP to devolve the management of its research networks to Southern institutions. The new network is managed

A LESSON ABOUT PARTNERSHIPS

Since its inception, the Centre has sought like-minded partners to increase the resources available for its support to development-related research in the South. The Partnership and Business Development Division (PBDD) was established in 1996 to develop a systematic business development approach for these partnerships. Over the years, 146 donors have cofunded Centre projects: 97% of the Centre's external funds have come from 35 of these projects.

The 2000–2005 CSPF reaffirmed that donor partnerships are an integral part of the Centre's *modus operandi*, but selectively — when they are consistent with the Centre's mandate and the CSPF, and when they enhance program impact and reach for the benefit of IDRC's partners in the South. In March 2000, because of declining resources, Centre management mandated an Operational Review Working Group (ORWG) to examine how the Centre could reduce its support and operational costs. One of the areas to come under review was the Centre's partnership and business development functions.

In its 2001 report to the Centre's Senior Management Committee, the ORWG recommended the development of a policy framework to guide IDRC's partnerships with other donors, with a focus on the development of strategic partnerships with like-minded donors. Furthermore, they suggested that the policy should concentrate partnership efforts on a smaller number of key donors, building relationships that go beyond individual projects.

After a year-long analysis, PBDD's response to these recommendations was presented to IDRC's Board of Governors in March 2003. The Strategic Donor Partnering Framework proposed focuses on reducing the transaction costs of IDRC's partnering activities while fostering long-term institutional relations with a group of core donors, development agencies, and other institutions in Canada and elsewhere. To retain flexibility and innovation in donor partnering, however, the framework includes four partner groups, from core donors down to risky or high transaction cost donors, with which the Centre will work, but at differing levels and in different ways. Partnering activities include information exchange, shared learning activities, program cooperation, and joint publications, as well as monetary coinvestment. The goal in these undertakings remains that of increasing the scope and reach of IDRC's programs.

Discussions are ongoing to understand clearly the impact this framework would have on the Centre's resource-expansion activities and to develop flexible strategies to ensure both efficiency and effectiveness.



*Donor partnerships are an integral part of the Centre's *modus operandi* — when they are consistent with the Centre's mandate and when they enhance program impact and reach for the benefit of IDRC's partners in the South.*

jointly by the Angelo King Institute, Manila, which is coordinating the CBMS subnetwork, and the Centre Interuniversitaire sur le risque, les politiques économiques et l'emploi, Québec, which is coordinating the MPIA and PMMA subnetworks. Under the rubric of PEP, work undertaken by the three subnetworks will be closely integrated and will be managed on the basis of a competitive grant framework. The PEP research network announced its first call for proposals in November 2002.

Looking ahead: The ultimate goal is to devolve the management of all the subnetworks to Southern partners.

Institute for Connectivity in the Americas

Context: As one of Canada's contributions to the 2001 Summit of the Americas, the Institute for Connectivity in the Americas (ICA) was created and provided seed funding to build on the success and experience of the Connecting Canadians Strategy and Canada's international development and ICT programs. IDRC was chosen as ICA's incubator organization because of its experience in developing and managing ICT programs for development.

Objective: To promote the implementation of innovative uses of ICTs for development in Latin America and the Caribbean.

Progress to date: The ICA became fully operational in 2002/03. It has created a Hemispheric Advisory Board to guide its operations, hosted two regional forums, and completed its staffing. ICA currently supports a number of projects that seek to establish e-strategies, promote knowledge networking, and foster innovation and demonstration. For example, in 2003, ICA announced the expansion of Somos@Telecentros Network, a regional telecentre network that links 800 members and 2 600 registered telecentres. An awards program for young professionals has also been launched to enable them to get on-the-job experience. ICA partners include the Canadian government, IDRC, the Inter-American Development Bank, the Organization of American States, and the World Bank.

Looking ahead: In 2003/04, ICA will move its programing to full implementation levels, secure partnership investments, and host two additional regional forums. Activities of the PAN Americas corporate project will be closely twinned with ICA's as a means to strengthen both initiatives.

Regional Model Forest Centre for Latin America and the Caribbean

International Model Forest Network Secretariat

Context: The International Model Forest Network (IMFN) was launched by the Government of Canada during the World Summit on Sustainable Development in 1992. The IMFN Secretariat was formally established at IDRC in 1995. The network now includes 19 model forests in 11 countries, linked to 11 more in Canada.

Objective: To establish a regional hub linking model forest sites across Latin America and the Caribbean.

Progress to date: The Regional Model Forest Centre for Latin America and the Caribbean (RMFC-LAC) was announced by the Government of Canada at the World Summit on Sustainable Development in Johannesburg in 2002. The decision to establish a regional centre was made largely in view of strong indications of continued growth and expansion within Latin America and the Caribbean. "In the view of regional partners and the IMFNS," says Peter Besseau, Executive Director of IMFNS, "the RMFC-LAC represents a logical evolution away from a single global secretariat based in Ottawa to a more efficient decentralized network that allows for stronger regional leadership on strategic, governance, programing, and other issues." The RMFC-LAC will begin with an initial three-year funding base of US\$1.8 million, with US\$1 million provided by CIDA.

Looking ahead: Over the next three years, the RMFC-LAC will aim to increase the number of participating countries from three to six and to increase the number of model forests from 5 to 11. It will also serve as a pilot for a similar regional centre now under discussion for Asia.



IDRC: P. Bennett

An awards program for young professionals has also been launched to enable them to get on-the-job experience.



IDRC: P. Bennett

Human and Financial Resources

CORPORATE GOVERNANCE

The Board of Governors

A 21-member Board of Governors oversees the direction and management of IDRC. The *IDRC Act* stipulates that a majority of members, including the Chair and Vice-Chair, must be Canadian. By tradition, 10 governors come from developing and OECD countries: the international composition of its Board makes IDRC unique among Canada's public corporations and helps to ensure that the Centre's programs and operations effectively respond to the needs of the developing world.

IDRC's corporate governance policies and practices are described in reference to the Treasury Board of Canada document: *Corporate Governance in Crown Corporations and Other Public Enterprises — Guidelines*.

Stewardship of the corporation

Board responsibilities

The roles and responsibilities of the Board of Governors, its committees, and members are to

- Establish the Centre's strategic program directions;
- Review and approve the Centre's financial objectives, plans, and actions;
- Review human resources management plans;
- Assess and 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 responsibilities in fulfilling Board responsibilities; and
- Develop indicators to measure and monitor the Chief Executive Officer's (CEO) performance.

Strategic direction

The Board was closely involved in the review and analysis that led to the approval of the Corporate Strategy and Program Framework (CSPF) 2000–2005. The Board will again play a central role in the development of the next CSPF, beginning with a special retreat in October 2003.

In reviewing and approving major Centre initiatives, the Board ensures that they correspond to the strategic goals of the CSPF. In 2002, the Board approved the prospectus of a new program initiative on Governance, Equity, and Health. The Board also approved the annual allocation of financial resources through its review of the Program of Work and Budget.

IDRC's regional presence was a particular focus of Board deliberations in 2002/03. Governors discussed how regional offices add value to IDRC's work and how best to capitalize on these resources. In the coming year, the Board will continue to refine IDRC's strategic approach to its regional presence.

