

# Investing in solutions

Annual Report 2015–2016



**Investing in solutions | 2015–2016** at 31 March 2016

**\$263.1** million in revenues

- **\$183.5** million from Parliament
- **\$77.3** million from donor contributions
- **\$2.3** million other revenue

**4%** of Canada's international assistance

**\$140.3** million for new research activities

**9** donor partners

**675** projects

**559** institutions supported, **88** Canadian

---

Part of Canada's foreign affairs and development efforts, IDRC invests in knowledge, innovation, and solutions to improve the lives of people in the developing world. Bringing together the right partners around opportunities for impact, IDRC builds leaders for today and tomorrow and helps drive change for those who need it most.

ON THE COVER

**Improving food security** through research is just one of our key activities. The Canadian International Food Security Research Fund (2009–2016) is now in its second phase (see page 8).

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



# Contents

## **2 Message from the Acting Chairperson**

The Honourable Monte Solberg, P.C.

## **3 Message from the President**

Jean Lebel, PhD

## **4 Investing in solutions**

## **5 Summary of operations**

## **8 Results 2015-2016**

- Invest in knowledge and innovation for large-scale positive change
- Build the leaders for today and tomorrow
- Be the partner of choice for greater impact
- Agenda for action

## **18 Corporate governance**

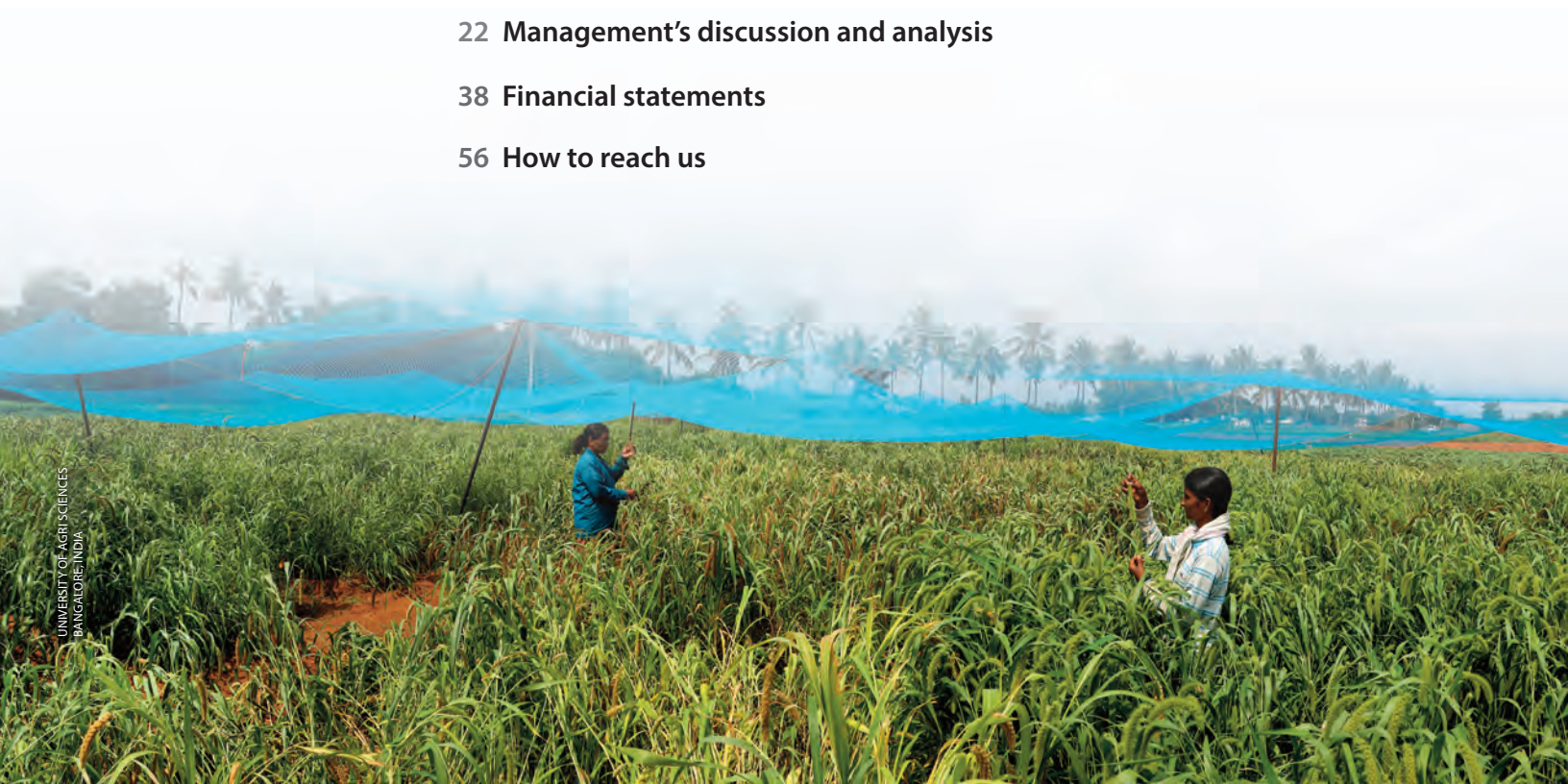
## **20 Managing and measuring our performance**

- Stewardship and accountability
- Internal audit
- Program support
- Evaluation

## **22 Management's discussion and analysis**

## **38 Financial statements**

## **56 How to reach us**



## Message from the Acting Chairperson



Last year was highly anticipated. The Centre moved into the exciting implementation phase of *Strategic Plan 2015-2020*. Progress thus far reinforces that the *Strategic Plan* is not only inspirational, but also a tangible, effective blueprint for IDRC's success in the years ahead.

The *Strategic Plan* brings much change to IDRC, as we redouble our efforts to focus investments towards large-scale positive change, building leaders, and positioning IDRC to be the partner of choice. Change extends beyond IDRC, with a new government and new Minister of International Development. The *Strategic Plan* positions IDRC to respond to these important changes and to the priorities of the new government.

The Centre is well-equipped to account to the Board and Canadians on the implementation of its *Strategic Plan*, ensuring both accountability and transparency. IDRC will not only monitor progress against corporate goals but, as of this year, will also strive to measure impact against development outcomes.

Also this past year, IDRC's Board of Governors and management worked with the Office of the Auditor General of Canada (OAG) as that Office began work on a Special Examination of IDRC. Special Examinations are in-depth independent reviews conducted by the OAG on federal Crown corporations at least once every decade. The timing of this review could not be better, as it will provide the Board with additional strategic insights as we shepherd the Centre in the early stages of the *Strategic Plan* and in a time of exciting changes. The Board looks forward to receiving the results of this examination from the OAG in early 2016-2017.

This year I had the pleasure of travelling with IDRC President Jean Lebel to meet several current and potential philanthropic and private sector donor partners. These meetings help to consolidate IDRC's position as a partner of choice, allowing us to leverage additional funding in support of programming that produces large-scale positive change for those who need it most. Partnerships are also a vital way of multiplying the value impact of Canada's international development funds.

It was wonderful to have two outstanding new governors join IDRC Board ranks in 2015-2016. Shainoor Khoja and Uri Rosenthal are excellent additions and we look forward to benefiting from their wealth of experience and their insights.

In the context of all of this positive change, the IDRC Board will continue to renew itself. My second term on the Board will conclude in June 2016. It has been an honour to serve as a Governor since 2009 and, since 2014, as Vice-Chairperson and Acting Chairperson. When I first joined the Board, I quickly came to realize how effectively IDRC helps countries, and people, become self-reliant. The Centre's model and approach is innovative and the impact profound. I have witnessed first-hand the tremendous dedication of IDRC's staff and the respect our partners have for the role IDRC plays in empowering their success.

With each passing year of *Strategic Plan 2015-2020*, I have no doubt we will witness how IDRC's work contributes to transformative change. The Centre's future is bright, and I look forward to continuing to follow its many successes.

A handwritten signature in black ink that reads "Monte Solberg". The signature is written in a cursive, flowing style.

The Honourable Monte Solberg, P.C.  
Acting Chairperson

## Message from the President



In 2015-2016, IDRC began tracking progress towards its ambitious strategic objectives to communicate to Canadians how their funding is targeting the most vulnerable and reducing poverty and inequality. Let me share some concrete highlights of how we are meeting our objectives.

Despite progress, women still face obstacles as entrepreneurs, especially in the developing world. Again and again we see that women with steady incomes provide for healthier homes, children attending school, and food on the table, among other benefits.

That is why we are supporting scalable initiatives that economically empower women. One such example is WEConnect International, which we partner with in India to develop a searchable database of women-owned businesses that is accessible to local and global supply chains.

Already, 600 companies have registered in the database and 60 have been certified to supply large companies, generating over US\$127 million annually and employing more than 4,600 people across India. The plan is to scale up the model by replicating it in another 17 developing countries. Pushpa Parmar, a trainer with a women-led recycling cooperative, explained how her income has helped her pay for her children's education. "It's like I have a new life," she said. Companies such as Walmart are using the database because they support the empowerment of women. But also because it makes good business sense.

The global refugee crisis has captured the world's attention, and rightly so. I witnessed first-hand the extent of the crisis in January 2016 during a trip to Lebanon, where refugees account for nearly 40% of the population. We are bringing together government and institutional representatives in the Middle East and in Canada to foster collaboration, to leverage technology, to improve access to education, and to support Syrian researchers displaced by conflict.

The COP21 conference in Paris brought global partners together to align their climate change efforts. An IDRC-funded project in Uganda won a UN Momentum

for Change award at the conference, one of 16 "game-changing climate action initiatives from around the world" that were honoured. The project developed a system that uses mobile and wireless technology to help drought-prone communities in Uganda's cattle corridor adapt to the impacts of climate change. More than 120,000 farmers are using the service, allowing farmers to receive weather forecasts, agricultural advisories, and market information. Crop loss and damage is down 67% for participating farms.

We continue to seek innovative ways to reduce poverty and vulnerability, and the tools we use to monitor progress towards our strategic objectives will help ensure success.

IDRC's greatest asset is our people. The calibre of our team was on full display in June 2015 when IDRC's contribution to the Ebola crisis was recognized with a Canadian public service award of excellence. IDRC was proud to share the "Exemplary Contribution Under Extraordinary Circumstances" award with 11 other Canadian government departments. IDRC also received a Government of Canada Workplace Charitable Campaign's "My Campaign" award in December 2015. The award salutes the passion and compassion of our staff to improve the lives of those in our community. More than 30% of IDRC's head office staff volunteered on the campaign and our fundraising target was surpassed by 35%. We are proud of our team and confident in their ability to deliver on the ambitious *Strategic Plan 2015-2020*.

Finally, we thank Acting Chairperson Monte Solberg for his leadership. He has skillfully steered the organization through a period of tremendous change, and has prepared the Board and organization well for his successor.

A handwritten signature in dark ink, appearing to read "Jean Lebel".

**Jean Lebel, PhD**  
**President**

# Investing in solutions

## Our mandate

Directed by the *International Development Research Centre Act* (1970), the Centre works “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.” IDRC strategically invests in knowledge, innovation, and solutions, to accelerate development research that can be scaled for impact; to build leaders in government, research, and business in the developing world for today and tomorrow; and to ensure that IDRC will be a partner of choice in strengthening developing countries and in maintaining important relationships for Canada.

## Our business model

In carrying out our mandate, we:

- provide financial support to researchers in developing countries to work on problems crucial to their communities
- engage with research partners throughout the innovation process
- promote networking among our grantees
- facilitate access to information and services, as well as to researchers, policymakers, and business people

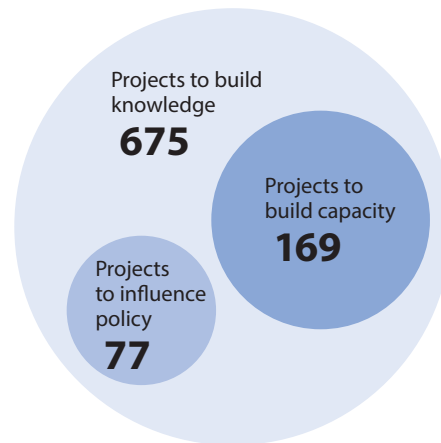
## Our objectives

IDRC launched its *Strategic Plan 2015-2020: Investing in solutions* in April 2015. It focuses on:

- Investing in knowledge and innovation for large-scale positive change
- Building leaders for today and tomorrow
- Being the partner of choice for greater impact

While pursuing our three strategic objectives, IDRC makes every effort to contribute to major Canadian government initiatives, as well as to deliver on international development priorities.

## Our work



ASSOCIATED PRESS/NAZIA PARVEZ

Maternal mortality rates remain 14 times higher in developing regions of the world. IDRC's Innovating for Maternal and Child Health in Africa program (see page 15) is working with decision-makers in Africa to improve the health systems supporting primary care for mothers, newborns, and children.



# Summary of operations

## Corporate profile

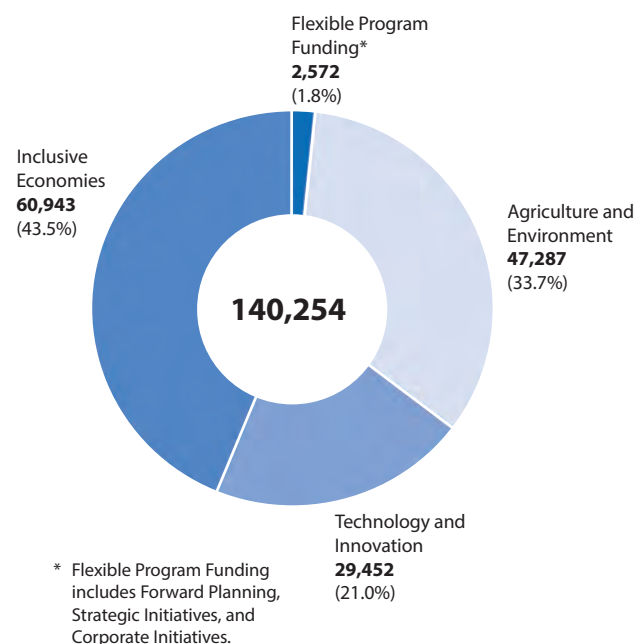
A Crown corporation and part of Canada's global affairs and development efforts, IDRC invests in knowledge, innovation, and solutions to improve lives and livelihoods in the developing world. Working to drive change for those who need it most, IDRC brings together the right partners to increase opportunities for impact, invests in knowledge that will result in large-scale positive change, and builds leaders for today and tomorrow.

This year was the first under IDRC's new *Strategic Plan 2015-2020: Investing in solutions*. This guiding document provides three overarching objectives (see our results on these objectives, pages 8-17) and outlines six significant actions the Centre will take to ensure that it reaches its goals (see pages 17-18).

## Program focus

IDRC's three program areas, **Agriculture and Environment** (encompassing Agriculture and Food Security, Climate Change, and Food, Environment, and Health), **Inclusive Economies** (comprising Employment and Growth, Governance and Justice, Think Tank Initiative, and Maternal and Child Health), and **Technology and Innovation** (consisting of programming in Foundations for Innovation and Networked Economies) focus our investments to promote innovation, bringing opportunities to those who need them most.