In March 2003, the Board reviewed the Report of the Special Examination of IDRC by the Office of the Auditor General (OAG). Overall, the report was positive and senior management will work with the Board's Finance and Audit Committee to act on the findings and suggestions outlined in the report.

Risk management

The Finance and Audit Committee ensures that the principal risks of the Centre's business have been identified, that they are being properly managed, and that assets are well-protected. An annual risk assessment exercise carried out by Audit Services assists them in this task. Plans to address risk management in the context of the next Program of Work and Budget will be presented for Board approval in March 2004. For a more detailed discussion of the risks involved in IDRC's work, see *Assessing and Managing Risk*, on page 9.

Succession planning

The Board's Human Resources Committee reviews and make recommendations to the Board on management's succession plan for the Centre and on the President's plans for the appointment, training, assessment, and motivation of Vice-Presidents, the Corporate Secretary, and key Centre managers. In March, the Board approved the appointment of Denys Vermette to the position of Vice-President, Resources.

Throughout the year, the Board received regular progress reports on the implementation of the new job evaluation and compensation system. Compensation is an important strategy for recruiting and retaining skilled and motivated individuals to the Centre. Approved by the Board in October 2002, the system was fully implemented in March 2003. The Board also approved an employment philosophy designed to provide a solid base for developing and nurturing the culture of the Centre among staff.

Information received by Board

Annually in October, the Board receives a report on the status of IDRC programs in relation to the overall corporate program strategy. The Directors of Program Areas and IDRC's Regional Directors alternate in presenting these reports. Presentations by the Regional Directors allow governors

to view program activities through a regional perspective.

At each meeting of the Board, the Finance and Audit Committee reports on the current financial status of the Centre and the Human Resources Committee reports on activities affecting IDRC's staff.

Audit regime

The annual audit regime includes both internal and external audits. In addition, this year's Special Examination by the OAG has provided the Board with an independent assessment of the Centre's systems and practices.

Public policy objectives

The *IDRC Act*, which established the Centre in 1970, continues to define its mandate and objectives. The Board ensures that the Centre adheres to the *IDRC Act* and its mandate to initiate, encourage, support, and conduct research into the problems of the developing world.

Communications

Unlike other Crown Corporations, IDRC does not submit a corporate plan to Parliament. Instead, the annual report serves as the primary vehicle for communicating with the Canadian government. Subsequent to recommendations in a report issued in 2000 by the OAG on the Governance of Crown Corporations, IDRC and the Department of Foreign Affairs and International Trade established a governance protocol to guide collaboration and consultation on key issues. In part, this protocol establishes a mechanism for input by the Minister and his senior staff to the development of the Corporate Strategy and Program Framework.

The Honourable Bill Graham, Minister of Foreign Affairs, met with IDRC Governors in March 2003. In addition, the Chair and (or) President have met with Minister Graham and the Honourable Susan Whalen, Minister for International Cooperation, on several occasions. IDRC has also made several presentations this year to Parliamentary committees:

- **15 April 2002:** Rohinton Medhora, Vice-President, Program and Partnership Branch, and Susan Joeques, Team Leader, Trade Employment, and

Competitiveness program initiative, appeared before the Sub-Committee on International Trade, Trade Disputes and Investments of the Standing Committee on Foreign Affairs and International Trade to provide a perspective on a Canadian initiative to open access to Canadian markets to the world's poorest countries.

- **16 April 2002:** Richard Fuchs, Director of the Information and Communication Technologies for Development program area, and Peter Harder, Deputy Minister, Industry Canada, copresented the work of the G8 Digital Opportunity Task Force.
- **27 March 2003:** Gordon Smith, Chairman of the IDRC Board of Governors, appeared before the Standing Committee on Foreign Affairs and International Trade to present his views on the Dialogue on Foreign Policy.

Working with management

Board and management relations

The Board has an effective working relationship with Centre management. The Board has clearly defined, in collaboration with the President, the matters it expects her to submit to the Board for discussion and approval. In addition to a report given at each meeting, the President submits bimonthly electronic reports to the Board.

The day-to-day management of the Centre is entrusted to the President, assisted by a Senior Management Committee (SMC), made up of the President, Vice-Presidents, Regional Directors, the Director of the Policy and Planning Group, the General Counsel, the Directors of Program Areas, the Director of Finance and Administration, and the Director of Human Resources. It meets regularly and prepares recommendations on most of the broad issues that come before the Board.

An important aspect of Board and management relations relates to the President's accountability for achieving objectives. Accordingly, the President's objectives and performance measures are developed at the outset of each year in consultation with the Board.

Board independence

The Board has established various structures and procedures that allow it to function independently of management. The roles of the Chairman and the President, who is the CEO, are separate: the Chairman manages the affairs of the Board; the President is responsible for the daily operations of the Centre. The Chairman and the President are both appointed by Governor in Council. In August, Gordon Smith was appointed for a second five-year term as Chairman.

The Board meets three times a year. Every session includes an in-camera discussion and reports from Board committees. The Board has three standing committees: the Executive Committee, the Finance and Audit Committee, and 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.

The Board has a stringent conflict of interest policy to maintain the highest standard of integrity for its members and for the Centre as a whole.

Executive Committee

Members of the Executive Committee meet before each Board meeting to review the agenda. Except for the requirements outlined in the IDRC Act, there are no formal terms of reference for the Executive Committee. The Chairman and the President look to the Board as a whole for strategic direction and approval of program initiatives.

Members: Gordon Smith (Chair), Margaret Catley-Carlson, Sir Alister McIntyre, Tom McKay, Norah Olembo, Maureen O'Neil, Rodger Schwass

Finance and Audit Committee

The Finance and Audit Committee assists and make recommendations to the Board of Governors in relation to

- Financial matters that deal with the Centre's strategic direction;
- Ensuring that the principal risks of the Centre's business have been identified and that appropriate systems to manage these risks have been implemented;

- Ensuring that the Centre's information systems and management practices meet its needs and give the Board confidence in the integrity of the information produced; and

- Ensuring that the internal audit function is operating effectively.

Members: Tom McKay (Chair), Mervat Badawi, Margaret Catley-Carlson, Maurice Foster, Octavio Gomez-Dantés, Jean-Guy Paquet, Dan Martin, Maureen O'Neil

Human Resources Committee

The Human Resources Committee assists and makes recommendations to the Board in relation to policy, procedures, and standards involving the Centre's human resources. It also provides input and advice to the President and senior management on human resource matters.

Members: Sir Alister McIntyre (Chair), Margaret Catley-Carlson, Mary Coyle, Tom McKay, Maureen O'Neil, Rodger Schwass, Linda Sheppard Whalen

The Position of CEO

The Board annually evaluates the President's performance against objectives. In accordance with the *IDRC Act*, the Board of Governors recommends the appointment of the President of IDRC to the Governor in Council. Maureen O'Neil's term as President of the Centre was due to expire in April 2003. The Board recommended her reappointment to the Minister in June 2002. This recommendation was accepted.