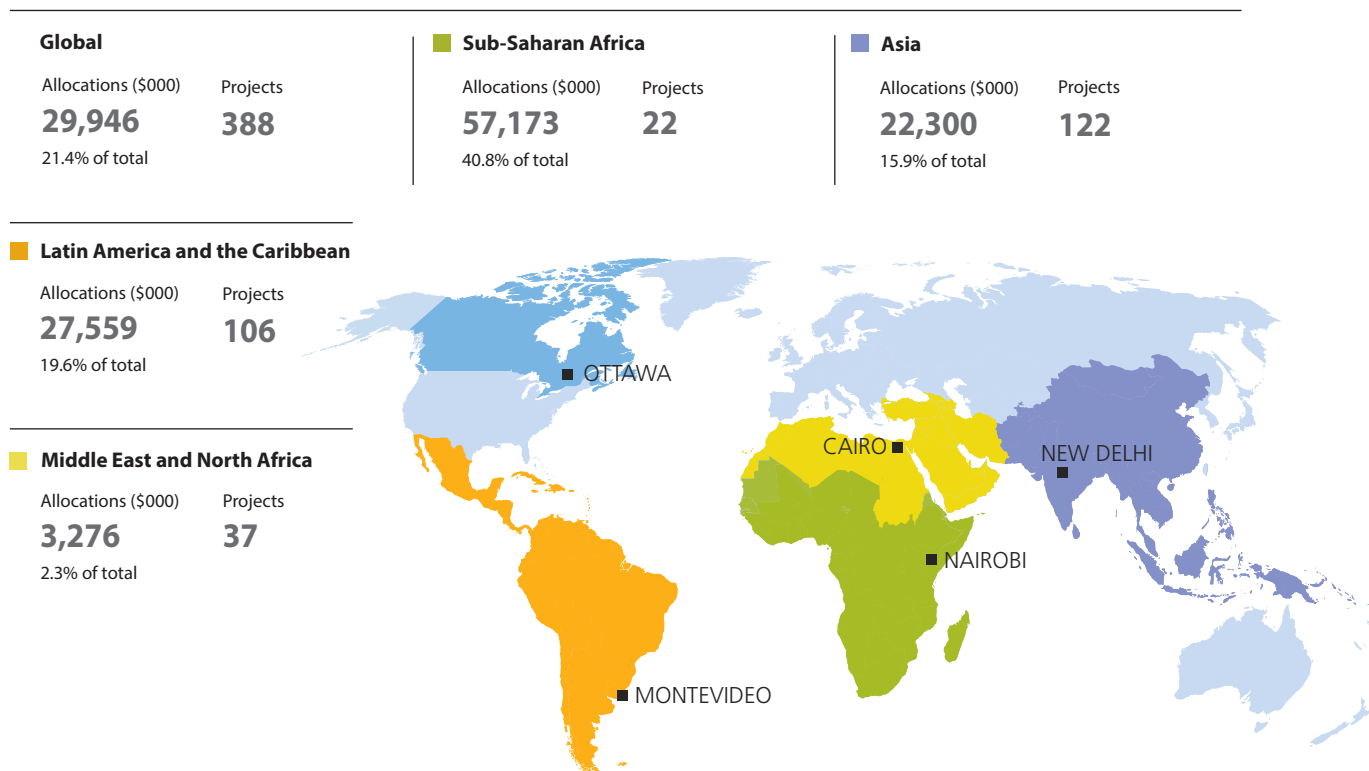
## Allocations by program area in 2015-2016 (\$000)



IDRC supports initiatives that economically empower women. One example is India's WEConnect International, a non-profit offering women-run businesses the skills training and assistance they need to access global markets.

## IDRC and the world

IDRC supports research in all of Canada's development countries of focus, as well as in other countries. Our head office is in Ottawa. We maintain four regional offices (Cairo, Egypt; Montevideo, Uruguay; Nairobi, Kenya; and New Delhi, India) across the developing world.



## Our funding

During the past year, total revenues from Parliament amounted to \$183.5 million. This represented 69.7% of our 2015-2016 revenues and 4% of Canada's international assistance.

As of 31 March 2016, IDRC was involved with nine partners in 24 donor agreements worth \$358.1 million. During 2015-2016, IDRC signed seven co-funding agreements worth \$47.5 million, including one with a new partner, the Azrieli Foundation.

*"With a focus on broadening the Centre's growing partnership base and brokering new relationships, IDRC will foster collaborations that generate powerful ideas, integrate expertise from the private sector, and multiply resources devoted to development solutions."*

— IDRC Strategic Plan 2015-2020



<b>Key financial highlights</b> For the year ended 31 March 2016 (in thousands of dollars)	<b>2014-2015</b>	<b>2015-2016</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Revised budget</b>
<b>Revenues</b>			
Parliamentary appropriation <sup>a</sup>	190 024	183 478	183 478
Donor contributions	66 809	77 267	82 997
Investment and other income	2 013	2 354	1 238
	258 846	263 099	267 713
<b>Expenses</b>			
Development research programming	233 952	245 832	253 164
Corporate and administrative services	20 968	19 953	19 182
	254 920	265 785	272 346
<b>Net results of operations</b>	3 926	(2 686)	(4 633)
<b>Equity</b>			
Unrestricted	4 114	1 843	20
Internally restricted	1 123	1 129	1 123
Net investments in capital assets	9 518	9 810	9 970
Reserved	5 770	5 057	4 780
<b>Administrative services ratio <sup>b</sup></b>	8.2%	7.5%	7.0%
<b>Program allocations</b>			
Funded by Parliamentary appropriation	86 868	98 991	99 000
Funded by donor contributions	120 844	41 264	37 344
	207 712	140 255	136 344

**Note:**

<sup>a</sup> The Parliamentary appropriation represents 69.7% of total revenues.

<sup>b</sup> The expenses for development research programming represent 92.5% of total expenses.

For further information on these key financial highlights, please refer to Management's Discussion and Analysis on page 22.

## Sharing knowledge for development

Research results and documents generated by IDRC-supported projects, IDRC recipients, and IDRC staff are tangible intellectual outputs of the Centre's investments.

IDRC believes that publicly funded research should be freely and openly available. Acknowledging this belief, IDRC's new Open Access Policy took effect on 20 July 2015. This policy corresponds with the global movement toward open access, supported by those who fund research and governments, including the Government of Canada, to increase transparency, accountability, and efficiency.

In addition, the IDRC Digital Library (IDL) helps researchers in developing countries engage in the international dialogue on development issues and increases the impact of their work. The IDL is a repository of knowledge providing free access to more than 52,000 documents.

We also provide free full-text digital versions of all books IDRC co-publishes on the IDRC website. This year we added five more titles, published in Cameroon, Morocco, the United States, South Africa, and India, to our online collection of more than 320 books in various languages.



## Results 2015-2016

### OBJECTIVE 1

#### Invest in knowledge and innovation for large-scale positive change

Across the developing world, we support innovators in testing new ideas and finding ways to adapt existing know-how and technology to transform the lives of the poor. When success is achieved, the next step is to scale up, bringing the benefits to more people and regions. Producing results that reach a scale where they touch millions of lives requires partnership and influence — on government policies, private sector plans, donor directions, or civil society's agenda.



Around the world, food insecurity affects an estimated 850 million people. Food security research, supported by the Canadian International Food Security Research Fund (CIFSRF), is reducing poverty and improving livelihoods in rural communities in Asia, Africa, and South America.

The **Canadian International Food Security Research Fund** (CIFSRF) is one outstanding example that contributes to reducing poverty and hunger. Launched in 2009 by IDRC and Global Affairs Canada, CIFSRF addresses food security in developing countries by funding applied research in agriculture and nutrition. It helps identify, test, and scale up solutions to improve:

- Food availability – by increasing productivity of underutilized species, more nutritious and resistant crops, reducing postharvest losses
- Food accessibility – by increasing market access, and improving income for small holder farmers
- Nutrition – by promoting food fortification, food diversity, and more balanced diets

CIFSRF has changed practices and policies in several countries, resulting in improved nutrition and production, higher incomes, and greater food security for tens of thousands of families. Working directly with local communities, CIFSRF researchers are testing a combination

of strategies that enhance nutrition, including direct interventions such as improving complementary feeding of young children. At the policy level, researchers are contributing to the formulation and implementation of national food security policies that will directly have an impact on reducing hunger in the South.

In all, 144 innovations that address the issues of food availability, access, and quality were piloted in the program's first phase, directly benefiting over 110,000 participating small-scale farmers and 270,000 others who adopted the innovations. In phase 2 of the program, research focuses on scaling up those pilot-tested innovations that are particularly beneficial to poor rural populations for greater impact. CIFSRF has to date supported 60 Canadian and developing-country organizations in carrying out 39 research projects in 24 countries.

The examples below illustrate how research efforts across IDRC's three program areas are taking new knowledge and innovations to the next level.

#### Taking aim at mosquito-borne diseases

The rapid spread of Zika virus and its link to birth defects have heightened concerns about mosquito-borne diseases. New research launched in Venezuela and Colombia is scaling up successful interventions to tackle the *Aedes aegypti* mosquito, a vector that transmits Zika and many other viral diseases — like chikungunya and dengue.

Earlier research on dengue demonstrated the value of involving communities in a targeted approach to eliminating the most important mosquito breeding areas.



In March 2016, Colombia's First Lady María Clemencia de Santos and the Minister of Health and Social Protection Alejandro Gaviria Uribe visited Zika project sites in Girardot, noting that the research is an example of what can be done to prevent the transmission of Zika and other vector-borne diseases.

In Girardot, Colombia, prevention measures tested in 1,000 homes in 2012 proved both affordable and effective in reducing immature mosquito counts by 71%. Efforts led by Fundación Santa Fe de Bogotá are now ramping up to reach 10,000 households — roughly half the city — working in collaboration with universities, the private sector, city officials, and civil society. Citizens cover water containers and take other measures to deprive mosquitos of breeding sites, while protecting their homes with locally made, insecticide-treated curtains and window screens. It is also now mandatory for new homes to have covers on large water tanks. The efforts support local industry and help to protect tourism.

## Defending land tenure rights in Africa

In both urban and rural Africa, weak governance and a lack of secure land tenure renders the lives of the poor even more precarious. In Nairobi, Kenya, more than half of the city's four million residents live in informal settlements, where water, sanitation, and other essential services are woefully inadequate. More than 90% of slum-dwellers pay rent to absentee landlords.

Recent research revealed a staggering “poverty penalty” in Mukuru, one of the city's largest settlements, with residents paying more for services that are inferior to those provided in Nairobi's formal housing estates. For their meagre and brackish water supplies, for example, Mukuru residents pay as much as 172% more than formal water customers. With support from IDRC, an interdisciplinary team of Kenyan experts led by Akiba Mashinani Trust has proposed a series of strategies to support secure tenure, equitable access to services and housing, and justice for residents.

Recommendations prompted the Nairobi County Government to move towards pilot testing upgrades in one neighbourhood of Mukuru. Follow-up research will support authorities in testing a planned fund to support these efforts. The collaboration has the potential to shape upgrading policies and benefit slum dwellers citywide.

Large-scale land investments have been promoted in Africa as a strategy for growth and development. Yet without clearly defined governance frameworks, these deals may dispossess rural people and spark conflict. In November 2015, IDRC and Global Affairs Canada hosted researchers and policymakers from 16 countries in Dakar, Senegal, to explore how these investments can be governed in a more equitable, transparent, and responsible way. A high-level dialogue on land investments in Senegal was presided over by the Chair of the National Land Reform Commission. Findings from supported research will guide efforts to reform policies on land investment and tenure in 10 African countries to better protect the rights of women, rural people, and other vulnerable groups.



IDRC-PANOS

Community volunteers, trained at the HarassMap Academy, distribute information in their own neighbourhoods to convince citizens to stand up and prevent sexual violence.

## Crowdsourcing to confront abuse

HarassMap — a non-profit network that has created crowdsourcing tools and social campaigns to confront sexual harassment — has already made waves in Egypt. Last year, HarassMap's ground-breaking work helped Cairo University adopt an anti-sexual harassment policy — the first public university in the Middle East to do so. Since its founding in 2010, the network has inspired and trained a host of other campaigns to end abuse, and produced myth-busting research on harassers and their victims. By testing and promoting harassment-free “safe areas”, it has helped shift social norms so that bystanders confront and report abuse.

In research launched this year, the Egyptian Center for Public Opinion Research is learning from HarassMap's experience with crowdsourcing, and applying lessons to tackle other challenges, including petty corruption in Egypt. HarassMap, meanwhile, is exploring how its model can be used to fight sexual harassment in other countries. The team has received more than 60 requests for coaching, and inspired similar initiatives in more than a dozen countries.

## Ensuring a safer ride for working women

Women's labour force participation rates in Latin America lag far behind those of men. Among the barriers holding women back is a lack of safe transportation. El Salvador has one of the world's highest murder rates, and 3.3% of all homicides between 2008 and 2013 took place on public transit.

Research published this year by Fundación Salvadoreña para el Desarrollo Económico y Social (FUSADES) — a research organization supported through the Think Tank Initiative — highlighted that sexual victimization is widespread among women using public transport. Respondents described a chaotic system that creates fertile ground for assault. For example, transit users complained of overcrowding, litter, rude drivers, buses scrawled in graffiti, poor lighting, and unpredictable scheduling.



Based on its recommendations, El Salvador's Labour Ministry and the American Chamber of Commerce signed an agreement to implement solutions, including a public awareness campaign designed to change attitudes and behaviours on public transit. As part of the national Women's Leadership Initiative, founded in October 2015 by the Labour Ministry, FUSADES will have the opportunity to work with business and government agencies to promote women's rights on a national scale.



Research by FUSADES, supported by the Think Tank Initiative, is helping El Salvador's Labour Ministry to improve safety for women using public transport.

## Fostering global research collaboration

Over the past seven years, the International Research Chairs Initiative, funded in partnership with the Canada Research Chairs program, has brought together leading researchers and non-academic partners to address some of the greatest challenges of our time. Awardees have created a range of breakthrough technologies and fostered relationships among communities, governments, and private sector partners to strengthen policies and programs.

For example:

- In Morocco, the Université du Québec en Abitibi-Témiscamingue and Université Cadi Ayyad worked with industry to deploy a cost-effective approach to reduce the leaching of heavy metals from an abandoned mine site.
- In southern Brazil, McMaster University and the Federal University of Rio Grande jointly developed cutting-edge environmental monitoring techniques and informed new legislation to restore and preserve aquatic ecosystems.
- In China, York University and the Chinese Center for Disease Control and Prevention informed major government investment in HIV/AIDS prevention and control in three provinces, using advanced mathematical modelling to analyze incidence and transmission pathways.



A new public-private partnership in Uganda and Kenya is developing affordable, tasty, and long-lasting precooked bean products.

## Putting ready-made beans on the menu

With 2016 declared the International Year of Pulses, these resilient crops — which include beans, chickpeas, lentils, and peas — are now gaining global recognition for their nutrient value and soil-boosting properties. Current research supported through Cultivate Africa's Future, a multi-year partnership between IDRC and the Australian Centre for International Agricultural Research, aims to make pulses more accessible. Kenyan and Ugandan researchers have joined forces with the private sector and Canada's Food Development Centre to develop precooked bean products with wide appeal.

Unprocessed dry beans are inexpensive, popular, and a key source of protein among low-income households — but they are slow to cook, demanding prohibitive amounts of fuel wood. Uganda's National Agriculture Research Organization and the Kenya Agricultural and Livestock Research Institute have tested 47 bean varieties, 12 of which have been selected so far for their nutritional value and suitability for precooking. With private sector partners, they are exploring supply chain models that can meet market needs and benefit small-scale farmers with commercial-scale production and marketing of the resulting products.

As of 2015, nearly 24,000 farmers, more than half of them women, are growing these varieties. Two convenient and affordable products — dried precooked beans and bean snacks — have been developed and tested with consumers in major supermarkets in Kenya and Uganda. These products have potential to improve nutrition, while saving time and cooking fuel for millions of households.

## OBJECTIVE 2

### Build the leaders for today and tomorrow

At IDRC, we equip research, policy, and business innovators with the tools and support they need to address the world's most pressing development issues. Our investments nurture leaders who are finding lasting solutions to climate change, disease, inequality, food insecurity, and poverty. IDRC support strengthens local capacity, increases opportunities, and inspires ideas. We fund emerging and established leaders through research grants, awards, and fellowships. We connect them to networks that increase their influence and impact. Our objective is to build leaders for today and tomorrow.



African Institute for Mathematical Sciences graduates in Biriwa, Ghana celebrate their achievements.

One such example is the **African Institute for Mathematical Sciences' Next Einstein Initiative** (AIMS-NEI). Since 2003, 973 students from 42 countries have graduated from this post-graduate program — one-third of them women. Many enter advanced master's and doctoral programs in fields such as climate change, computer science, environmental science, and nuclear physics. PhD candidate Aissata Alioune Bedra Sy of Mauritania is developing a mathematical model to predict rice growth and identify the best adaptation options under changing environmental conditions. Her model will help governments create agricultural policies to improve food security.