Functioning of the Board

Renewal of the Board

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

In 2002/03, five new governors were appointed to the Board and the terms of 11 existing governors, including the Chairman, were renewed. There were delays in the appointment process, however, leaving the Board without a quorum for the June 2002 meeting. The meeting

proceeded as a meeting of the Executive Committee. The Special Examination of the Centre noted this constraint and suggested that IDRC work with the Privy Council to improve the process.

To date, any assessment of the Board's performance has been left to the discretion of the Chairman. The Board is now considering a more formal assessment mechanism and discussion on the issue is scheduled for October 2003.

Education

New Board members receive extensive background material on the Centre, including a briefing manual, and participate in orientation sessions. All Board members make at least one trip during their term to visit IDRC projects. Their first-hand observations help to inform Board decision-making and keep it relevant to needs in the South.

Responsibility for corporate governance

The OAG Special Examination concluded that the Board of Governors follows solid practices of corporate governance. It noted, however, that improvements could be made in the assessment of these practices and the Board's own effectiveness. Accordingly, the Board plans to address governance issues at its October meeting, focusing specifically on performance assessment.

The IDRC Board of Governors, 2002/03

GORDON S. SMITH, Chairman, Victoria, Canada (*reappointed 15 August 2002*)

Executive Director of the Centre for Global Studies at the University of Victoria and former Deputy Minister of Foreign Affairs

MARGARET CATLEY-CARLSON, Vice-Chairwoman, Wakefield, Canada

(*reappointed 24 September 2002*)
Consultant, Chair, Director or Advisor to several organizations, and former President of the Population Council in New York

MAUREEN O'NEIL, President, IDRC, Ottawa, Canada

Former President of the International Centre for Human Rights and Democratic Development and former President of The North-South Institute

MERVAT BADAWI, Safat, Kuwait

(*reappointed 24 September 2002*)
Director, Technical Department for the Arab Fund for Economic and Social Development

LALLA BEN BARKA, Addis Ababa, Ethiopia

Deputy Executive Secretary, United Nations Economic Commission for Africa

CHEE YOKE LING, Kuala Lumpur, Malaysia (*appointed 30 May 2002*)

Legal advisor to the Third World Network, Malaysia

MARY COYLE, Antigonish, Canada

(*appointed 24 September 2002*)
Director, Coady International Institute, St. Francis Xavier University, Nova Scotia

GED DAVIS, London, United Kingdom

(*appointed 30 May 2002*)
Vice-President, Global Business Environment, Shell International Ltd, and Head of Shell's Scenarios Team

MAURICE FOSTER, Ottawa, Canada

(*appointed 24 September 2002*)
Former Member of Parliament

BERYL GAFFNEY, Ottawa, Canada

(*term ended 22 June 2002*)
Former Member of Parliament and former Councillor of the City of Nepean and of the Regional Municipality of Ottawa-Carleton

JACQUES GÉRIN, Montréal, Canada

(*term ended 6 June 2002*)
Consultant, Hatch & Associés, Inc., Chairman of the International Institute for Sustainable Development, and Chairman of the Panel on Ecological Integrity of Canada's National Parks

OCTAVIO GÓMEZ-DANTÉS, Mexico City, Mexico (*reappointed 9 March 2003*)

Director, Performance Evaluation, Ministry of Health, Mexico

LEN GOOD, Ottawa, Canada

(*reappointed 21 June 2002*)
President of the Canadian International Development Agency

DAN MARTIN, San Francisco, United States

Senior Director, Environment, Gordon & Betty Moore Foundation

FRANCINE MATTE, Montréal, Canada

(*appointed 4 November 2002*)
Consultant in commercial and competition law, former Senior Counsel and coordinator of competition law practice with Stikeman Elliot

SIR ALISTER MCINTYRE, Kingston, Jamaica

(*reappointed 22 September 2002*)
International Trade and Development consultant, former Chief Technical Advisor, CARICOM Regional Negotiating Machinery, and former Vice Chancellor, University of the West Indies

TOM MCKAY, Victoria, Canada

(*reappointed 16 December 2002*)
Certified management accountant, consultant, and former Chief Administrative Officer for the City of Kitchener

NORAH OLEMBO, Nairobi, Kenya

(*reappointed 10 December 2002*)
Director, Kenya Industrial Property Office

JEAN-GUY PAQUET, Sainte-Foy, Canada

(*reappointed 24 September 2002*)
President and Chief Executive Officer, National Optics Institute and former Chief Executive Officer of Laurentian Life Inc., Chairman, Canadian Space Agency

FRANCISCO SAGASTI, Lima, Peru

(*reappointed 21 January 2003*)
President, FORO Nacional/Internacional and former Chief of Strategic Planning at the World Bank

RODGER SCHWASS, Tara, Canada

(*reappointed 2 March 2003*)
Professor Emeritus and Senior Scholar, Faculty of Environmental Studies, York University

OLAV SLAYMAKER, Vancouver, Canada

(*term ended 6 June 2002*)
Academic Director of the Liu Centre for the Study of Global Issues and Professor of Geography, University of British Columbia

LINDA SHEPPARD WHALEN, St John's, Canada

Chief Executive Officer, Centre for Long-term Environmental Action in Newfoundland

Human Resources Management

While the Board of Governors reviews the progress being made on a broad spectrum of human resources initiatives and review all matters related to compensation, the responsibility for the day-to-day management of human resources rests with the President. Where human resources issues are of a strategic importance, the President is assisted in the decision-making process by the Chairs and members of a number of Committees, such as the Senior Management Committee (SMC), the Human Resources Management Committee (HRMC), and the Advisory Committee on Regional Offices (ACRO).

The Centre's overall success depends on the quality of work and dedication of its employees. For IDRC to achieve its objectives and to sustain its influence in developing countries in the long term, it is critical that it attract and retain the best people for all facets of its work. To that end, the Centre has made significant strides over the past year in introducing policies and practices to meet the needs of the Centre and its employees, both now and into the future. To cite some examples, the Centre has

- Adopted an employment philosophy that emphasizes IDRC's commitment to work with people in developing countries in the pursuit of peace, prosperity, and equity, and that fosters a work environment for its employees that is



IDRC

The Centre's overall success depends on the quality of work and dedication of its employees.

supportive and encourages creativity, innovation, and team work;

- Implemented a new job-evaluation system to establish with more accuracy the relative worth of positions across the Centre;
- Introduced a new compensation system that recognizes and rewards the accomplishments of individual employees and the contributions they make to the work of the Centre;
- Implemented a number of policies and procedures that permit employees to

manage their work and personal life balance; and

- Implemented a comprehensive policy for the operation of the Health and Safety Policy Committee, as well as Work Place Health and Safety Committees at head office and in the regional offices, and has provided training to managers and staff regarding their responsibilities, as required under Part II of the *Canada Labour Code*. (257 staff members participated in these courses in 2002/03.)

IDRC staff: full-time equivalents

	2003/04	2002/03		2001/02
	Budget	Revised budget	Actual	Actual
Development research support				
Technical support	83	80	74	71
Program complements	36	36	37	33
Program management	26	29	28	26
Total	145	145	139	130
Administrative services				
Administration	128	125	118	119
Regional office management	84	79	78	80
Total	212	204	196	199
Total	357	349	335	329
Secondments			3	4
Secretariat/project staff			82	72

Senior Management Committee

A decision-making body, IDRC's Senior Management Committee (SMC) is subject to the President's ultimate responsibility for the supervision and direction of the work and staff of the Centre, as provided in the *IDRC Act*. SMC's functions are

- Subject to the overall responsibility of the Board of Governors, to develop, foster, and communicate corporate interests and values; to anticipate events affecting the Centre; and to promote team work, adaptability to change, and collaboration among the different responsibility units;

- To assist the President in discharging her obligations to the Board of Governors and, in doing so, to formulate the main corporate objectives, policies, and programs that are submitted to the Board and embodied in the Strategy, the Corporate Program Framework, the annual Program of Work and Budget, the evaluation system, the Annual Report, and in specific policy papers as may be required; and
- To carry out such other specific functions as may be delegated to it by the Board of Governors or the President.

Members of SMC, 2002/03

MAUREEN O'NEIL, President

Former President of the International Centre for Human Rights and Democratic Development and former President of The North-South Institute

FEDERICO BURONE, Director, Regional Office for Latin America and the Caribbean

Economist and former Executive Director of the Environmental Management Secretariat for Latin America and the Caribbean, Uruguay

PETER COOPER, Director, Environment and Natural Resource Management

Soil scientist and former Leader, Systems Evaluation and Dissemination Program, International Centre for Research in Agroforestry, Kenya

JORGE DA SILVA, Director, Finance and Administration

Chartered management accountant and former Director, Audit Services, IDRC

ROGER FINAN, Regional Director, Regional Office for South Asia

Chartered management accountant and former Director, Internal Audit, IDRC

GILLES FORGET, Regional Director, Regional Office for West and Central Africa

Toxicologist and former Team Leader, Ecosystem Approaches to Human Health program initiative, IDRC

CONSTANCE FREEMAN, Regional Director, Regional Office for East and Southern Africa

Economist and former Chairman of the Economics Department at the African Center for Strategic Studies in Washington, DC

RICHARD FUCHS, Director, Information and Communication Technologies for Development

Sociologist, former President of Futureworks Inc., and former Commissioner of the Newfoundland Economic Recovery Commission

JOHN HARDIE, Chief of Staff and Director, Policy and Planning

Agricultural economist and former economist, Agriculture Canada

BRENT HERBERT-COPLEY, Director, Social and Economic Equity

Political scientist and former coordinator of Research on Knowledge Systems, IDRC

JUDITH LOCKETT, Acting Vice-President, Resources and Chief Financial Officer (effective 15 January 2003); Director, Human Resources

Human resources specialist and former Director General of Management Planning and Operations Directorate, Health Canada

ROHINTON MEDHORA, Vice-President, Program and Partnership Branch

Economist, and former Team Leader, Trade, Employment, and Competitiveness program initiative, IDRC

STEPHEN MCGURK, Regional Director, Regional Office for Southeast and East Asia

Development economist and former Program Officer of the Economic Security Program, Ford Foundation

EGLAL RACHED, Regional Director, Regional Office for the Middle East and North Africa

Renewable resources and agriculture specialist and former Chief Scientist, Food Security, IDRC

ROBERT ROBERTSON, General Counsel

Barrister and solicitor of the Ontario Bar and past President of Amnesty International (Canada)

RALPH TAIT, Vice-President, Resources and Chief Financial Officer (left the Centre on 15 January 2003)

Chartered accountant and former General Manager, Xela Enterprises Limited, Guatemala

HOW TO REACH US

On the Internet

www.idrc.ca — to access IDRC's corporate Web site
network.idrc.ca — to access IDRC's research network Web site
idrinfo@idrc.ca — to access library catalogues and databases
info@idrc.ca — to get general information
reference@idrc.ca — to reach the library reference desk
pub@idrc.ca — to get information on IDRC publications
mag@idrc.ca — to send a letter to the editor of *Reports Online*

Head Office

International Development Research Centre
PO Box 8500, Ottawa, ON, Canada K1G 3H9

Street address: 250 Albert Street, Ottawa, ON, Canada K1P 6M1
Phone: (+1-613) 236-6163
Fax: (+1-613) 238-7230
Email: info@idrc.ca
Web: www.idrc.ca

Asia

IDRC Regional Office for Southeast and East Asia
Tanglin PO Box 101, Singapore 912404, Republic of Singapore

Street address: 30 Orange Grove Road, #07-01 RELC Building,
Singapore 258352, Republic of Singapore
Phone: (+65) 6235-1344
Fax: (+65) 6235-1849
Email: asro@idrc.org.sg
Web: www.idrc.org.sg

IDRC Regional Office for South Asia
208 Jor Bagh, New Delhi 110 003, India

Phone: (+91-11) 2461-9411
Fax: (+91-11) 2462-2707
Email: saro@idrc.org.in
Web: www.idrc.ca/saro/

Latin America and the Caribbean

IDRC Regional Office for Latin America and the Caribbean
Av. Brazil 2655, 11300 Montevideo, Uruguay

Phone: (+598-2) 709-0042
Fax: (+598-2) 708-6776
Email: lacroinf@idrc.org.uy
Web: www.idrc.ca/lacro

Africa

IDRC Regional Office for Eastern and Southern Africa
PO Box 62084, Nairobi, Kenya

Street address: Liaison House, 2nd and 3rd floors, State House
Avenue, Nairobi, Kenya (please address all mail to the IDRC
Regional Director)
Phone: (+254-20) 2713-160/1, 2713-273/4
Fax: (+254-20) 2711-063
Email: chunja@idrc.or.ke
Web: www.idrc.ca/earo

IDRC Regional Office for the Middle East and North Africa
PO Box 14 Orman, Giza, Dokki, Cairo, Egypt

Street address: 8 Ahmed Niseem Street, 8th floor, Giza, Cairo, Egypt
Phone: (+20-2) 336-7051/52/53/54/57
Fax: (+20-2) 336-7056
Email: skamel@idrc.org.eg
Web: www.idrc.ca/cairo

IDRC Regional Office for West and Central Africa
BP 11007, CD Annexe, Dakar, Senegal

Street address: Avenue Cheikh Anta Diop,
Angle Boulevard de l'Est, Dakar, Senegal
Phone: (+221) 864-0000
Fax: (+221) 825-3255
Email: mdrame@idrc.org.sn
Web: www.idrc.ca/braco

FINANCIAL MANAGEMENT DISCUSSION AND ANALYSIS

Income Statement Discussion

Revenues

(\$000)	2003/04	2002/03			2001/02	% change actual
	Budget	Revised budget	Actual	Variance	Actual	
Total revenue	127 444	120 826	138 031	17 205	148 275	-6.9%
Parliamentary appropriations	108 299	100 893	97 603	(3 291)	97 164	0.5%
Resource expansion	15 410	16 526	36 505	19 979	47 515	-23.2%
Recovery of indirect costs	1 000	1 000	1 218	218	1 615	-24.6%
Investment income	1 200	880	1 140	260	779	46.3%
Other income	1 535	1 527	1 565	38	1 202	30.2%

The Centre's funding is derived from five different sources: Parliamentary appropriations, resource expansion, recovery of indirect costs, investment income, and other income.