Our support to think tanks and research institutions positions local researchers as leading thinkers. This is the case in Nepal, where our funding to a local think tank has yielded solutions that are shaping the government's recovery and reconstruction efforts following the 2015 earthquake.

Building leaders means raising profiles and providing opportunities. In December 2015, IDRC provided funds to developing-country researchers to attend COP21, the United Nations Climate Change Conference, in Paris. They were among 40,000 participants who met to establish an agreement to combat climate change on a

global scale. IDRC-supported scientists from Africa provided important technical support to negotiators who were instrumental in finalizing the agreement.

The projects below highlight the many ways we are nurturing and supporting development leaders across our program areas.

### Supporting future university educators in Haiti

When a 7.0 magnitude earthquake struck Haiti in January 2010, the results were catastrophic. An estimated 230,000 people were killed, and another three million displaced, with many academics and students among them. Today, less than 10% of the country's 1,000 professors have a master's degree, while an even smaller number hold PhDs.

In response, a group of academics from Canada, Haiti, the US, and France, led by Professor Samuel Pierre of l'École Polytechnique de Montréal, established l'Institut des sciences, des technologies et des études avancées d'Haiti (ISTEAH). ISTEAH's long-term goal is to train 1,000 science and technology professionals to help Haiti recover and rebuild, while nurturing tomorrow's university leaders in science and technology education. IDRC is providing start-up funding for four years, funding distance education infrastructure, and offering scholarships to students.

Established in 2013, the program is delivered through a combination of face-to-face, video, and online engagement. Offerings include professional and technical training, project management, and engineering courses. The first master's students are receiving degrees in 2016, while ISTEAH's first PhD candidates will graduate in 2017. With 190 registered students in 2015, ISTEAH is building hope and knowledge for Haiti's future while making a lasting contribution to national development.



Students participate in a vocational training course at CETEMOH which Rony Francois, a student at ISTEAH, founded in Port-au-Prince, Haiti.





Q'eqchi' women set a precedent in Guatemala's Supreme Court with first-ever conviction of two former military members for wartime sexual and domestic slavery.



Reducing poverty through research that impacts rural development policy is a goal of the Latin American Centre for Rural Development (Rimisp), an IDRC partner.

## Providing access to justice for indigenous and peasant women

For six years during Guatemala's counterinsurgency in the 1980s, the army held peasant women from the rural communities of the Alta Verapaz and Izabal departments as domestic and sexual slaves. As the wives of kidnapped and disappeared peasant leaders, soldiers burned their homes and belongings, and raped the women daily. This cycle of cruelty is all too common in countries touched by war and armed conflict. Women's rights are violated through sexual, physical, and psychological abuse. They often lose their homes and livelihoods, leaving their moral integrity destroyed.

IDRC-funded researchers in Guatemala and Colombia are leading the charge to provide indigenous and peasant women access to justice in these cases. In Guatemala, ECAP (Equipo de Estudios Comunitarios y Acción Psicosocial), the organization that has provided psychosocial support to the women since 2003, is working with researcher Luz Méndez Guitérrez to document how women experience injustice and seek redress for violations.

With IDRC's support, the project has developed a critical evidence base to demonstrate how the formal and community justice systems have failed sexual violence victims both during and after conflict. It brought together the Q'eqchi' indigenous women of Guatemala with indigenous and peasant women from Colombia to share their experiences and discuss strategies to achieve justice. It also offered an opportunity for Colombia's younger generation to tell their mothers' stories through video — an approach that has empowered the women and spurred discussions among community elders about addressing gender-based violence.

In both Colombia and Guatemala, the project has demonstrated that vulnerable populations can move from passive victims to agents of change. In 2016, it helped lead to the conviction and sentencing of two former army officials for crimes against humanity.

## Shaping policies, transforming lives

IDRC's long-time partner, the Latin American Centre for Rural Development (Rimisp), is taking aim at poverty with research that influences rural development policy. The Centre's Rural Territorial Dynamics program conducted case studies of 19 territories in 11 countries, and found that agriculture alone cannot create a thriving rural economy. Researchers identified six factors, used in various combinations, that create winning conditions for economic growth, poverty reduction, and greater equality. The factors include equitable distribution of land and availability of natural resources, access to markets, diversified local economy, proximity to mid-sized cities, government investment in infrastructure and services, and local stakeholder coalitions.

The findings have the potential to transform the lives of millions of people living in poverty in Latin America. In Peru, the Ministry of Development and Social Inclusion is using the evidence to overhaul the country's social assistance programs, reduce poverty and malnutrition, and provide high-quality government services. The changes will create opportunities for the poor, most of whom have seen little benefit from Peru's impressive economic growth.

By addressing location-based disparities in growth, poverty reduction, and inclusion through innovative research, Rimisp is establishing itself as a leading research organization that influences large-scale change.

## Enhancing African health diplomacy with evidence

Across Sub-Saharan Africa, too many women continue to die in childbirth, while access to quality care for mothers and children remains an ongoing challenge. In 2015, the region accounted for 66% of global maternal deaths according to the World Health Organization's *Trends in Maternal Mortality: 1990 to 2015* report. To address the problem and contribute to global solutions, IDRC is





IDRC is empowering African leaders so they can play a larger role in improving maternal and child health.

strengthening African leadership in health diplomacy. The goal is to allow Africa to play an active role in improving health systems for better maternal and child health outcomes.

IDRC is funding the work of two partner organizations providing support to global health diplomacy efforts: East, Central and Southern Africa Health Community (ECSA-HC) and Regional Network on Equity in Health in East and Southern Africa (EQUINET). Together, they are developing evidence and increasing capacity in the region. Their focus? Human resources, local essential medicine production, and financing for global health.

Through training and skills development, African policy negotiators received important support in the lead-up to the 69th World Health Assembly (WHA). They met in Nairobi in April 2016 to prepare to discuss specific priority health topics at the WHA global negotiations. Participants included African health ministry staff and Geneva-based Africa Group diplomats, such as country mission health attachés.

This project builds on IDRC's earlier work in Sub-Saharan Africa, which yielded publications on global decision-making related development aid, and provided empirical evidence to negotiators. Through mentorship, peer review, and information sharing, there is now a critical mass of institutions and individuals prepared to become true leaders in the field of diplomacy for maternal and child health.

## Recognizing leaders in innovation and development

Many of our past and present grantees were recognized in 2015-2016 for achievements they have made in their fields, emerging as knowledge leaders and bringing solutions to society. IDRC is proud to have supported the work of these leading individuals and institutions in Canada and the developing world.



BRAC founder and chairperson **Sir Fazle Hasan Abed** won the 2015 **World Food Prize**, considered to be agriculture's version of the Nobel Prize. BRAC, an IDRC partner, is among the most effective anti-poverty organizations globally. Abed is credited with pioneering a new approach to development that effectively and sustainably addresses the interconnectedness between hunger and poverty.



A pioneer in the use of information and communication technologies (ICTs) for development, **Carlos Afonso** was awarded the **Betinho Communications Prize 2015** during the 25th anniversary celebration of the Association for Progressive Communications. Afonso, who has led several projects funded by IDRC, was recognized for his remarkable contributions using the Internet for social justice and development.

The **African Population and Health Research Center** (APHRC), which administers an IDRC fellowship program, won the 2015 **United Nations Population Award** in recognition of its outstanding contributions to population and reproductive health solutions. APHRC was founded in 1995 to provide governments across Sub-Saharan Africa with credible scientific evidence for their population, health, and education policies.



IDRC Research Chair **Adalto Bianchini** continues to make important contributions to protect threatened aquatic ecosystems, particularly in his home country of Brazil. In an IDRC-Canada Research Chairs collaboration, Bianchini teamed with McMaster University's Chris Wood to develop new aquatic toxicology monitoring techniques to protect sensitive ecosystems and water quality in fresh and coastal waters. Based on these innovative methods, a new law was passed governing the third most important port in Brazil, and the applicability of this new legislation is being tested in three main watersheds in southern Brazil. Bianchini has also been selected by the Brazilian government as lead scientist on the team assessing the environmental fallout from the recent Bento Rodrigues mining disaster.



IDRC grantee **Dr. Eduardo Bianco** was honoured with the American Cancer Society's 2015 **Luther Terry Award for Outstanding Individual Leadership**, which recognizes outstanding achievement in the field of tobacco control. Bianco is the director of the **Centre for Tobacco Research and Intervention** (CIET) and regional coordinator for the Americas for the **Framework Convention Alliance**.



On behalf of the president's science advisor, **Amal Esawi** represented Egypt at the 2015 **Global Forum of National Advisory Councils** in Chile. Esawi attended the forum with IDRC sponsorship in order to engage with peers from other countries, whose expertise can help inform how to best invest the 1% of GNP that Egypt has committed to scientific research.

The **InterAmerican Heart Foundation Argentina** won the **Comité Argentino de Educación para la salud de la población** (CAESPO) 2015 award for their IDRC-funded study *Television Food Advertising to Children in Argentina*. The study found that 85.3% of food advertised to children has low nutritional value, and the results will be used to influence public policy to reduce the impact of cardiovascular disease and diabetes.



**Salam Kawakibi**, Deputy Director and Director of Research at the **Arab Reform Initiative** (ARI), a longstanding IDRC grantee, was appointed to the advisory board of the **United Nations University's Institute on Globalization, Culture and Mobility**. Following the Arab Spring that swept through the region, ARI developed and tested reforms to support transitions to democracy.

A 2015 study by IDRC-supported **LIRNEasia** and **MIDO** (Myanmar ICT for Development Organization) showed that only six months after market liberalization in Burma (Myanmar), communication technology usage had skyrocketed. The "communications revolution" is credited with creating fertile ground for democracy, playing a key role in mobilizing people for the nation's landmark election. Both organizations have been asked to provide their expert advice on creating an information and communications technology (ICT) master plan for the country.



**Wilfred Ndifon** was selected as one of the **African Institute of Mathematical Sciences** (AIMS) next Einstein Fellows. The IDRC-supported Research Chair at AIMS South Africa was recognized as one of Africa's 15 best young scientists for his cutting-edge work and research leadership that is essential to the creation of new and more effective vaccines.

In Brazil, the **Promundo Institute's** *Understanding non-violent male identities for safe and inclusive cities* project, funded by the IDRC-DFID Safe and Inclusive Cities Initiative, was recognized with the **Juscelino Kubitschek Award** under the Social, Cultural, and Scientific category from the **Inter-American Development Bank**. The award goes to an organization that has made a significant and distinguished contribution to the social and economic development of communities in Latin America and the Caribbean.

An IDRC-funded **Uganda Chartered HealthNet** project won a **UN Momentum for Change Award** in recognition of their "game-changing climate action" initiative. Partnering with the Ministry of Water and Environment, FHI 360, Makerere University, district governments, and local radio stations, Uganda Chartered HealthNet brought crucial agricultural advisories directly to farmers by mobile phone and interactive radio. Weather warnings, water-saving techniques, and market information have reduced crop loss and damage by 67%.



**Eberechukwu Uneze**, a former Executive Director at Nigeria's **Centre for the Study of the Economies of Africa** (CSEA), a think tank supported by IDRC's Think Tank Initiative, was appointed by the Nigerian president as an Executive Director of the **Assets Management Corporation of Nigeria** (AMCON). Uneze is widely regarded as one of the leading development thinkers in Africa.

IDRC grantee **Universiti Tun Abdul Razak** (UNIRAZAK) won Malaysia's **Entrepreneurial University Award of the Year** for a private university. Their project *Promoting Entrepreneurship Research in Southeast Asia: Applying the Global Entrepreneurship Monitor* aims to establish a strong empirical foundation on which to build and track entrepreneurship and job creation, especially among women in Southeast Asia.



The documentary **A Walnut Tree** by Pakistani filmmaker **Ammar Aziz** won the **Ram Bahadur Trophy** for best film at the **Film Southasia** festival in Kathmandu. Produced as part of the IDRC-funded Justice Project in South Asia, led by Delhi-based trust **Aakar**, the film follows an elderly man forced to live in a camp for internally displaced people because of the ongoing conflict between the Pakistan army and the Taliban. The Justice Project uses film and research to raise awareness, inform public policy, and document the challenges involved in the struggle for justice in five South Asian countries that have experienced violent conflicts: Bangladesh, India, Nepal, Pakistan, and Sri Lanka.



**Gina Ziervogel**, lecturer at the University of Cape Town's department of environmental and geographical science, won one of South Africa's 2015 **Women in Science Awards**. Ziervogel was among four women in the country recognized for her achievements furthering sustainable development. She was project leader of IDRC-supported research focused on improving Cape Town's response to severe flooding caused by climate change.

## OBJECTIVE 3

### Be the partner of choice for greater impact

Partnership is at the heart of IDRC's efforts to support life-changing research. We partner strategically with other funders, in Canada and around the world, to leverage and multiply the financial resources available to tackle pressing issues. Within supported research programs, we foster collaborative research that draws on the unique talents and knowledge of a range of partners — from industry, government, and civil society. These collaborations link experts North-South and across the developing world.



A volunteer Ebola frontline worker receives the experimental vaccine in Conakry, Guinea.

Our response to the **West African Ebola outbreak**, one of the gravest global health emergencies in recent years, illustrates the critical role partnerships play in mobilizing funds and expertise. IDRC leads a consortium of Canadian agencies, including the Public Health Agency of Canada, the Canadian Institutes of Health Research (CIHR), and Global Affairs Canada, which has committed \$7 million over three years to support clinical trials of an experimental Canadian Ebola vaccine.

Launched in March 2015 in Guinea while the epidemic was raging, an international research consortium headed by the Norwegian Institute of Public Health, under the coordination of the World Health Organization (WHO) and the Ministry of Health of Guinea, performed a ring vaccination trial. Just four months into the trial, published preliminary results showed a high level of efficacy for the vaccine, referred to as a “game changer” by the WHO. Further testing of the vaccine is scheduled in Canada and Africa led by the Canadian Immunization Research Network and West African researchers previously supported by IDRC. Building on the success of Canadian collaboration on Ebola, IDRC and CIHR are now partnering to issue a call for research on the Zika virus in response to the outbreak in the Americas and the Caribbean.



Researchers supported by IDRC focus on improving maternal and child health.

The **Innovating for Maternal and Child Health in Africa** program also illustrates how partnerships serve to advance Canadian global health priorities. Despite progress, Sub-Saharan Africa has some of the world's highest maternal and child mortality rates, with children 16 times more likely to die before the age of five than those in developed regions. Through this seven-year, \$36 million program — co-funded with CIHR and Global Affairs Canada — leading African and Canadian researchers are working with African decision-makers to strengthen the health systems that underpin primary care for mothers, newborns, and children.

Twenty research teams are now exploring solutions that will improve support for women and children directly in their communities, and in the hospitals, clinics, and other facilities that serve them, while also looking at the policies and human resources needed for strong and equitable health systems. In Nigeria for example, researchers from Canada's McGill University are teaming up with Nigeria's Federation of Muslim Women's Associations and the country's Ministry of Health to lead a large-scale trial of universal home visits. Pilot testing at selected sites will provide strategies that the country's health services can use to integrate home visits for mothers and infants on a wider scale.

As the examples below illustrate, partnerships across our program areas, both new and old, are key to multiplying efforts to address critical development challenges.

### Adding southern voices to global development debates

Late 2015 marked the launch of an ambitious new agenda to replace the United Nations Millennium Development Goals. With input from experts, activists, industry, and governments around the world, the newly adopted Sustainable Development Goals (SDGs) lay out 17 areas for global cooperation to end extreme poverty, fight inequality, and protect the environment. Evidence and ideas from southern-based experts were crucial to informing the SDG debates and ensuring the outcomes were inclusive.





One channel through which low- and middle-income countries contributed to these debates was the policy-research network Southern Voice. With support from the Think Tank Initiative, a multi-donor partnership managed by IDRC, Southern Voice presented at the High Level Political Forum of the United Nations, jointly produced the European Report on Development 2015, and is working with the Centre for Policy Dialogue and Canada's Norman Paterson School of International Affairs to oversee the Post-2015 Data Test project. This multi-country effort aims to define methods for applying and measuring progress on the SDGs in different country settings.