The Centre receives different types of **Parliamentary appropriations**. The main appropriation represents the Centre's share of Canada's Official Development Assistance (ODA) envelope. The Centre also receives a Parliamentary appropriation to cover part of the compensation costs. From time to time, the Centre receives supplementary Parliamentary appropriations for specific projects. These funds are recorded as deferred revenue and recognized when the related project expenses are incurred. For 2002/03, the total Parliamentary appropriation revenues were \$3.3 million lower than budgeted; the shortfall is attributable to the Institute for Connectivity in the Americas (ICA), a project that has been funded through a supplementary Parliamentary appropriation. The ICA is still in its start-up phase and therefore did not reach the planned level of programming expenses.

Revenues from **resource expansion** relate specifically to research conducted or managed by the Centre on behalf of other organizations, such as CIDA and other agencies. The projects under these activities all fall within the Centre's mandate. The total revenue for resource expansion for the year was \$36.5 million, or \$20.0 million higher than budgeted. This variance is due to the fact that the

A BRIEF FINANCIAL GLOSSARY

Parliamentary appropriations	Level of funding approved by the Parliament of Canada.
Resource expansion	Funds managed or administered by the Centre on behalf of other organizations for projects that fall within the Centre's mandate.
Restricted funds	Funds that have been provided by external sources for a specific purpose.
Outstanding commitments	The remaining financial obligations owed by the Centre for regular program and resource-expansion activities.
Program allocations	Funds that are set aside for new projects within IDRC's development research program activities. In previous annual reports, program allocations were referred to as "program appropriations." The terminology was modified to clearly distinguish the Parliamentary appropriations from the program allocations.
Revised budget	The revised budget consists of the approved budget against which budgetary supplements and reallocation have been applied.
Technical support	Represents the costs associated with assisting in the development of new projects, monitoring ongoing research projects, and providing specialized scientific support to recipients.
Program complements	Represents the costs of services provided for direct support of development research program delivery, including program evaluation, communications, and research information management services.
Program management	Includes all costs related to providing strategic direction and support to the Centre's programming framework and program of work.

responsibility for administering certain CIDA agreements was not assigned by the Centre to the Micronutrient Initiative Inc. (MI) until a financial risk assessment of the MI was completed. Revenue from resource expansion includes \$25 million in partnership funding from CIDA.

The revenue from the **recovery of indirect costs** represents the fee that the Centre charges to manage resource-expansion activities. This year's revenue is slightly over budget (\$0.2 million) because there was more resource-expansion activity than originally planned.

The Centre is authorized to invest surplus funds into interest-bearing securities. For 2002/03, **investment income** amounts to \$1.1 million, slightly above budget as a result of a higher than expected investment portfolio.

Other income includes revenues associated with subleasing office space, hospitality and conference facilities, the sale of publications, and other miscellaneous items. Income from these sources was \$1.6 million in 2002/03.

Expenses

(\$000)	2003/04	2002/03			2001/02	% change actual
	Budget	Revised budget	Actual	Variance	Actual	
Total expenses	128 007	124 269	139 938	15 669	138 560	1.0%
Development research programs						
Centre programs	65 266	63 494	61 389	(2 105)	50 997	20.4%
Resource expansion	15 410	16 526	36 505	19 979	47 515	-23.2%
Development research support	22 036	20 428	20 152	(276)	18 830	7.0%
Administrative services	25 295	23 821	21 892	(1 929)	21 218	3.2%

The Centre's expenses are segregated based on a three-tier cost structure. This structure distinguishes between research grants, knowledge-intensive support, and administrative costs.

The expenses under **development research programs** reflect the direct costs (mainly in the form of grants and contributions) of scientific and technical research projects either financed or administered by IDRC for both Centre program and resource expansion. For 2002/03, Centre program spending was \$61.4 million. The \$2.1 million variance is mainly attributable to the ICA delays in spending (see p. 51). The expenses on resource expansion total \$36.5 million, or \$20.0 million higher than budgeted. This variance is the result of delays in the assignment of certain CIDA agreements by the Centre to the Micronutrient Initiative Inc.

Development research support represents the costs of knowledge-intensive activities in support of development

research programs, including the cost of technical support, program complements, and program management. Development research support expenses amounted to \$20.2 million, with savings of \$0.3 million when compared with the budget. These savings were primarily attributed to staffing gaps and a lower level of travel than originally anticipated.

Administrative services provide a variety of policy, executive, administrative, and service functions that support the Centre's overall operations and corporate responsibilities, including the management costs of six regional offices. These expenditures amounted to \$21.9 million, with savings of \$1.9 million when compared with the budget. Savings were attributed to staffing gaps, lower than expected use of professional services, lower communications costs, and reduced amortization as a result of delays in the development of corporate information systems.

Balance Sheet Discussion

Assets

	2002/03	2001/02	% change
(\$000)	Actual	Actual	actual
Total assets	46 224	60 599	-23.7%
Cash and short-term investments			
Unrestricted	17 261	16 413	5.2%
Restricted	13 413	31 104	-56.9%
Accounts receivables and prepaid expenses	6 519	4 471	45.8%
Long-term assets	9 031	8 611	4.9%

The high level of **cash and short-term investments** results from the fact that the Centre receives funds well before they are spent. These funds are invested in short-term money market instruments. Since certain funds are received for specific purposes, the Centre accounts for them as restricted cash and short-term investments. All other funds are considered unrestricted.

As at 31 March 2003, restricted cash and short-term investments total \$13.4 million, down \$17.7 million from last year. In December 2002, all funds associated with the Micronutrient Initiative Secretariat were transferred over to the new entity, explaining this reduction.

Accounts receivable and prepaid expenses are incurred in the normal course of business. This year, they total \$6.5 million, up \$2.0 million from 31 March 2002 as a result of resource-expansion activities.

Long-term assets are composed of one long-term investment, capital assets, and recoverable deposits on leased premises. As at 31 March 2003, they total \$9.0 million. The \$0.4 million increase from March 2002 is attributable to the purchase of computer equipment.

Liabilities

	2002/03	2001/02	% change
(\$000)	Actual	Actual	actual
Total liabilities	38 260	50 728	-24.6%
Accounts payable and accrued liabilities	9 822	7 166	37.1%
Deferred revenue	16 729	32 779	-49.0%
Long-term liabilities	11 709	10 783	8.6%

Accounts payable and accrued liabilities are part of the regular operations of the Centre and represent such things as payments to suppliers, grants payable to recipients, and salaries and annual leave benefits owed to employees. At the end of March 2003, the accounts payable and accrued liabilities total \$9.8 million, up \$2.6 million from March 2002, with the variance being the result of higher year-end expenditures on development research programs.

Deferred revenue includes the unspent portion of funds received for resource-expansion activities and the supplementary Parliamentary appropriations. The year-end closing balance is \$16.7 million, significantly lower than the \$32.8 million reported in March 2002. The transfer of the Micronutrients Initiative Secretariat funds is responsible for this variance.

Long-term liabilities include a provision for employee future benefits, deferred rent charges on the head office lease, and deferred revenue for capital assets purchased. At \$11.7 million, the long-term liabilities are \$0.9 million higher than last year, with the variance being mainly the result of increase in the purchase of capital assets.