## Innovating for health

The Government of Canada's \$225-million **Development Innovation Fund for Health** (DIF-H) concluded its last full year of programming this year. Managed by IDRC and implemented by Grand Challenges Canada (GCC), the Fund has supported nearly 700 projects in 55 countries since 2010. Programming this year focused on concluding the Stars in Global Health portfolio, which supports proof-of-concept projects, and developing the most promising ideas into larger scale projects with high potential. With funding from DIF-H and Global Affairs Canada, GCC has now supported more than 140 larger projects co-funded by a range of industry, philanthropic, and government partners. Results have included new diagnostic devices,



The Development Innovation Fund for Health (DIF-H), managed by IDRC and operated by Grand Challenges Canada, has funded programs that address maternal and newborn health.

drug delivery technology, and business models that increase access to healthcare treatment and social support.

In 2015, IDRC managed an independent summative evaluation of DIF-H. Evaluators positively assessed many aspects of the program, including its relevance, its alignment with Canadian aid priorities, and its contribution to saving and improving lives. They also identified areas for improvement, including how partners manage the program and how GCC monitors and reports on results. In response, the DIF-H consortium partners — IDRC, GCC, and the Canadian Institutes of Health Research — have developed concrete actions to address recommendations. IDRC has since submitted the evaluation and resulting action plan to Canada's Minister of International Development. See page 27 in the Management's Discussion and Analysis for details on funding and expenses for DIF-H.



A Canadian-developed, double-fortified salt formulation has received regulatory approval in India. The Canadian International Food Security Research Fund is tackling iron and iodine deficiency by working directly with local salt producers.

## Fighting anaemia with double-fortified salt

In India, more than half of all women between the ages of 15 and 49 are anaemic, as are a staggering 70% in the state of Uttar Pradesh. An innovative CIFSFRF project linking public authorities and private sector partners aims to tackle iron and iodine deficiency while enhancing market opportunities for local salt producers. A double-fortified salt (DFS) formulation developed by Canadian researchers enjoys broad consumer acceptance in 13 countries and has received regulatory approval in India. Studies have shown it to reduce anaemia by 66% and significantly improve women's cognitive skills and energy levels.

Researchers from the University of Toronto are working with India's St John's Research Institute, JVS Foods Pvt. Ltd (an Indian health food manufacturer), and the Tata Trusts to transfer the technology and test new models to deliver DFS through India's public distribution system in 10 districts of Uttar Pradesh — targeting more than 15 million rural poor. Results will provide health authorities with the evidence they need to guide them in making DFS available to hundreds of millions across India.

## Unleashing open data

Open Data — the unlocking of vast volumes of information to be freely used, reused and redistributed by anyone — can cultivate widespread economic value, foster greater civic engagement, and enhance government transparency and accountability, resulting in better services, policies, and opportunities for people in developing countries. Open Data for Development (OD4D) is a global partnership to advance locally driven and sustainable open data initiatives in developing countries. Building on projects that date back to 2010, OD4D became an IDRC-administered multi-donor program in 2015, with nearly \$10 million in funding from IDRC, the World Bank, Global Affairs Canada, and the UK's Department for International Development (DFID) over 2014-2016. It aims to scale up innovations that are working, build capacity to implement open data solutions, and strengthen coordination with other open data initiatives to ensure they benefit people in developing countries.

Among its accomplishments in 2015, OD4D co-hosted the Third International Open Data Conference in Ottawa, organizing major pre-events to develop a roadmap for international collaboration. In Burkina Faso, OD4D supported the “open elections” which shared real-time election results and helped to enhance trust in the electoral process. The Uruguayan Health App, A Tu Servicio, was recognized for its innovative role in improving public health systems by sharing and visualizing public clinic data at the Open Government Partnership's Global Summit, where it won an award. It also supported work on the International Open Data Charter, which was launched at the UN General Assembly and adopted by 17 countries this year. OD4D provided technical support to governments in Tanzania, Macedonia, Burkina Faso, Indonesia, and Peru, and helped train over 700 civil society leaders and data journalists in developing countries.

## Agenda for action

IDRC is working strategically to achieve its three objectives. The Centre's Agenda for Action consists of six specific actions that form the roadmap to reach our goals: focus the Centre's programming; work alongside the private sector; leverage the Centre's international presence; communicate strategically; be smart with resources; and invest in our people.

## Communicating strategically

Seizing opportunities to share the impact of our success with Canadians, individuals, organizations, and businesses helps to increase our visibility and position IDRC as a partner of choice.

In the past year, we organized or participated in 18 public events in Canada and around the world that attracted an



IDRC is using social media to build awareness of its work.

audience of more than 5,000 people, and thousands more online and via social media.

IDRC received a good level of media attention in 2015, with 2,300 pieces from Canadian and international media mentioning the Centre. Our climate change adaptation work received the most coverage, principally related to our participation in the COP21 meetings in Paris in December 2015.

IDRC increased the visibility of its innovative research results to the Canadian public through partnerships with *Canadian Geographic* and *Québec Science*. Collaboration with these trusted Canadian publications resulted in 11 in-depth articles featuring important development issues being addressed by IDRC-funded research, reaching approximately 400,000 Canadians, including teachers and educators, both online and offline.

A continued focus this year was expanding our use of social media to share our research results. By highlighting campaigns related to international theme days/weeks and incorporating more visuals and infographics, we increased our Twitter following by 39%. Our Facebook likes grew by 16% and LinkedIn traffic increased by 19%.

In 2015-2016, IDRC launched a complete web redesign to better meet the needs of our audiences. Informed by usability testing, website metrics, and site user surveys, the newly redesigned website features an interface with streamlined menus, simplified navigation, and, most importantly, a responsive design for a wide range of devices.

IDRC's book publishing program co-published five new books with presses around the world this year, and many more books are in development. All of our books are available open access through our website and the IDRC Depository Library.

## Being smart with resources

Maximizing the Centre's resources through careful planning, acting on efficiencies, and adapting our processes to new opportunities will guarantee greater impact for our work. Building a new IT infrastructure, which will integrate all of the Centre's systems into one streamlined Enterprise Resource Planning (ERP) system, is well underway. This will not only increase efficiency across the Centre, but it is also expected to significantly reduce IT infrastructure maintenance costs to support the ERP system. Another accomplishment was moving from a decentralized IT support model to centralized global service delivery.

Streamlining systems through the centralization of financial services and outsourcing of local payroll management is estimated to bring a 10% savings in regional office administration costs in the coming months.

The use of videoconferencing technologies in all offices increased as a result of communication infrastructure enhancements, reducing the need for travel and thus our operating expenses.

## Investing in our people

IDRC's success is a tribute to its employees. The Centre has a highly qualified, international, multilingual workforce. Many possess specialized technical skills and extensive knowledge of particular geographic areas. This allows them to engage effectively with researchers in framing research problems, improving research design, and selecting and implementing research methods. Overall, the diversity of IDRC's workforce allows the organization to better understand development challenges, to identify opportunities for innovation and impact, and to invest in solutions.

In 2015-2016, a talent management strategy was initiated in order to improve processes to attract, develop, and retain employees with the required competencies to meet current and future organizational goals. Various training and development programs were offered to employees in areas such as building resilience and skills development for administrative professionals, and a number of staff benefited from internal assignment opportunities to support their professional development within the Centre. In 2015-2016, IDRC invested 1.2% of its payroll in staff development.

---

## Corporate governance

### The Board of Governors

IDRC's work is guided by a Board of Governors composed of up to 14 governors.

The *IDRC Act* specifies that the majority of Board members, including the Chairperson and Vice-Chairperson, must be Canadian. The balance of members may be appointed from other countries.

The Chairperson of the Board reports to Parliament through the Minister of International Development.

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

### Key Board responsibilities

Key responsibilities of IDRC's Board are to:

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



## Board committees

The Board normally meets three times a year. There are also four standing committees of the Board. Committee composition, as of 31 March 2016, is as follows:

### Executive Committee

The Honourable Monte Solberg (Acting Board Chairperson and Committee Chairperson), Gordon Houlden, Jean Lebel, Alanna Heath, and Uri Rosenthal

### Finance and Audit Committee

Alanna Heath (Committee Chairperson), Nadir Patel, The Honourable Monte Solberg, and Scott Gilmore

### Governance Committee

The Honourable Monte Solberg (Committee Chairperson), Nadir Patel, Scott Gilmore, Shainoor Khoja, and Uri Rosenthal

### Human Resources Committee

Gordon Houlden (Committee Chairperson), Shainoor Khoja, and Jean Lebel

### Compensation

Compensation for governors is set according to Government of Canada *Remuneration Guidelines for Part-time Governor in Council Appointees in Crown Corporations*:\*

- Per diem for governors: \$360 – \$420
- Annual retainer for committee chairpersons: \$4,600 – \$5,400
- Annual retainer for the chairperson: \$9,200 – \$10,800

## The IDRC Board of Governors

(as at 31 March 2016)

THE HONOURABLE MONTE SOLBERG, P.C.  
Vice-Chairperson and Acting Chairperson,  
Calgary, Alberta  
Principal, New West Public Affairs Inc.

JEAN LEBEL  
President, IDRC, Ottawa, Ontario

SCOTT GILMORE  
Ottawa, Ontario  
Columnist, *Maclean's* magazine and  
President, Anchor Chain

ALANNA HEATH  
Toronto, Ontario  
Vice President, Government Affairs, Barrick Gold Corporation

GORDON HOULDEN  
Edmonton, Alberta  
Director, China Institute, and Professor of Political Science, University of Alberta

SHAINOOR KHOJA  
Vancouver, British Columbia  
Managing Director, Better Business Enterprise Ltd

NADIR PATEL  
New Delhi, India  
Canadian High Commissioner to the Republic of India and Ambassador of Canada to Nepal and Bhutan

URI ROSENTHAL  
Rotterdam, The Netherlands  
Chairperson, Advisory Council on Science, Technology and Innovation

## Centre Executives

(as at 31 March 2016)

JEAN LEBEL, President

JOANNE CHARETTE, Vice-President, Corporate Strategy and Communications

SYLVAIN DUFOUR, Vice-President, Resources, and Chief Financial Officer

STEPHEN MCGURK, Acting Vice-President, Programs and Partnerships

TRENT HOOLE, Corporate Secretary and General Counsel

---

\* Governors who are concurrently members of Canada's Public Service do not receive honoraria.

# Managing and measuring our performance

## Stewardship and accountability

IDRC is accountable to Parliament and to Canadians for our use of public resources. Our Board of Governors plays a key role by guiding the Centre in fulfilling its mandate and ensuring that the funds entrusted to IDRC are managed responsibly. IDRC's evaluation system fosters both accountability and transparency throughout the Centre, at the project, program, and corporate levels. All evaluations of IDRC's programming are publicly available through the IDRC Digital Library. We also provide open access to information on research projects we fund.

Here are some of the formal measures in place that help us meet or exceed the standards set by the Government of Canada for accountability and transparency in corporate governance:

- IDRC publishes unaudited quarterly financial reports on its website.
- IDRC's financial statements are audited annually by the Office of the Auditor General of Canada.
- IDRC's operations are examined periodically by the Office of the Auditor General of Canada.
- IDRC is subject to both the *Access to Information Act* and the *Privacy Act*. Three requests were received under the *Access to Information Act* in 2015-2016. Two requests were received under the *Privacy Act*.
- IDRC is also subject to the *Canadian Environmental Assessment Act*, 2012. Pursuant to IDRC's obligations under that Act, in 2015-2016 IDRC did not carry out or provide financial assistance to projects that it determined would be likely to cause significant adverse environmental effects.
- IDRC publishes travel and hospitality expenses for members of its Board of Governors and executives on its website.
- IDRC held its annual public meeting in Ottawa in November 2015.
- In accordance with legislative requirements, IDRC submitted reports to designated authorities on its application of the *Canadian Multiculturalism Act*, the *Employment Equity Act*, and the *Official Languages Act*.
- IDRC's designated Senior Officer submitted her annual report on the *Public Servants Disclosure Protection Act*.
- IDRC contributes to the Government's report under the *Official Development Assistance Accountability Act*. IDRC also provides data and information supporting the Government of Canada's contribution of official development assistance data to the Organization of Economic Cooperation and Development.

## Internal audit

Internal audit is a key element of IDRC's accountability structure. Its purpose is to provide independent, objective assurance and advice designed to add value and support the Centre in achieving its strategic objectives. The Internal Audit work plan is closely aligned with the Centre's *Strategic Plan 2015-2020* and corporate risks, and evaluates the efficiency and effectiveness of governance, risk management, and internal controls.

For more information on risk, see Management's Discussion and Analysis, page 23.

## Program support

IDRC works with a wide variety of organizations — government agencies, granting councils, the private sector, and philanthropic foundations. Partnerships resulting in co-funding and parallel funding flowing to research projects are essential to IDRC's business model. We collaborate to learn from one another's experiences, extend the reach of the ideas we support, and bring innovations to scale. Partnerships build on the Centre's key strengths and pool technical, scientific, and financial resources to further a shared commitment to research in developing countries.

## Donor contribution agreements

As of 31 March 2016, IDRC was involved with nine co-funding partners in 24 donor contribution agreements worth \$358.1 million. The United Kingdom's Department for International Development (DFID) remained our major co-funding partner with active agreements worth \$154.3 million. During 2015-2016, IDRC signed seven co-funding agreements and supplemented one program for new total donor contributions of \$47.5 million. For example, Global Affairs Canada pledged \$15.0 million to the Centre of Excellence for Civil Registration and Vital Statistics Systems. Global Affairs Canada joined the Bill & Melinda Gates Foundation in the Livestock Vaccine Innovation Fund with a \$15.0 million contribution over the life of the program.\* In addition, IDRC received five corporate sponsorships for the 3rd International Open Data Conference 2015. (See Management's Discussion and Analysis for further details on donor contributions, page 27.)

---

\* The Bill & Melinda Gates Foundation will contribute \$29.4 million to the Fund over its duration. The agreement was signed in 2014-2015.

## Parallel funding agreements

IDRC continues to work with Canadian and international research institutes through parallel funding agreements. During the year, the Canadian Institutes of Health Research (CIHR) and IDRC agreed to collaborate on the *Primary Prevention of Chronic Lung Diseases in Low- and Middle-Income Countries* project. CIHR will contribute \$3.0 million to this six-year project, while IDRC will contribute \$2.0 million. IDRC is collaborating with the Natural Sciences and Engineering Research Council (NSERC) on WaterWorks 2015, a European Research Area (ERA-Net) co-funded initiative and NSERC is the Canadian consortium member. IDRC's contribution (\$250,000) will be used to support researchers in low- and middle-income countries, while NSERC's funding (\$750,000) will support Canadian researchers. The DFID-IDRC co-funded program on Strengthening the Capacities of Science Granting Councils in Sub-Saharan Africa will also benefit from an additional \$2.0 million provided directly to grantees by the National Research Foundation South Africa, bringing total funding available to \$13.9 million over the course of the program.

## Evaluation

High-quality evaluation is an important tool for ensuring effective use of public funds and for documenting and assessing results. Our approach to evaluation is framed in terms of utility: evaluations should have a clear intended user and purpose for accountability, decision-making, and learning for program improvement. IDRC works to strengthen evaluation practice for our staff, our grantees, and the wider international development community.

IDRC completed seven independent summative program reviews during the year. These reviews, commissioned once every five years, are primarily used for accountability to our Board for program implementation, delivery of program results, and to improve program effectiveness. An analysis across the external reviews showed that IDRC programs were well managed overall. Research quality was acceptable to very good in six of the seven reviews.

There were strong program outcomes in both knowledge generation and capacity building of individuals, as well as some organizational and network capacity building. There were star projects and investments in each program where high quality research had significant influences on policy and practice in developing countries. The reviews provide evidence that IDRC is often “ahead of the curve”, driving and supporting cutting edge research for development priorities.

In terms of improvement, the reviews showed that IDRC's contribution is often insufficiently visible and recognized. We need to improve gender analysis within the research we support. While research has been successful at influencing policy, practice, and the development of innovations at local levels, experience is mixed at bringing research to influence broader levels of debate and action. Finally, the reviews showed that we need to improve our systems for monitoring and learning.

In addition to external program reviews, IDRC completed six evaluations during the year. Of note, IDRC managed the independent final evaluation of the \$225-million Development Innovation Fund – Health. This external evaluation was required by the Treasury Board Secretariat of Canada, in order to report to the Canadian public on the results of this significant investment. Summative evaluations were also conducted of the International Research Chairs Initiative (funded with support of the Canada Research Chairs program) and the International Community-University Research Alliance (co-funded with the Social Sciences and Humanities Research Council). The Safe and Inclusive Cities program (co-funded with the UK's Department for International Development) conducted a mid-term evaluation focused on assessment for accountability and learning for program improvement. IDRC grantees also commissioned evaluations of their projects, for example the African Institute for Mathematical Sciences conducted a formative evaluation of the “Next Einstein Initiative”. Evaluations of IDRC programming are publicly available through the IDRC Digital Library.



# Management's discussion and analysis

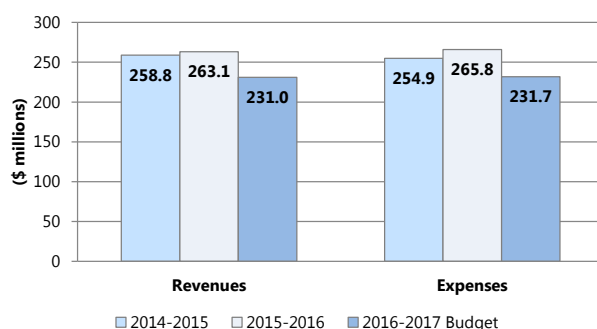
This Management's Discussion and Analysis (MD&A) provides a narrative discussion of the financial results and operational changes for the financial year ended on 31 March 2016. This discussion should be read with the Financial Statements and accompanying notes provided on pages 38-55, which were prepared in accordance with the International Financial Reporting Standards (IFRS). All monetary amounts are presented in Canadian dollars unless otherwise specified.

In assessing what information is to be included in the MD&A, management applied the concept of materiality as guidance. Management considers information material if it is probable that its omission or misstatement would influence decisions that readers make on the basis of the MD&A.

## SUMMARY OF RESULTS

At the end of March 2016, the financial situation of the Centre remained strong. The Centre was able to maximize development research programming expenses, while maintaining administrative expenses at an effective level. Revenues from donor contributions are increasing and all assets and liabilities are diligently managed. Figure 1 illustrates an overview of revenues and expenses — a detailed analysis of each is provided under the revenues and expenses portion of this discussion.

**FIGURE 1: REVENUES AND EXPENSES OVERVIEW**



## Revenues

Revenue increased by 1.6% to \$263.1 million from \$258.8 million in 2014-2015. Details on page 26.

## Expenses

Expenses increased by 4.3% to \$265.8 million from \$254.9 million in 2014-2015. Details on page 29.

## Equity

At 31 March 2016, unrestricted equity decreased by \$2.3 million to \$1.8 million, from \$4.1 million at 31 March 2015. Details on page 36.

## Outstanding commitments

Outstanding commitments decreased by 19.5% to \$253.8 million from \$315.3 million in 2014-2015. Details on page 34.

## 2015-2016 REVISED BUDGET

The 2015-2016 original budget summary in Table 1 was presented in the *2014-2015 Annual Report*. During the year, management revised the original budget twice to reflect the most current information available. The increase in budgeted revenues reflected mostly revised forecasts on active donor contribution agreements. The expenses budget was also adjusted to reflect changes in donor contributions and research projects funded by the Parliamentary appropriation.

**TABLE 1: 2015-2016 REVENUES AND EXPENSES**

(\$000)	Original budget	Revised budget	Actual	Variance with revised budget
Revenues	257 205	267 713	263 099	(4 614)
Expenses	258 060	272 346	265 785	(6 561)
<b>Net results of operations</b>	<b>( 855)</b>	<b>(4 633)</b>	<b>(2 686)</b>	<b>1 947</b>

## CORPORATE DEVELOPMENTS

### Developments relating to IDRC's Board of Governors

During the first quarter of the year, Shainoor Khoja of Canada and Uri Rosenthal of The Netherlands were appointed by the Governor in Council to serve as IDRC governors. In June 2016, three Governors, Monte Solberg also Acting Chairperson, Gordon Houlden, and Nadir Patel completed their term. In the same month, Margaret Biggs of Canada was appointed Board Chairperson and Mary Anne Chambers, Dominique Corti, Sophie D'Amours, John McArthur, Chandra Madramootoo, and Barbara Trenholm were appointed as Canadian governors.

### Other developments

Elected as the Member of Parliament for Compton-Stanstead (Quebec) in the October 2015 federal election, Marie-Claude Bibeau was appointed Minister of International Development and La Francophonie. In accordance with the *International Development Research Centre Act*, the Minister of International Development is responsible for IDRC.

During the third quarter of the year, a union was certified to represent certain employees at the Centre. Negotiations towards a collective agreement are expected to commence in August 2016.

## CORPORATE RISK

Risk management is a shared responsibility among Centre managers and is integrated into business processes.

Management is committed to a continuous, proactive, and systematic approach to risk management, overseen by the Board. The Centre's risk management processes are designed to identify risks that may affect the achievement of corporate objectives if realized, and to manage these within an agreed-upon range of risk tolerances. Risk management is applied strategically and appropriately to provide reasonable assurance that the Centre will achieve its objectives.

The areas of highest risk faced by the Centre at 31 March 2016 are listed in the table on pages 24-25.

Key risk	Risk level	Risk response strategies and actions
<p><b>FINANCIAL RISK</b></p> <p>Donor collaboration is key to development impact. It provides ideas, expertise, and resources in the form of co-funding through pooled donor contributions. There is the risk of decreased donor contributions administered by the Centre if the Centre fails to deliver on its strategic objectives and planned partnering. This key risk category also includes the risk related to fluctuations in the Centre's Parliamentary appropriation, which is assessed over a three- to five-year period.</p>	Medium	<p>The Centre has created a five-year Partnership Implementation Plan to reflect its <i>Strategic Plan 2015-2020: Investing in Solutions</i>. This implementation plan includes specific objectives that aim to increase resources, develop new and innovative ways of partnering, and improve the effectiveness of current partnering practices. In 2015-2016, IDRC signed seven new co-funding agreements and one modified agreement for total donor contributions of \$47.5 million. In 2016-2017, IDRC expects to sign five additional donor contribution agreements worth \$101.0 million.</p> <p>Senior management continues to communicate and engage with key decision-makers in the Canadian federal government in relation to the allocation of the International Assistance Envelope.</p>
<p><b>STRATEGIC RISK</b></p> <p>The <i>Strategic Plan 2015-2020</i> is now in its second year. As a result, the entire plan is no longer at risk; however, the risk of not being able to implement all aspects of the plan remains. This may directly impact execution and the realization of the strategic objectives as well as the related Agenda for Action.</p>	Medium	<p>To operationalize <i>Strategic Plan 2015-2020</i> and guide decision-making, seven implementation plans for program areas and other Centre functions have been prepared: Agriculture and Environment program; Inclusive Economies program; Technology and Innovation program; Donor Partnerships; Communications; Human Resource Management; and Information Management and Technology. These implementation plans outline key milestones and expected results over the five-year <i>Strategic Plan</i> period.</p> <p>Annual planning and monitoring tools are utilized to alert management of progress being made against pre-established targets and key indicators. This effectively positions senior management to make strategic course corrections as needed.</p>



Key risk	Risk level	Risk response strategies and actions
<p><b>OPERATIONAL RISK</b></p> <p><b>Security</b></p> <p>IDRC's employees worldwide contribute substantially to the relevance and effectiveness of programming. Operating in complex and challenging environments can put employees' health, safety, and security at risk.</p>	High	<p>The Centre closely monitors and manages security situations at its regional office locations, as well as in countries where Centre employees travel to deliver programs, through intelligence gathering, procedures, and preparedness plans. Management is assisted by a Travel Advisory Group and a Security and Emergency Planning Team coordinated by the Centre Security Officer.</p> <p>The Centre also provides safety and security training and provides health services before and after official travel to all employees. Emergency contacts can be used during travel.</p>
<p><b>Efficiencies</b></p> <p>It is important that the Centre remains prudent with resources and agile in its processes, maximizing the use of resources for delivery impact. However, there is the risk that the efficiency and effectiveness of IDRC operations are disrupted due to external factors such as cyber security incidents and natural disasters, and internal factors such as staff and systems not supporting strategic objectives and internal organizational changes.</p>	Medium	<p>Management has performed Business Impact and Threat and Risk Assessments and regularly updates Business Continuity and Resumption Plans for all IDRC offices.</p> <p>The Centre closely monitors the political, social, technological, environmental, and economic situations in countries where programming is occurring, as well as where regional offices are located. This intelligence is used to inform operations.</p> <p>The Centre information technology infrastructure will be simplified over the next year to improve efficiency of operations and reduce costs.</p>
<p><b>Reputational risk</b></p> <p>A key factor influencing the successful implementation of IDRC's vision, "Knowledge, innovation, and solutions to improve the lives of people in the developing world," is working alongside the Government of Canada, as well as with like-minded donors and institutions adhering to good governance principles. There is the risk that damage to IDRC's brand and reputation could impact partnering and, therefore, the realization of this vision.</p>	Medium	<p>Key objectives in the five-year <i>Communications Implementation Plan</i> include increasing the visibility and recognition domestically and internationally of Canada's development contributions, and informing Canadians about the significant outcomes of the Centre's investments. Senior management monitors and reports on these objectives annually.</p> <p>The Board of Governors and senior management continue to communicate and engage with the Government of Canada to ensure programs are aligned with federal priorities. The Centre's commitment and contribution can be evidenced in key documents such as the <i>Annual Report</i>, <i>Strategic Plan 2015-2020</i>, the seven implementation plans, and the <i>Priorities, Plans and Budget</i> document.</p> <p>Senior management has put in place a project selection and appraisal system that serves to detect project risks and, if applicable, implement risk mitigation measures.</p>

## REVENUES

The Centre derives its revenues from a Parliamentary appropriation, donor contributions, and other sources. The Parliamentary appropriation is the most significant of those (see Table 2). The Parliamentary appropriation is included here with revenues for discussion purposes. On the statement of comprehensive income, it appears singularly below the line following expenses, in the manner prescribed by International Financial Reporting Standards (IFRS).

**TABLE 2: REVENUE DISTRIBUTION**

	<b>2014-2015 Actual</b>	<b>2015-2016 Actual</b>
Parliamentary appropriation	73.4 %	69.7 %
Donor contributions	25.8 %	29.4 %
Investment and other income	0.8 %	0.9 %

**TABLE 3: REVENUES**

	<b>2014-2015</b>	<b>2015-2016</b>				<b>2016-2017</b>
<b>(\$000)</b>	<b>Actual</b>	<b>Revised budget</b>	<b>Actual</b>	<b>Variance</b>	<b>% change actual <sup>a</sup></b>	<b>Budget</b>
Parliamentary appropriation	190 024	183 478	183 478	-	(3.4%)	149 206
Donor contributions	66 809	82 997	77 267	(5 730)	15.7 %	81 353
Investment and other income	2 013	1 238	2 354	1 116	16.9 %	471
<b>Total revenues</b>	<b>258 846</b>	<b>267 713</b>	<b>263 099</b>	<b>(4 614)</b>	<b>1.6 %</b>	<b>231 030</b>

<sup>a</sup> % change actual in 2015-2016 over 2014-2015.

### Parliamentary appropriation revenue

The Parliamentary appropriation allows the Centre to deliver its mandate. The Centre's funding is part of Canada's International Assistance Envelope (IAE). The Parliamentary appropriation decreased by 3.4% to \$183.5 million from \$190.0 million in 2014-2015. The majority of the decrease is explained by the end of the five-year non-recurring portion of the appropriation for

the African Institute for Mathematical Sciences (Next Einstein Initiative) on 31 March 2015, which amounted to \$4.0 million in 2014-2015. Additionally, the 2014-2015 non-recurring Parliamentary appropriation included a one-time \$2.0 million amount for the project entitled *Phase II Clinical Trials of an Experimental Ebola Vaccine: A Canadian Research Response*.

**TABLE 4: USE OF THE PARLIAMENTARY APPROPRIATION RECEIVED**

<b>(\$000)</b>	<b>2014-2015 Actual</b>	<b>2015-2016 Actual</b>	<b>2016-2017 Budget</b>
<b>Total expenses</b>	<b>254 920</b>	<b>265 785</b>	<b>231 693</b>
Minus:			
Donor-funded expenses	66 809	77 267	81 353
	188 111	188 518	150 340
Replenishment (reduction) of financial reserve	1 190	( 713)	( 700)
Appropriation used for purchase of property, equipment, and intangibles	656	2 500	1 900
<b>Total funding requirement</b>	<b>189 957</b>	<b>190 305</b>	<b>151 540</b>
Parliamentary appropriation	190 024	183 478	149 206
<b>Unused (shortfall) appropriation</b>	<b>67</b>	<b>(6 827)</b>	<b>(2 334)</b>

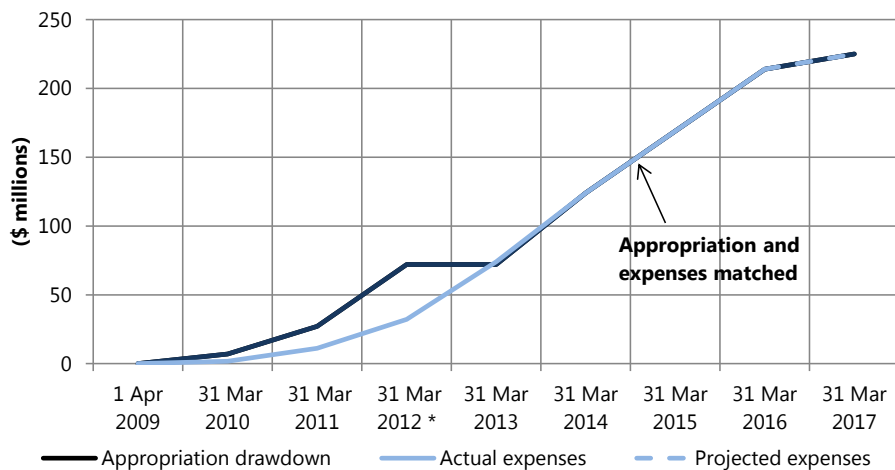
The total funding requirement for the 2015-2016 year exceeded the Parliamentary appropriation received by \$6.8 million. This year's shortfall, like the one planned for 2016-2017, will be funded by unrestricted equity, a reduction of the financial reserve, and revenue sources other than the Parliamentary appropriation.

## Development Innovation Fund–Health (DIF-H)

The federal budget tabled in February 2008 created the Development Innovation Fund for Health (DIF-H) to bring together Canadian and developing-country scientists, and the private sector, to tackle persistent health challenges facing poor countries. The DIF-H is overseen by a three-institution consortium that

includes the Centre — the others being the Canadian Institutes of Health Research and Grand Challenges Canada, the latter leading the field implementation. The Centre has so far received and expended \$214.0 of the \$225.0 million fund since the DIF-H's inception (see Figure 2). See page 16 for more information.

**FIGURE 2: CUMULATIVE APPROPRIATION AND EXPENSES**



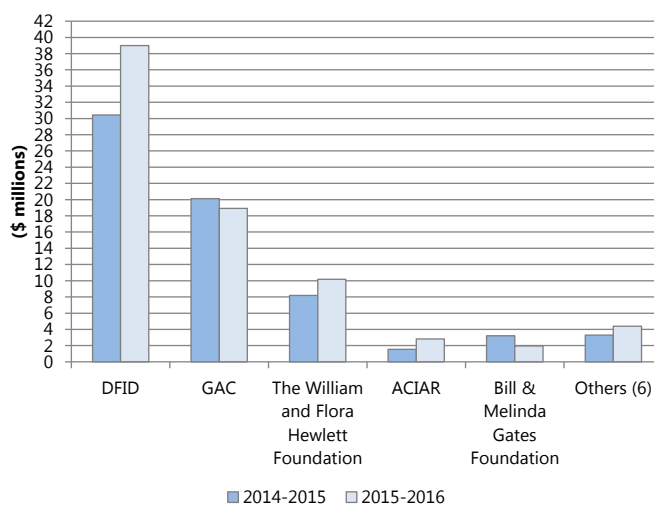
\* In 2011-2012, \$0.9 million was transferred to Canadian Institutes of Health Research.