Equity

(\$000)	2002/03	2001/02	% change actual
	Actual	Actual	
Equity	7 964	9 871	-19.3%

Equity as at 31 March 2003 is \$8 million, down \$1.9 million from 31 March 2002 because of the net results of operations for the 2002/03 fiscal year. The year-end equity is \$1.5 million higher than budgeted; mainly because administrative services expenses were lower than budgeted.

Other Key Financial Targets Discussion

Outstanding commitments

(\$000)	2002/03	2001/02	% change actual
	Actual	Actual	
Total outstanding commitments	83 663	115 823	-27.8%
Centre programs	64 532	59 171	9.1%
Resource expansion	19 131	56 652	-66.2%

As at 31 March 2003, the Centre was committed to making payments of up to \$83.7 million. This commitment is subject to funds being provided by Parliament or external donor partners as well as to compliance, by recipients, with the terms and conditions of project agreements. The **outstanding commitments** significantly decreased from last year's \$115.8 million because of the graduation of the Micronutrient Initiative Secretariat into an independent entity.

Of the total outstanding commitments, \$64.5 million is for Centre programs funded through the Parliamentary appropriation, including two specific projects funded through supplementary Parliamentary appropriations allocated in previous years. In addition, \$19.1 million is for projects funded by other donors (resource expansion).

Program allocations

(previously referred to as "program appropriations")

(\$000)	2003/04	2002/03			2001/02	% change actual
	Budget	Revised budget	Actual	Variance	Actual	
Total program allocations	104 000	91 200	95 593	4 393	122 015	-21.7%
Centre programs	75 000	62 500	62 855	356	54 957	14.4%
Institute for Connectivity in the Americas	9 000	10 000	1 916	(8 084)	1 120	71.1%
Resource expansion	20 000	18 700	30 822	12 121	65 938	-53.3%

Program allocations represent the funds that are set aside for new projects within IDRC's development research program activities. The majority (84%) of program allocations was committed during the 2002/03 fiscal year and will become expenses over the individual life of the approved projects. For the year ending 31 March 2003, total program allocations were \$95.6 million. The Centre programs allocations were slightly over budget while the program allocations for the ICA were significantly under budget, as its programing activities started late in the fiscal year. The program allocations on resource expansion were \$12.1 million over budget. This variance can be explained by the fact that the Micronutrient Initiative Inc. requested that the Centre administer a CIDA agreement on their behalf until the agreement could be assigned by the Centre to the Micronutrient Initiative Inc.

Outlook for the 2003/04 Fiscal Year

Following announcements made by Prime Minister Jean Chrétien to increase the International Assistance Envelope by 8% per year until it doubled from its current levels, IDRC's Parliamentary appropriation funding base for 2003/04 has been set at \$100.2 million, an increase of \$7.7 million from 2002/03. When adding the Treasury Board votes for compensation costs, the deferral of capital assets purchased, and the supplementary Parliamentary appropriations, the total **revenue from Parliamentary appropriations for 2003/04** is set at \$108.3 million.

For 2003/04, **Centre programs expenditures** are budgeted at \$65.3 million, an increase of \$1.8 million from the 2002/03 revised budget. The increase reflects a higher level of program allocations and projected higher disbursements on already approved projects.

The 2003/04 expenditure budget for **research support and administrative services** is set at \$47.3 million, up \$3.1 million from the 2002/03 revised budget. The key factors contributing to the increase are the financial impact of the job compensation and classification review, incremental costs of full-time

equivalents approved in 2002/03, and an increase in travel and incremental costs for the various corporate information system initiatives.

The **Centre program allocations** level was established at \$75.0 million. This represents a significant increase from the \$62.5 million approved last year and is a result of the projected increases in our funding for fiscal years 2003/04 and 2004/05. The federal government's commitment to doubling the International Assistance Envelope by 2010 should ensure that the Centre will be able to maintain a high level of Centre program expenditures in future years.

In recent years, as the type and duration of the Centre's programing activities changed significantly, the forecasting of program expenditures has represented a major challenge. During the 2003/04 fiscal year, the Centre will launch an initiative to help remedy the situation. As a result of this initiative, the Centre will be able to better estimate the timing of future disbursements and, therefore, establish a more accurate forecast of program expenditures.

Five-year Historical Review

	2003/04	2002/03	2001/02	2000/01	1999/2000	1998/99
(\$000)	Budget			Actual		
Income Statement						
Revenues						
Parliamentary appropriations	108 299	97 603	97 164	91 242	90 250	86 086
Resource expansion	15 410	36 505	47 515	39 796	43 313	35 907
Recovery of indirect costs	1 000	1 218	1 615	1 810	1 746	1 671
Investment income	1 200	1 140	779	1 223	387	2 343
Other income	1 535	1 565	1 202	1 237	1 410	714
Expenses						
Development research programs						
Centre programs	65 266	61 389	50 997	55 634	55 084	58 873
Resource expansion	15 410	36 505	47 515	39 796	43 313	35 907
Development research support	22 036	20 152	18 830	20 111	20 294	18 872
Administrative services	25 295	21 892	21 218	21 420	21 047	17 853
Net results of operations	(563)	(1 907)	9 715	(1 653)	(2 632)	(4 784)
Program Allocations (previously referred to as "program appropriations")						
Development research programs						
Centre programs	75 000	62 855	54 957	43 565	46 860	63 869
Institute for Connectivity in the Americas	9 000	1 916	1 120	—	—	—
Resource expansion	20 000	30 822	65 938	58 373	57 140	38 282

	2002/03	2001/02	2000/01	1999/2000	1998/99
(\$000)			Actual		
Balance Sheet					
Assets					
Cash and short-term investments					
Unrestricted	17 261	16 413	8 211	8 417	8 424
Restricted	13 413	31 104	31 540	24 772	23 035
Accounts receivables and prepaid expenses	6 519	4 471	15 726	11 893	14 267
Long-term assets	9 031	8 611	8 945	9 896	10 197
Liabilities					
Accounts payable and accrued liabilities	9 822	7 166	9 942	9 233	8 382
Deferred revenue	16 729	32 779	43 679	32 787	31 991
Long-term liabilities	11 709	10 783	10 645	11 149	11 109
Equity	7 964	9 871	156	1 809	4 441
Outstanding commitments					
Centre programs	64 532	59 171	64 825	77 503	90 158
Resource expansion	19 131	56 652	45 148	51 246	49 816

FINANCIAL STATEMENTS

IDRC: S. Colvey



RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements presented in this annual report are the responsibility of management and have been reviewed and approved by the Board of Governors of the Centre. The financial statements, which include amounts based on management's best estimates as determined through experience and judgement, have been properly prepared within reasonable limits of materiality and are in accordance with generally accepted accounting principles. Management also assumes responsibility for all other information in the annual report, which is consistent, where applicable, with that contained in the financial statements.

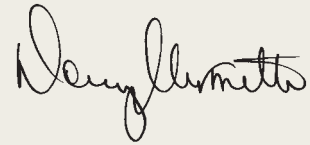
Management maintains financial systems and practices to provide reasonable assurance as to the reliability of financial information and to ensure that assets are safeguarded and the operations are carried out effectively and in accordance with the *International Development Research Centre Act* and bylaws of the Centre. The Centre has an Internal Audit department whose functions include reviewing internal controls and their application on an ongoing basis.