## Donor contribution revenues

Donors contribute to either programs or specific projects. In both cases, funds are received pursuant to a written agreement and are not recognized as revenue until the related expenses are incurred. Consequently, the impact of donor contributions on the Centre's net results and year-end equity is limited to timing differences between the amount spent on indirect administrative costs and the administrative cost recovered (or not) from donors.

The Centre's 2015-2016 budget anticipated an increase in revenue relative to the previous year as a number of large co-funded programs were projected to be fully operational. The donor contribution revenues actually increased by 15.7% to \$77.3 million from \$66.8 million in 2014-2015. The increase in donor contribution revenues was largely linked to the Collaborative Adaptation Research Initiative in Africa and Asia (CARIAA). By the close of the year, deferred spending in large multi-year programs like the Canadian International Food Security Research Fund, caused a significant variance against the budget (see Table 3). The donors who contributed the most funding, in dollar terms, are shown in Figure 3.

**FIGURE 3: REVENUES FROM DONOR CONTRIBUTIONS<sup>a</sup>**



<sup>a</sup> Expended on development research programming and administrative costs.

GAC: Global Affairs Canada (previously known as Foreign Affairs, Trade and Development Canada)

DFID: Department for International Development (UK)

ACIAR: Australian Centre for International Agricultural Research

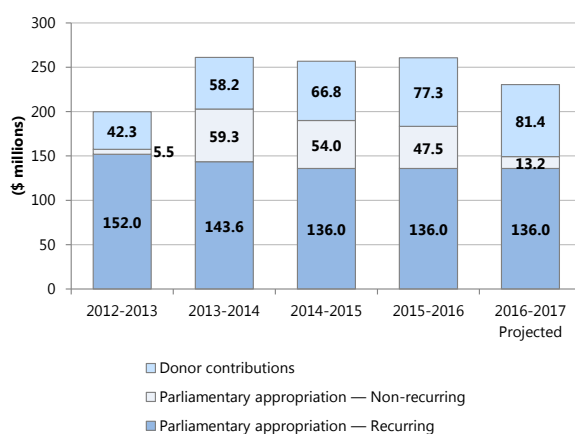


Donor contribution revenues include the compensation received for indirect expenses incurred to enable capacity building and to provide internal services in support of the projects. Indirect expenses consist mostly of variable costs that can be apportioned amongst the Centre and donor share of projects. The Centre does not include any of its Parliament-funded fixed corporate costs (i.e., overhead) in its administrative cost recovery from donors.

## Revenue outlook

The Centre's appropriation from Parliament is anticipated to be \$149.2 million in 2016-2017, a net decrease of \$34.3 million from 2015-2016. The decrease is entirely in the non-recurring portion of the Parliamentary appropriation. It reflects the schedule of funding for the Development Innovation Fund for Health (DIF-H), which ends on 31 March 2017. The changes in Parliamentary appropriation are reflected in the recurring and non-recurring approved appropriation estimates for 2016-2017 (see Figure 4).

**FIGURE 4: PARLIAMENTARY APPROPRIATION AND DONOR CONTRIBUTION REVENUE**



In 2016-2017, the donor contribution revenues will remain relatively stable. Management also anticipates that almost all (99%) of the projected \$81.4 million in donor contribution revenue will come from agreements signed and ongoing at 31 March 2016. Five donors (the UK Department for International Development, Global Affairs Canada, The William and Flora Hewlett

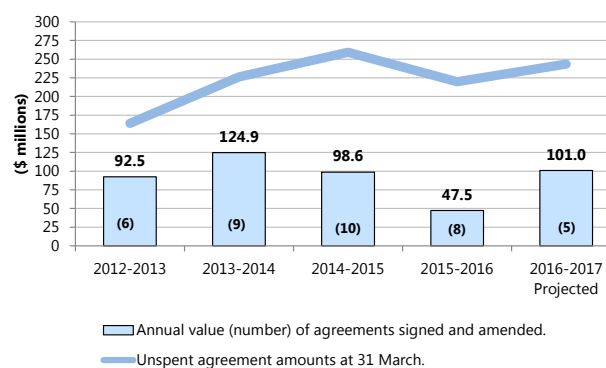
Foundation, the Bill & Melinda Gates Foundation, and the Norwegian Agency for Development Cooperation) will contribute the most (96%). The balance of donor contribution revenue will come from agreements signed with other donors, such as the Australian Centre for International Agricultural Research.

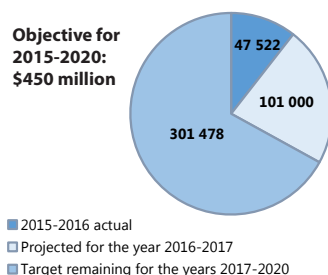
Co-funding agreements take time to negotiate. Since 2012-2013, there has been a consistent increase in donor contribution revenues. In 2015-2016, the value of the agreements signed amounted to \$47.5 million. This is lower than the projected \$69.0 million for the year due to delays in the signature of two large agreements that are expected to be signed in 2016-2017.

Late in the last quarter, the Centre and a major donor signed a modification to an agreement for a large program that significantly decreased the donor's contribution over the remaining life of the program (impact of \$10.4 million on on-going projects). The Centre and the other donor co-funders in the program have agreed to maintain the original scope and budget of the program and, in 2016-2017, will agree on how to distribute the funding gap between themselves.

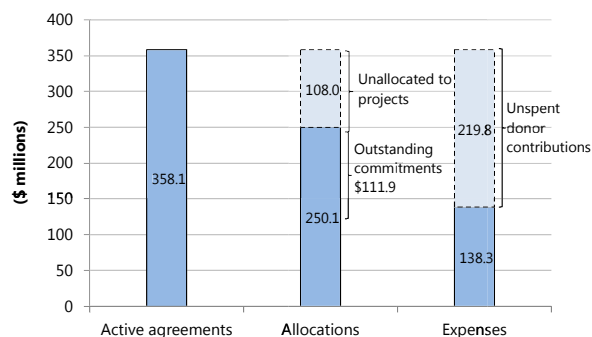
Management foresees the value of new contribution agreements signed in 2016-2017 to be approximately \$101.0 million (see Figure 5), which should help to reach the Centre's *Strategic Plan 2015-2020* target of \$450 million worth of new agreements (see Figure 6). A similar trend is expected to continue over the next four years, as part of the *Strategic Plan* made partnering a central feature of Centre actions.

**FIGURE 5: PROFILE OF DONOR CONTRIBUTIONS**



**FIGURE 6: DONOR CONTRIBUTION AGREEMENTS**

Of the \$358.1 million worth of active agreements at 31 March 2016, \$108.0 million remains to be allocated to specific research projects (see Figure 7); \$219.8 million remains to be spent over the life of the agreements. By 31 March 2017, that figure will reach \$243.5 million (see Figure 5).

**FIGURE 7: DONOR FUNDING AS AT 31 MARCH 2016**

## EXPENSES

The Centre tracks expenses under two principal headings: development research programming and corporate and administrative services.

**TABLE 5: EXPENSES**

(\$000)	2014-2015	2015-2016		% change actual <sup>a</sup>	2016-2017
	Actual	Revised budget	Actual		Budget
<b>Development research programming</b>					
Research projects funded by Parliamentary appropriation	135 039	138 855	137 868	2.1 %	97 514
Research projects funded by donor contributions	55 968	70 439	65 545	17.1 %	67 827
Enhancing research capabilities and research complements	42 945	43 870	42 419	(1.2%)	47 876
	<b>233 952</b>	<b>253 164</b>	<b>245 832</b>	<b>5.1 %</b>	<b>213 217</b>
<b>Corporate and administrative services</b>	<b>20 968</b>	<b>19 182</b>	<b>19 953</b>	<b>(4.8%)</b>	<b>18 476</b>
<b>Total expenses</b>	<b>254 920</b>	<b>272 346</b>	<b>265 785</b>	<b>4.3 %</b>	<b>231 693</b>

<sup>a</sup> % change actual in 2015-2016 over 2014-2015.

## Development research programming expenses

The expenses for development research programming increased by 5.1% in 2015-2016 to \$245.8 million, up from \$234.0 million in 2014-2015.

Research projects reflect the direct costs of scientific and technical research projects funded by the Centre as part of its ongoing programs. Most of these projects are carried out by independent institutions with the aid of research grants. Others — less than 5% — are carried out or brokered internally. Projects also include work and activities undertaken by individuals with the aid of individual training grants, scholarships, fellowships,

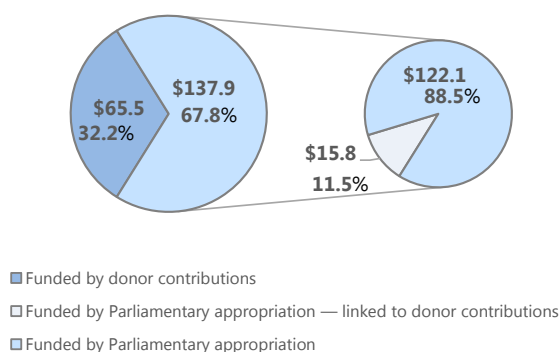
internships, and individual research and research-related grants. In 2015-2016, research project expenses funded by Parliamentary appropriation increased by 2.1% to \$137.9 million from \$135.0 million in 2014-2015, \$1.0 million lower than budgeted and, at the same time, research project expenses funded by donor contributions also increased by 17.1% to \$65.5 million from \$56.0 million in 2014-2015 (see Table 5). The budget variance is due to the allocation and subsequent commitment of several projects too late in the year for expenses to incur. Table 6 provides an overview of the year-over-year change in project expenses per program area.

**TABLE 6: RESEARCH PROJECT EXPENSES BY PROGRAM AREA (\$'000)**

Program Area	2014-2015 <sup>a</sup> Actual	2015-2016 Actual
Agriculture and Environment	44 577	62 149
Technology and Innovation	87 044	83 355
Inclusive Economies	55 683	55 030
Flexible funds	3 703	2 879
<b>Total</b>	<b>191 007</b>	<b>203 413</b>

<sup>a</sup> For consistency of presentation, certain expenses were reclassified to reflect a small change in the program management structure that took effect on 1 April 2015.

**FIGURE 8: DEVELOPMENT RESEARCH PROJECT EXPENSES IN 2015-2016 (\$ millions)**



The co-funding modality links the expense patterns of contributions from both the Centre and donors. While the majority of research project expenses are funded by Parliamentary appropriation, a significant portion (32.2% or \$65.5 million) is funded by donor contributions. Donor contributions are always made in a co-funding modality with the Centre, which required a Centre contribution of \$15.8 million, or 11.5% of all Parliament-funded research project expenses. Thus, in co-funded research projects, every dollar from IDRC's Parliamentary appropriation was matched by 4.2 donor dollars. See Figure 8.

Enhancing research capabilities and research complement activities funded solely by Parliamentary appropriation were subject to the Government's 2014-2015 and 2015-2016 operating budget freeze announced in the 2013 Speech from the Throne.

Enhancing research capabilities and research complements represent important Centre activities in the developing regions of the world. As outlined in the *IDRC Act*, the advisory and knowledge brokerage functions of the Centre are central to its business and to overall corporate performance. Actual expenses decreased slightly compared to the previous year and were \$1.5 million lower than budgeted. This budget variance reflects, among other things, a number of staff vacancies, less travel than originally planned (in large part because of vacancies) and fewer professional services used, mostly in connection with co-funded projects and programs.

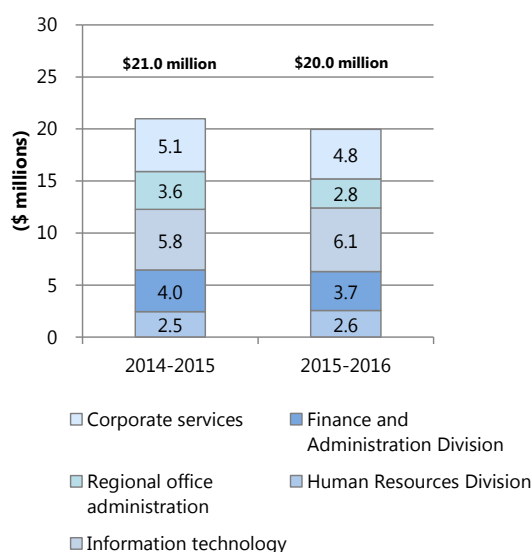
The Centre supports research that has impacts in a number of developing regions around the world. A detailed distribution of new project allocations per region can be found on page 6. Over time, the regional distribution of expenses follows a similar pattern.



## Corporate and administrative service expenses

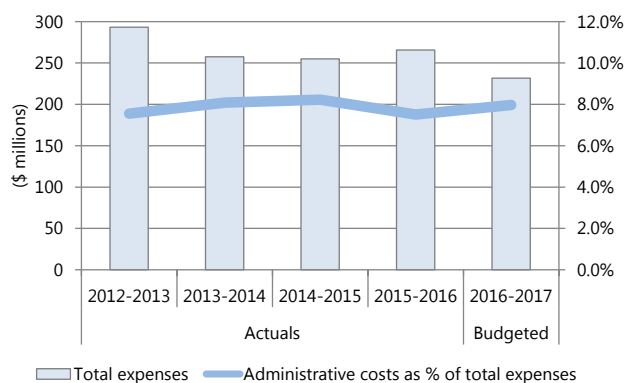
Corporate and administrative services units provide a variety of policy, executive, administrative, and service functions that support the Centre's overall operations and the meeting of corporate responsibilities. These expenses decreased by 4.8% to \$20.0 million from \$21.0 million in 2014-2015, mostly due to savings resulting from the implementation of an internal, multi-office shared resource services model (see Regional office administration in Figure 9). Actual expenses were \$0.8 million, or 4.0% higher than budgeted (see Table 5). The variance is largely explained by higher expenses in salaries and benefits, nearly half of which is caused by lower than planned capitalization of staff time on the Enterprise Resource Planning system replacement initiative.

**FIGURE 9: CORPORATE AND ADMINISTRATIVE SERVICES EXPENSES**



As shown in Figure 10, corporate and administrative services declined from 8.2% of total expenses in 2014-2015 to 7.5% in 2015-2016. The apparent increase in 2016-2017 is related to lower overall expenses for that year. In fact, the 2016-2017 budget for corporate and administrative services is expected to be \$18.5 million, a decrease of \$1.5 million from 2015-2016 (see Table 5).

**FIGURE 10: CORPORATE AND ADMINISTRATIVE SERVICES EXPENSES**



## Human resources management and staffing measures

The 2016-2017 staff complement will stand at 367.9 full-time equivalents (FTEs), a reduction of 11.8 FTEs from 2015-2016. The Centre will continue to monitor the competitiveness of salaries and benefits for Centre employees to maintain an appropriate balance between our ability to attract new talent and the resulting cost of doing so.

As indicated in its Agenda for Action included in the *Strategic Plan 2015-2020: Investing in solutions*, the Centre will invest strategically in the professional development of its employees. The Centre has spent 1.2% of its total payroll on staff training and development, amounting to an average of \$1,306 per full time equivalent (FTE) in 2015-2016. In 2016-2017, the average is projected to be \$1,453 per FTE.

## Expenses outlook

The 2016-2017 financial year is the second year of the Centre's five-year strategic plan. While focusing its programming to help Canada meet its foreign policy and development goals, the Centre will remain prudent with its resources and agile in its processes. Total expenses will reach \$231.7 million during 2016-2017, a decrease of 12.8% from \$265.8 million in 2015-2016.