The Board of Governors is responsible for ensuring that management fulfils 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.

The Auditor General of Canada conducts an independent examination in accordance with Canadian generally accepted auditing standards. Her audit includes appropriate tests and procedures to enable her 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.



Maureen O'Neil
President



Denys Vermette
Vice-President, Resources and
Chief Financial Officer

Ottawa, Canada
30 May 2003



AUDITOR'S REPORT

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

I have audited the balance sheet of the International Development Research Centre as at 31 March 2003 and the statements of operations and equity and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at 31 March 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Shahid Minto, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada

30 May 2003

Balance Sheet

as at 31 March 2003
(in thousands of dollars)

	2003	2002
Assets		
Current		
Cash and short-term investments (Note 3)		
Unrestricted	17 261	16 413
Restricted	13 413	31 104
Accounts receivable (Note 4)	5 196	3 191
Prepaid expenses	1 323	1 280
	37 193	51 988
Long-term investments (Note 5)	2 983	2 983
Capital assets (Note 6)	5 931	5 499
Recoverable deposits	117	129
	46 224	60 599
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	9 822	7 166
Deferred revenue (Note 8)	12 559	32 325
	22 381	39 491
Deferred revenue — long-term (Note 8)	4 170	454
Deferred funding — capital assets (Note 9)	5 931	5 499
Provision for employee future benefits other than pension	3 748	3 527
Deferred rent — head office	2 030	1 757
	38 260	50 728
Equity	7 964	9 871
	46 224	60 599
Commitments (Note 13 and 14)		
Contingencies (Note 16)		

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

Approved on behalf of the Board:

Naureen O'Neil

President

Donna L. Smith

Vice President, Resources
and Chief Financial Officer

Statement of Operations and Equity

for the year ended 31 March 2003
(in thousands of dollars)

	2003	2002
Revenues		
Resource expansion (Note 10)	36 505	47 515
Recovery of indirect costs (Note 10)	1 218	1 615
Investment income	1 140	779
Other income	1 565	1 202
	<u>40 428</u>	<u>51 111</u>
Expenses		
Development research programs		
Centre programs	61 389	50 997
Resource expansion	36 505	47 515
	<u>97 894</u>	<u>98 512</u>
Development research support		
Technical support	10 967	9 756
Program complements	4 551	4 436
Program management	4 634	4 638
	<u>20 152</u>	<u>18 830</u>
Administrative services		
Administration	17 072	16 144
Regional office management	4 820	5 385
	<u>21 892</u>	<u>21 529</u>
Total Expenses (Schedule I)	<u>139 938</u>	<u>138 871</u>
Net cost of operations before government funding	<u>(99 510)</u>	<u>(87 760)</u>
Parliamentary appropriation (Note 11)	92 629	93 139
Supplementary Parliamentary appropriation (Note 12)	2 807	1 956
Amortization of deferred funding — capital assets (Note 9)	2 167	2 069
	<u>97 603</u>	<u>97 164</u>
Results of operations before restructuring costs	(1 907)	9 404
Restructuring costs	<u>—</u>	<u>(311)</u>
Net results of operations	(1 907)	9 715
Equity at beginning of the year	<u>9 871</u>	<u>156</u>
Equity at end of the year	<u><u>7 964</u></u>	<u><u>9 871</u></u>

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

Statement of Cash Flows

for the year ended 31 March 2003
(in thousands of dollars)

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities		
Net results of operations	(1 907)	9 715
Items not affecting cash		
Amortization of capital assets	2 167	2 069
Loss (gain) on disposal of capital assets	(12)	65
Provision for employee future benefits	434	587
Amortization of deferred rent	<u>273</u>	<u>273</u>
	2 862	2 994
Net change in working capital other than cash and short-term investments	<u>(17 859)</u>	<u>(1 679)</u>
Net cash flows (used in) from operating activities	<u>(16 904)</u>	<u>11 030</u>
Cash flows from financing activities		
Increase (decrease) in deferred revenue — long-term	2 216	(1 131)
Capital funding	2 599	1 750
Amortization of deferred funding — capital assets	<u>(2 167)</u>	<u>(2 069)</u>
Net cash flows from (used in) financing activities	<u>2 648</u>	<u>(1 450)</u>
Cash flows from investing activities		
Additions to capital assets	(2 587)	(1 815)
Decrease in restricted cash	<u>17 691</u>	<u>436</u>
Net cash flows from (used in) investing activities	<u>15 104</u>	<u>(1 379)</u>
Net increase in cash	848	8 201
Unrestricted cash and short-term investments, beginning of the year	<u>16 413</u>	<u>8 212</u>
Unrestricted cash and short-term investments, end of the year	<u>17 261</u>	<u>16 413</u>

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

Schedule of Expenses

as at 31 March 2003
(in thousands of dollars)

	2003	2002
Schedule I		
Grant payments	78 857	55 965
Salaries and benefits	31 374	31 532
Professional services	8 590	11 849
Accommodation and building maintenance	5 977	6 304
Travel	5 388	5 657
Amortization	2 167	2 069
Meetings and Conferences	2 010	2 790
Training	1 737	1 883
Communications	1 347	1 803
Equipment and vehicle maintenance	842	793
Supplies	753	17 321
Books and periodicals	330	285
Insurance	120	124
Miscellaneous	446	496
Total Expenses on Statement of Operations and Equity	<u>139 938</u>	<u>138 871</u>

NOTES TO FINANCIAL STATEMENTS

(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 mainly through an annual appropriation received from the Parliament of Canada. For purposes of the *Income Tax Act*, the Centre is deemed to be a registered charitable organization.

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. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies.

A) Government funding

The portion of the Parliamentary appropriation used to fund the purchase of capital assets is deferred and amortized on the same basis and over the same period as the related capital assets. The balance is recognized in the year for which it is approved. Parliamentary appropriations received for specific projects are deferred and recognized when the related project expenses are incurred.

B) Revenues

Funds received or receivable in respect to resource-expansion contracts are recorded as deferred revenues. These deferred revenues are recognized as revenues in the year in which the related project expenses are incurred. All other revenues are recorded on the accrual basis of accounting.

C) Grant payments

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

D) Capital assets and amortization

Capital assets are recorded at cost and amortized, starting in the subsequent year of acquisition, over their estimated useful lives on a straight-line basis. The estimated useful life of each capital asset class is as follows:

Computer equipment	3 years
Software	3 or 5 years
Office furniture and equipment	5 years
Vehicles	3 years
Telephone system	5 years
Leasehold improvements	Remaining term of lease

E) Investments

Short-term investments are recorded at the lower of cost and market value. Long-term investments are recorded at cost. When there is a loss in value that is other than a temporary decline, the long-term investment is written down to recognize the loss.

F) Foreign-currency translation

Foreign-currency transactions are translated weekly into Canadian dollars at the exchange rate in effect on the last day of the previous week. Monetary assets and liabilities are adjusted to reflect the rate of exchange in effect at year-end. Exchange gains and losses are included in operations for the current year under other income.