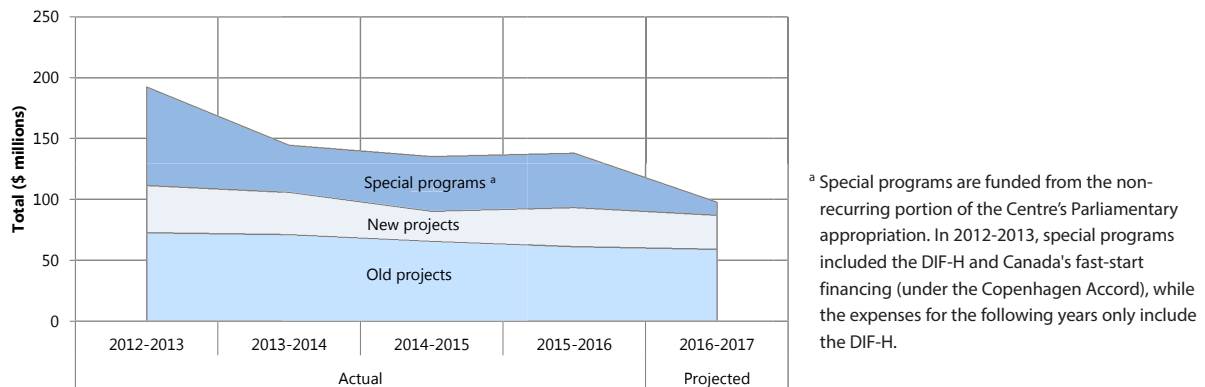
Development research programming expenses are expected to decrease by 13.3% to \$213.2 million as compared to actual expenses of \$245.8 million in 2015-2016. This decrease in expenses is largely due to the decrease in non-recurring appropriation expenses related to the Development Innovation Fund for Health (DIF-H). See Revenue Outlook, page 28.

In order to be smart with resources, the corporate and administrative services focus will be on continuous improvement and efficiency within the context of limited resources. These expenses are expected to decrease from \$20.0 million to \$18.5 million as the full benefit of the various cost-savings projects implemented in 2015-2016 will be realized in 2016-2017.

The 2016-2017 Parliamentary appropriation-funded expenses from projects approved in prior years (i.e., expenses on “old” projects), excluding special programs,

will reach \$59.1 million in 2016-2017 (see Figure 11). This amount represents approximately 68% of the funding available for projects during the year. Funding available for new research projects will decrease from \$32.4 million in 2015-2016 to \$28.0 million in 2016-2017 as a result of adjustments in management’s forecast of the expense pattern of new project allocations funded by Parliamentary appropriation.

**FIGURE 11: RESEARCH PROJECT EXPENSES FUNDED BY PARLIAMENTARY APPROPRIATION**

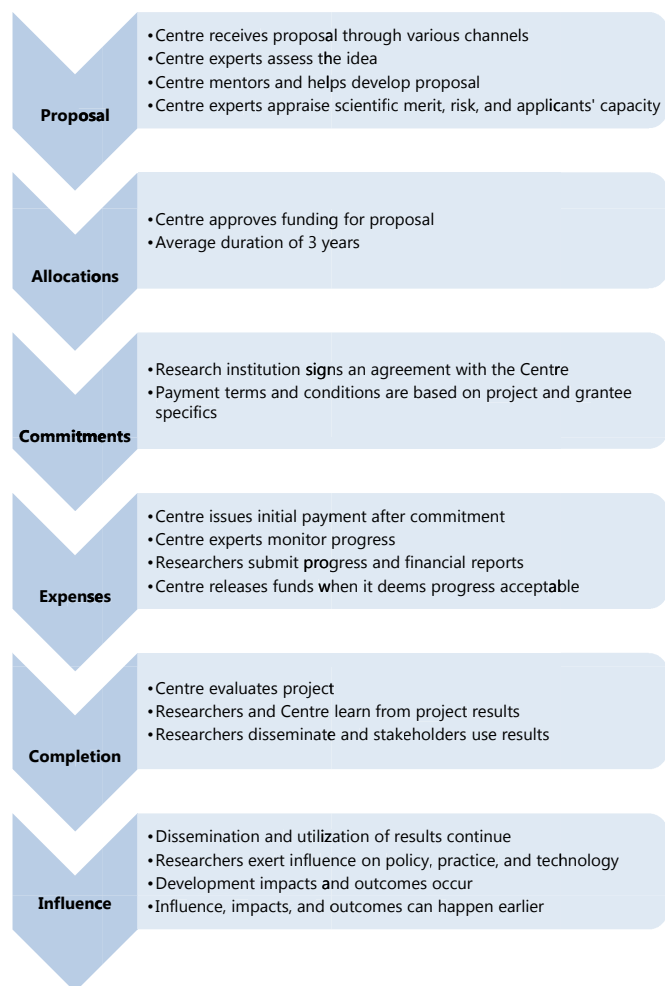


## OTHER KEY FINANCIAL INDICATORS

As part of its mandate, the Centre provides financial support to researchers and innovators in developing countries and carries out certain research activities internally. The timing of the key life-cycle events (see Figure 12) directly influences the level of future

development research expenses. As such, the Centre carefully monitors project-related financial indicators, such as allocations and outstanding commitments, to ensure early detection of trends inconsistent with forecasted budgetary targets.

**FIGURE 12: FINANCIAL LIFE CYCLE OF RESEARCH PROJECTS**



### Program allocations funded by Parliamentary appropriation

Program allocations funded by the Parliamentary appropriation change from year to year as management takes into account the expenditure pattern of the new projects.

In 2015-2016, allocations increased by 13.9% to \$99.0 million from \$86.9 million in 2014-2015. This increase was made possible by the mid-year reallocation of savings outside of research projects.

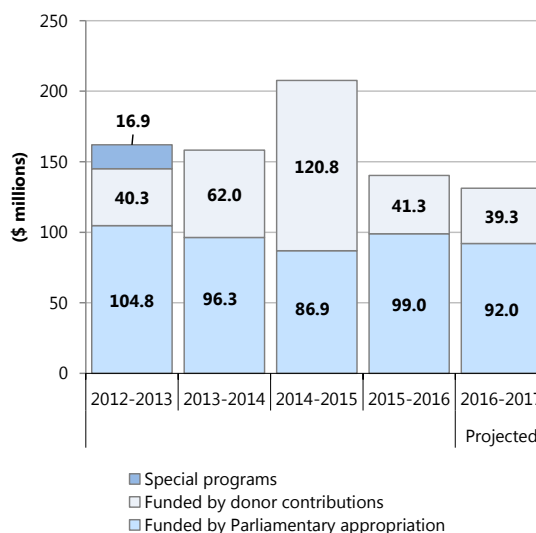
The 2016-2017 program allocations funded by the Parliamentary appropriation are expected to be \$92.0 million (see Figure 13 and the expenses outlook section for explanation). Of that budget, the portion available for programming not linked to donor contributions stands at \$74.4 million (about 81% of the total).

### Program allocations funded by donor contributions

Program allocations funded by donor contributions decreased by 65.8% to \$41.3 million in 2015-2016 (\$3.9 million higher than budget) from \$120.8 million in 2014-2015 (see Figure 13). This decrease is explained by the unusually high dollar value of allocations in 2014-2015, in support of the second phases of two large co-funded programs, giving the impression of a sharp decrease in 2015-2016.

In 2016-2017, the Centre plans to allocate \$39.1 million from previously signed donor contribution agreements and, conservatively, \$0.2 million from agreements expected to be signed in 2016-2017, for a total of \$39.3 million.

**FIGURE 13: PROGRAM ALLOCATIONS**

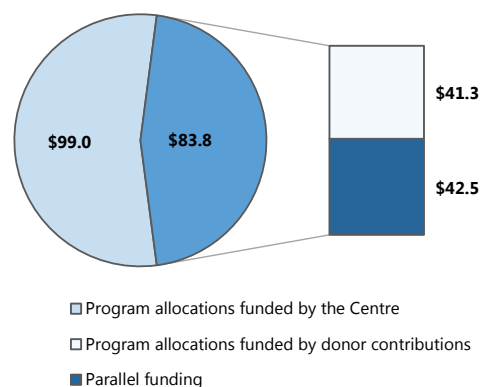




## Parallel funding allocations

From time to time, like-minded organizations provide additional funding directly to a recipient in support of projects initiated or co-initiated by the Centre. The allocation of parallel funding comes as a result of either our efforts, the recipient's, or both, and has a significant impact on project activities. The allocation of parallel funding demonstrates success by the Centre's employees and recipients in leveraging resources in support of development research, increasing project activities that would otherwise not have been supported. Parallel funding differs from donor contributions as the Centre does not manage these funds and they are not accounted for as revenue. In 2015-2016, a total of \$42.5 million was allocated in parallel, bringing the total new project value to \$182.8 million.

**FIGURE 14: PROGRAM ALLOCATIONS FUNDED BY OTHERS IN PARALLEL (\$ millions)**



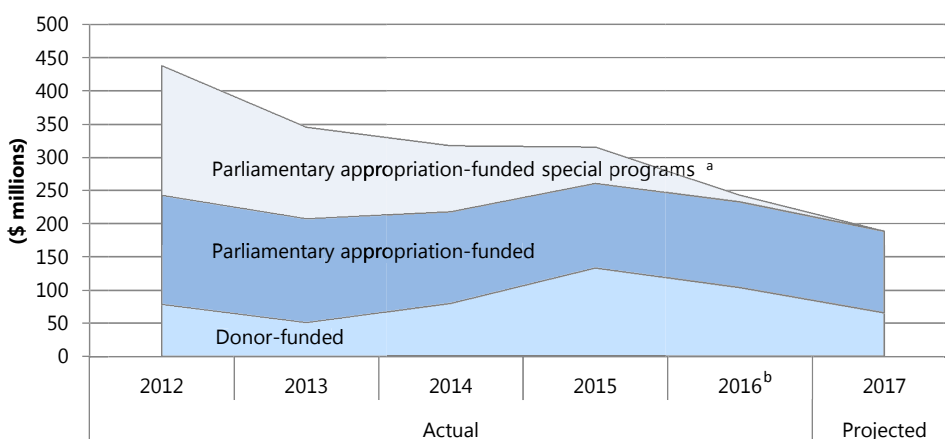
## Outstanding commitments on research projects

As at 31 March 2016, the Centre is committed to payments of up to \$253.8 million for development research programming activities over the next five years. Commitments are subject to funds being provided by Parliament and by donor partners and, with few exceptions, to recipients' compliance with the terms and conditions of their grant agreements. The above number also includes outstanding commitments related to the Development Innovation Fund for Health (DIF-H) which decreased to \$10.2 million from \$54.7 million in 2014-2015 (see Figure 2).

Despite IDRC's plan to grow the value of new donor contribution agreements, it is expected that outstanding commitments from donor contributions will decrease in 2016-2017 (see Figure 15). As mentioned earlier in this analysis, allocations from donor contributions to new projects will slow in 2016-2017, meaning that the growth of outstanding commitments will also slow down. Management expects the growth in outstanding commitments from donor contributions to resume in

2017-2018 as new donor agreements are signed in 2016-2017. As a result of the DIF-H receiving its final year of funding in 2016-2017, there will be no outstanding commitments related to the DIF-H at the end of March 2017.

While the total amount of outstanding commitments fluctuates from year to year as a result of new donor contribution agreements and special programs, the level of outstanding commitments funded by Parliamentary appropriation remains relatively stable over time. Consistent with sound financial management practices, the Centre continuously monitors the level of outstanding commitments funded by Parliamentary appropriation to ensure it remains proportionate to the level of the recurring annual appropriation. The amount of outstanding commitments funded by Parliament currently represents 94% of the annual recurring Parliamentary appropriation. Historically, this portion of the outstanding commitments fall in a narrow band below and above 95%, which is deemed acceptable for the sustainability of annual research project expenses.

**FIGURE 15: OUTSTANDING COMMITMENTS ON RESEARCH PROJECTS (AT 31 MARCH)**

<sup>a</sup> Special programs are funded from the non-recurring portion of the Centre's Parliamentary appropriation. In years prior to and including 2012-2013, special programs included the DIF-H and Canada's fast-start financing (under the Copenhagen Accord), while 2013-2014 onward only includes the DIF-H.

<sup>b</sup> In addition, there is an amount of \$10.4 million to be funded from future donor contributions as well as Parliamentary appropriations (see Revenue Outlook discussion on page 28 and Note 14a to the Financial Statements).

## FINANCIAL POSITION DISCUSSION

### Assets and liabilities

The Centre's financial position is balanced. All liabilities on the Centre's statement of financial position are fully funded and under tight control.

The increase in assets and liabilities is linked to an increase in advances received for the active donor contributions agreements. Total assets increased 5.0% to \$89.3 million from \$85.1 million in 2014-2015. See Table 7.

Total liabilities increased by 10.7% to \$71.5 million from \$64.5 million. The major portion of the increase in current liabilities is due to donor contribution advances, as mentioned above, while the remainder is mainly due to the higher value of accruals for project payments that were due,

but not yet paid, at year end. As indicated in the Financial Statements, a small portion (4.8%) of the Centre's liabilities relates to future employee benefits. Those liabilities are assessed by an actuary (see Notes 4h and 12 to the Financial Statements). The largest future benefit liability, totalling \$3.6 million, is the balance of the abolished voluntary departure severance benefit that decreases gradually as employees who did not opt for an immediate cash-out in 2013 draw down their amounts. In general, future employee benefit liabilities are small and under control, with little year-over-year variance.

**TABLE 7: ASSETS AND LIABILITIES**

(\$000)	2014-2015 Actual	2015-2016 Actual	% change actual <sup>a</sup>
Current assets	75 547	79 481	5.2 %
Non-current assets	9 518	9 810	3.1 %
<b>Total assets</b>	<b>85 065</b>	<b>89 291</b>	<b>5.0 %</b>
Current liabilities	57 036	62 977	10.4 %
Non-current liabilities	7 504	8 475	12.9 %
<b>Total liabilities</b>	<b>64 540</b>	<b>71 452</b>	<b>10.7 %</b>

<sup>a</sup> % change actual in 2015-2016 over 2014-2015.

For definitions of current and non-current assets and liabilities refer to the Notes to the Financial Statements, page 44.

## Equity

The Centre's equity is classified as internally restricted, net investments in capital assets, reserved, or unrestricted (see Table 8). The equity amount in each class is established in accordance with the Centre's equity policy (see Note 4 to the Financial Statements).

The Centre maintained its **reserved equity** at \$5.1 million at 31 March 2016. The reserved equity sets aside 3% of the recurring portion of the annual Parliamentary appropriation (of \$136.0 million) to buffer fluctuations in program spending beyond budgeted levels. The reserve was used during 2015-2016 to mitigate variances in net results but was fully re-established by year-end. The closure amount also includes \$1.0 million for the Enterprise Resource Planning system replacement initiative which will be completed in 2016-2017. The reserve equity is important for several reasons: to protect against the evolving funding modality and nature of the programming; to offset the variability of the timing of programming expenses, which is dependent on the performance of recipients; and to reduce the potential impact of small variations in the rate of development research programming expenses on total expenses. The Board of Governors has approved the Centre's policy for managing equity.

The **unrestricted** equity represents the residual balance of equity after the allotments to internally restricted and reserved equity. Unrestricted equity has decreased to \$1.8 million from \$4.1 million in 2014-2015. The decrease is mainly due to the tight management of the Centre's funds to prevent the accumulation of unrestricted equity.

## Financial position outlook

Total equity is projected to decrease to \$15.2 million at the end of 2016-2017, with the restricted equity remaining stable through the end of the year. The change in net investment in capital assets (by \$0.3 million) will represent the difference between the depreciation of property, equipment, and intangible assets and the addition to intangible and other capital assets. The reserved equity will be reduced to 3% of the recurring portion of the annual Parliamentary appropriation. Finally, the availability of unrestricted equity takes into account the project expenditure cycle and should fall to \$0.6 million by 31 March 2017.