G) Provision for employee future benefits other than pension

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 liability for this benefit is recorded in the accounts as the benefits accrue to employees.

H) Deferred rent

Any rent-free period or other incentives associated with long-term leases are deferred and amortized over the term of the lease on a straight-line basis as a reduction to the expense.

I) Pension costs

The Centre's eligible employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Centre contribute to the cost of the Plan. Contributions by the Centre are expended in the period incurred and represent the total cost to the Centre under the Plan. The Centre is not required under current legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

3. Cash and short-term investments

	2003	2002
Cash	1 434	3 563
Short-term investments		
Canadian chartered banks	16 908	26 057
Commercial corporations	12 332	17 897
	<u>30 674</u>	<u>47 517</u>

The Centre is authorized to invest in interest-bearing securities such as issued by the above-noted entities. These funds are invested in short-term money market instruments that are rated R-1 (low) or better by a recognized bond-rating agency. The investment vehicles consist primarily of banker's acceptance and short-term notes.

The average yield of the portfolio, as at 31 March 2003 is 3.07% (2002, 2.19%) and the average term to maturity is 69 days (2002, 85 days). The fair market value of the investment portfolio as at 31 March 2003 approximates the net book value.

The Centre has various banks accounts, some of which have a line of credit associated with them. As at 31 March 2003, all balances in these line of credit accounts were nil.

Of the total cash and short-term investments, \$13 413 (2002, \$31 104) is restricted for specific research activities, as follows:

	2003	2002
Resource expansion	3 199	25 106
Health support — Africa	792	1 704
Institute for Connectivity in the Americas	8 913	3 807
Endowment funds	509	487
	<u>13 413</u>	<u>31 104</u>

4. Accounts receivable and payable

Accounts receivable and accounts payable are incurred in the normal course of business. All are due on demand and are noninterest bearing. The carrying amounts of each approximate fair value because of their short maturity. A large portion (20%) of accounts receivable are due from the Canadian International Development Agency (CIDA) and does not present a significant credit risk. Of the total accounts receivable, \$3 825 (2002, \$2 162) is on account of resource-expansion activities.

5. Long-term investments

These funds are invested in a Government of Canada bond that matures in 2004. The average yield of the bond, as at 31 March 2003, is 6.50% (2002, 6.50%) and the initial average term to maturity is 7 years. The fair market value of the bond as at 31 March 2003 is \$3 098 (2002, \$3 124).

6. Capital assets

	Cost		Accumulated amortization		Net book value	
	2003	2002	2003	2002	2003	2002
Computer equipment	7 406	7 048	5 540	5 697	1 866	1 351
Leasehold improvements	2 293	2 026	1 549	1 310	744	716
Software	6 084	5 050	3 464	2 544	2 620	2 506
Office furniture and equipment	2 046	2 049	1 577	1 440	469	609
Telephone system	1 350	1 316	1 281	1 207	69	109
Vehicles	939	944	776	736	163	208
	<u>20 118</u>	<u>18 433</u>	<u>14 187</u>	<u>12 934</u>	<u>5 931</u>	<u>5 499</u>

Amortization expense for the year is \$2 167 (2002, \$2 069).

7. Pension plan

The Centre's contributions to the Public Service Superannuation Plan do not generally exceed 2.14 times the employees' contribution on account of current and certain past service. Contributions to the Public Service Superannuation Plan consisted of the following:

	2003	2002
Contributions by the Centre	2 335	2 354
Contributions by employees	938	919

8. Deferred revenue

Deferred revenue includes the unspent portion at 31 March 2003 of funds received, or receivable, on resource-expansion activities as well as the unspent portion of the two supplementary Parliamentary appropriations (see Note 12). Details of these balances are as follows:

	2003	2002
Current		
Resource expansion	7 025	27 268
Supplementary Parliamentary appropriation		
Health support — Africa	534	1 250
Institute for Connectivity in the Americas (ICA)	5 000	3 807
	<u>12 559</u>	<u>32 325</u>
Long-term		
Supplementary Parliamentary appropriation		
Health support — Africa	257	454
Institute for Connectivity in the Americas (ICA)	3 913	—
	<u>4 170</u>	<u>454</u>

Of the total deferred resource-expansion funding, CIDA accounts for \$2 473 (2002, \$20 455) of which \$1 449 (2002, \$19 609) was received and \$1 024 (2002, \$846) is receivable at year end.

9. Deferred funding — capital assets

	2003	2002
Balance at beginning of year	5 499	5 818
Funding for capital assets purchased	2 599	1 750
Amortization	(2 167)	(2 069)
Balance at end of year	<u>5 931</u>	<u>5 499</u>

10. Resource-expansion activities

Resource-expansion activities relate specifically to research conducted or managed by the Centre on behalf of other organizations. This research is funded by CIDA, other Government of Canada entities, and other agencies. A breakdown of the revenue and expense recognition for resource expansion is provided below:

	2003	2002
CIDA	25 068	35 971
Other agencies	8 051	10 570
Other Government of Canada entities	3 386	974
	<u>36 505</u>	<u>47 515</u>

The Centre recovers indirect costs from the administration of resource-expansion activities. This year's total is \$1 218 (2002, \$1 615) of which \$495 (2002, \$893) was recovered from CIDA.

11. Parliamentary appropriation

	2003	2002
Parliamentary appropriation approved	95 228	94 889
Deferral for capital assets purchased (Note 9)	(2 599)	(1 750)
Parliamentary appropriation recognized in the statement of operations and equity	<u>92 629</u>	<u>93 139</u>

12. Supplementary Parliamentary appropriations

In March 1994, the Centre received a supplementary Parliamentary appropriation of \$15 million for a health support project in Africa. In September 2001, the Institute for Connectivity in the Americas was approved for \$20 million. For the current fiscal year, the total revenue recognized from these two sources is \$2.8 million (2002, \$2.0 million).

13. Operating lease commitments

The Centre has entered into various lease arrangements for staff accommodation in various countries and for office premises and equipment in Canada and abroad. Those lease agreements expire at different dates up to 2010. The total minimum annual payments under various lease arrangements will be as follows:

2003/04	5 597
2004/05	5 493
2005/06	6 223
2006/07	7 166
2007–2010	<u>4 778</u>
Total	<u>29 257</u>

14. Contractual commitments — project related

The Centre is committed to make payments up to \$83.7 million (2002, \$115.8 million) during the next four years subject to funds being provided by Parliament or external partners and subject to compliance by recipients with the terms and conditions of project agreements. Of this amount, the Centre is responsible for \$64.5 million (2002, \$59.2 million) and the balance of \$19.2 million (2002, \$56.6 million) is provided by external partners.

15. Related party transactions

In addition to those related party transactions disclosed elsewhere in 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 business.

16. Contingencies

A claim of approximately \$0.6 million relating to a leased property remains outstanding at the end of the year. Based on the advice of legal counsel, management is of the opinion that it is not possible to determine the amount of the liability, if any, that may result from settlement of this claim.

The Centre is a defendant in other pending lawsuits. In management's opinion, the outcome of these other actions is not likely to result in any material liabilities.