**TABLE 8: EQUITY**

(\$000)	2014-2015	2015-2016			2016-2017	% change actual <sup>a</sup>
	Actual	Revised budget	Actual	Variance	Budget	
Unrestricted	4 114	20	1 843	1 823	554	(55.2%)
Internally restricted	1 123	1 123	1 129	6	1 123	0.5 %
Net investments in capital assets	9 518	9 970	9 810	( 160)	9 470	3.1 %
Reserved	5 770	4 780	5 057	277	4 080	(12.4%)
<b>Total equity</b>	<b>20 525</b>	<b>15 893</b>	<b>17 839</b>	<b>1 946</b>	<b>15 227</b>	(13.1%)

<sup>a</sup> % change actual in 2015-2016 over 2014-2015.



## HISTORICAL REVIEW

(\$000)	Actual			Budget	
	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
<b>Statement of comprehensive income</b>					
<b>Revenues</b>					
Parliamentary appropriation	157 455	202 944	190 024	183 478	149 206
Donor contributions	42 304	58 163	66 809	77 267	81 353
Investment and other income	1 743	853	2 013	2 354	471
	201 502	261 960	258 846	263 099	231 030
<b>Expenses</b>					
Development research programming					
Research projects funded by Parliamentary appropriation	192 178	144 383	135 039	137 868	97 514
Research projects funded by donor contributions	34 069	48 176	55 968	65 545	67 827
Enhancing research capabilities and research complements	44 790	44 145	42 945	42 419	47 876
Development research programming	271 037	236 704	233 952	245 832	213 217
Corporate and administrative services	22 147	20 809	20 968	19 953	18 476
	293 184	257 513	254 920	265 785	231 693
<b>Net results of operations</b>	(91 682)	4 447	3 926	(2 686)	( 663)
<b>Other key financial indicators</b>					
<b>Program allocations</b>					
Development research programming					
Funded by recurring Parliamentary appropriation	104 756	96 279	86 868	98 991	92 000
Funded by non-recurring Parliamentary appropriation	16 911	-	-	-	-
Funded by donor contributions	40 335	62 032	120 844	41 264	39 300
<b>Outstanding commitments</b>					
Funded by Parliamentary appropriation	294 376	236 710	182 053	139 548 <sup>a</sup>	123 111
Funded by donor contributions	51 022	80 209	133 293	103 896 <sup>a</sup>	65 582
<b>Statement of financial position</b>					
<b>Assets</b>					
Cash and cash equivalents	581	43 364	49 613	57 546	
Investments – current	50 795	12 502	10 968	14 989	
Accounts receivable and prepaid expenses	3 728	5 756	14 966	6 946	
Property and equipment	7 423	7 553	6 855	6 479	
Intangible assets	2 852	3 135	2 663	3 331	
<b>Liabilities</b>					
Accounts payable and accrued liabilities	25 094	25 383	25 315	31 841	
Provision for restructuring	292	-	-	-	
Deferred revenue – current	22 862	24 645	31 721	31 136	
Deferred revenue – non-current	615	1 387	3 381	5 027	
Employee benefits	4 364	4 296	4 123	3 448	
<b>Equity</b>					
Unrestricted	-	214	4 114	1 843	554
Internally restricted	1 171	1 117	1 123	1 129	1 123
Net investments in capital assets	10 275	10 688	9 518	9 810	9 470
Reserved	706	4 580	5 770	5 057	4 080

<sup>a</sup> In addition there is an amount of \$10.4 million to be funded from future donor contributions as well as Parliamentary appropriation (see Revenue Outlook discussion on page 28 and Note 14a to the Financial Statements).

# Financial statements

## Management Responsibility for Financial Statements

The financial statements presented in this Annual Report are the responsibility of management and have been approved by the Board of Governors. The financial statements have been prepared by management in accordance with International Financial Reporting Standards and, where appropriate, include amounts that have been estimated according to management's best judgment. Financial information presented elsewhere in the Annual Report is consistent with the information presented in the financial statements.

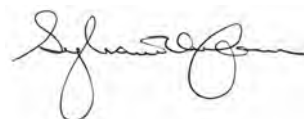
Management maintains books of accounts, information systems, and financial and management controls that are designed to provide reasonable assurance as to the reliability of financial information and as to the safeguarding of assets from loss or unauthorized use. Management designs controls to ensure that resources are managed economically and efficiently in the attainment of corporate objectives, and that operations are carried out in accordance with the *International Development Research Centre Act* and by-law of the Centre.

Responsibilities of the Centre's Internal Auditor includes reviewing internal controls, including accounting and financial controls and their application. The Auditor General of Canada conducts an independent audit of the annual financial statements in accordance with Canadian generally accepted auditing standards. His audit includes appropriate tests and procedures to enable him to express an opinion on the financial statements. The external auditors have full and free access to the Finance and Audit Committee of the Board.

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



Jean Lebel, PhD  
President



Sylvain Dufour, Eng., CPA, CMA, MSc  
Vice-President, Resources,  
and Chief Financial Officer

Ottawa, Canada  
22 June 2016



## INDEPENDENT AUDITOR'S REPORT

To the International Development Research Centre and to the Minister of International Development

### Report on the Financial Statements

I have audited the accompanying financial statements of the International Development Research Centre, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the International Development Research Centre as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Report on Other Legal and Regulatory Requirements

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

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

Mary Katie Kerrigan, CPA, CA  
CPA (Illinois)  
Principal  
for the Auditor General of Canada

22 June 2016  
Ottawa, Canada



# Statement of Financial Position

(in thousands of Canadian dollars)

as at 31 March

## Assets

### Current

Cash and cash equivalents (Note 5)

Investments (Note 6)

Accounts receivable and prepaid expenses (Note 7)

### Non-current

Property and equipment (Note 8)

Intangible assets (Note 9)

## Liabilities

### Current

Accounts payable and accrued liabilities (Note 10)

Deferred revenue (Note 11)

### Non-current

Deferred revenue (Note 11)

Employee benefits (Note 12)

## Equity

Unrestricted

Internally restricted

Net investments in capital assets (Notes 8 and 9)

Reserved

Commitments (Note 14)

Contingencies (Note 15)

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

These financial statements were approved for issuance by the Board of Governors on 22 June 2016.



Margaret Biggs  
Chairperson  
Board of Governors



Jean Lebel, PhD  
President

	2016	2015
<b>Assets</b>		
Current		
Cash and cash equivalents (Note 5)	57 546	49 613
Investments (Note 6)	14 989	10 968
Accounts receivable and prepaid expenses (Note 7)	6 946	14 966
	79 481	75 547
Non-current		
Property and equipment (Note 8)	6 479	6 855
Intangible assets (Note 9)	3 331	2 663
	<b>89 291</b>	<b>85 065</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (Note 10)	31 841	25 315
Deferred revenue (Note 11)	31 136	31 721
	62 977	57 036
Non-current		
Deferred revenue (Note 11)	5 027	3 381
Employee benefits (Note 12)	3 448	4 123
	71 452	64 540
<b>Equity</b>		
Unrestricted	1 843	4 114
Internally restricted	1 129	1 123
Net investments in capital assets (Notes 8 and 9)	9 810	9 518
Reserved	5 057	5 770
	17 839	20 525
	<b>89 291</b>	<b>85 065</b>

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

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

# Statement of Changes in Equity

(in thousands of Canadian dollars)

for the year ended 31 March

	2016	2015
<b>Unrestricted equity</b>		
Beginning of year	4 114	214
Net results of operations	(2 686)	3 926
Net transfers from/(to) other classes of equity	415	(26)
Balance end of year	1 843	4 114
<b>Internally restricted equity</b>		
Beginning of year	1 123	1 117
Net increase	6	6
Balance end of year	1 129	1 123
<b>Net investments in capital assets</b>		
Beginning of year	9 518	10 688
Net increase / (decrease)	292	(1 170)
Balance end of year	9 810	9 518
<b>Reserved equity</b>		
Beginning of year	5 770	4 580
Net (decrease) / increase	(713)	1 190
Balance end of year	5 057	5 770
<b>Equity, end of year</b>	<b>17 839</b>	<b>20 525</b>

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

# Statement of Cash Flows

(in thousands of Canadian dollars)

for the year ended 31 March

## Operating activities

Net results of operations

Items not affecting cash

Amortization and depreciation of property and equipment  
and intangible assets

Amortization of bond premium

(Gain) Loss on disposal of property and equipment

Employee benefits

Change in non-cash operating items

Accounts receivable and prepaid expenses

Accounts payable and accrued liabilities

Deferred revenue

## Cash flows from operating activities

## Investing activities

Purchase of investments

Maturity of investments

Acquisition of property and equipment and intangible assets

Net proceeds of disposition of property and equipment

## Cash flows (used in)/from investing activities

## Increase in cash and cash equivalents

## Cash and cash equivalents, beginning of year

## Cash and cash equivalents, end of year

Composition of cash and cash equivalents (Note 5)

Cash

Cash equivalents

	2016	2015
Net results of operations	(2 686)	3 926
Items not affecting cash		
Amortization and depreciation of property and equipment and intangible assets	2 208	1 849
Amortization of bond premium	71	—
(Gain) Loss on disposal of property and equipment	—	(31)
Employee benefits	(675)	(173)
	1 604	1 645
Change in non-cash operating items		
Accounts receivable and prepaid expenses	8 020	(9 210)
Accounts payable and accrued liabilities	6 526	(68)
Deferred revenue	1 061	9 070
	15 607	(208)
<b>Cash flows from operating activities</b>	<b>14 525</b>	<b>5 363</b>
Investing activities		
Purchase of investments	(15 041)	(25 831)
Maturity of investments	10 949	27 365
Acquisition of property and equipment and intangible assets	(2 500)	(656)
Net proceeds of disposition of property and equipment	—	8
<b>Cash flows (used in)/from investing activities</b>	<b>(6 592)</b>	<b>886</b>
<b>Increase in cash and cash equivalents</b>	<b>7 933</b>	<b>6 249</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>49 613</b>	<b>43 364</b>
<b>Cash and cash equivalents, end of year</b>	<b>57 546</b>	<b>49 613</b>
Composition of cash and cash equivalents (Note 5)		
Cash	57 546	49 613
Cash equivalents	—	—
	<b>57 546</b>	<b>49 613</b>

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



# Notes to the Financial Statements

For the year ended 31 March 2016

## 1. Corporate information

The International Development Research Centre (the Centre or IDRC), a Canadian Crown corporation without share capital, was established in 1970 by the Parliament of Canada through the *International Development Research Centre Act*. The Centre is a registered charity and is exempt under section 149 of the *Income Tax Act* from the payment of income tax.

## 2. Authority and objective

The Centre is funded primarily through an annual appropriation received from the Parliament of Canada. In accordance with section 85(1.1) of the *Financial Administration Act*, the Centre is exempt from Divisions I to IV of Part X of the Act, except for sections 89.8 to 89.92, subsection 105(2) and sections 113.1, 119, 131 to 148 and 154.01.

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.

## 3. Basis of preparation

The financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand (\$000) except where otherwise indicated. These financial statements of the Centre have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements are prepared on a historical cost basis unless otherwise indicated.

## 4. Summary of significant accounting policies

The significant accounting policies of the Centre are:

### a. Revenue recognition

#### i) Parliamentary appropriation

Parliamentary appropriations are recorded as revenue in the year in which they are drawn except for those received for specific projects and programs, which are deferred and recognized as related expenses are incurred. The Centre recognizes the appropriations and related expenses in the year in the statement of comprehensive income. The Centre does not receive Parliamentary appropriations for which the primary condition is that the Centre should purchase, construct, or otherwise acquire long-term assets, property, and equipment. There are no conditions or contingencies existing under which the Parliamentary appropriation would be required to be repaid once approved and received by the Centre. The *IDRC Act* gives the Board of Governors the authority to allocate the appropriated funds.

#### ii) Donor contributions

The Centre enters into co-funding (contribution) agreements with various donors to complement the Centre's funding of research for development by deepening and broadening its programming reach, increasing resources for development research projects and programs, and bringing innovation to scale. The Centre manages the donor contributions together with its own contribution funded from parliamentary appropriations. Funds received or receivable under donor contribution agreements are recorded as deferred revenues. These deferred revenues are recognized as revenues in the year in which the related expenses are incurred.

### b. Grant payments

All grant payments to institutions carrying out research projects approved by the Centre are subject to the provision of funds by Parliament or by donor partners. They are recorded as an expense in the year they come due under the terms and conditions of the agreements under development research programming – research projects. Refunds on previously disbursed grant payments are credited against the current year expenses or to other income in situations where the grant account has been closed.

### c. Property and equipment, and depreciation

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes any expenditure directly related to the acquisition of the asset and dismantling costs and removing the items and restoring the site on which they are located. All repairs and maintenance expenditures are recognized in the statement of comprehensive income.

Depreciation begins when the asset is available for use by the Centre and is recognized on a straight-line basis. The estimated useful life of each asset category is as follows:

<b>Asset category</b>	<b>Useful life</b>
Computer equipment	5 years
Office furniture and equipment	5 years
Vehicles	3 to 7 years
Communication systems	5 years
Leasehold improvements	Shorter of lease term or the asset's economic useful life

An item of property and equipment is derecognized upon disposal, or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized. The assets' residual values, useful lives, and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively when necessary.

An assessment is made at each reporting date as to whether an asset or a group of assets contained in this category is impaired. Any adjustment to the carrying value of the asset is recorded in the statement of comprehensive income. At 31 March 2016, the Centre had no impairment of property and equipment.

#### **d. Intangible assets and amortization**

The Centre's intangible assets consist of internally developed software that is not an integral part of any hardware. The software is initially recorded at cost, which includes the cost of material, direct labour, and any other costs directly attributable to bringing the asset(s) to a working state for its intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The amortization period and method for intangible assets are reviewed at least at each financial year-end. Amortization is calculated using the straight-line method. The estimated useful life of the asset classes ranges from 3 to 5 years.

The amortization expense is recognized in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

An assessment is made at each reporting date as to whether an intangible or a group of intangible assets is impaired. Any adjustment to the carrying value of the asset is recorded in the statement of comprehensive income. At 31 March 2016, the Centre had no impairment of intangible assets.

#### **e. Leases**

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at inception date. Leases are classified as finance leases whenever the terms for the lease transfer substantially all of the risks and rewards of ownership to the Centre. All other leases are classified as operating leases. The Centre currently has no finance leases. Operating lease payments are recognized as an expense in the statement of comprehensive income over the lease term.

#### **f. Financial instruments**

The Centre chose to early-adopt IFRS 9 as at 1 April 2010, as its business model regarding financial instruments is closely aligned with the requirements for using the amortized cost method outlined in IFRS 9. The Centre's financial instruments consist of cash, cash equivalents, investments, accounts receivable, accounts payable, and accrued liabilities that are incurred in the normal course of business. Financial instruments are initially recognized at fair value, which is usually considered to be the transaction price (i.e., consideration given). Subsequent to initial recognition, they are measured based on their classification.

The classifications are as follows:

<b>Financial instruments</b>	<b>Classification and measurement</b>
Cash	Financial assets at fair value through profit and loss
Cash equivalents and investments	Financial assets at amortized cost
Accounts receivable	Financial assets at amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost

#### **i) Cash and cash equivalents**

Cash includes only funds on deposit at financial institutions. Cash equivalents consist of short-term money market instruments with maturities of 90 days or less at the time of acquisition.

#### **ii) Investments**

Investments are comprised of high-quality money market and fixed income instruments with a maturity greater than 90 days at the time of acquisition. These investments are initially recognized at the transaction price, which is the fair value of the consideration given, including transaction costs directly attributable to the acquisition. Purchases and sales of investments are recorded on the settlement date.

Investments are normally held to maturity in order to collect contractual cash flows. However, investments may be sold in response to changes in the Centre's liquidity requirements, to changes in the credit rating of the instruments, or to an imbalance in the asset mix relative to benchmarks stipulated in the Centre's investment policy. Gains and losses arising on derecognition or impairment are recognized in the statement of comprehensive income in the year in which they occur.

#### **iii) Impairment of financial assets**

An assessment is made at each reporting date as to whether a financial asset or group of financial assets is impaired. Any adjustment to the carrying value of the financial asset is recorded in the statement of comprehensive income. At 31 March 2016, the Centre had no impairment of financial assets.

#### **g. Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the statement of financial position date. All other assets and liabilities are translated at rates in effect when the assets were acquired or obligations incurred. Revenue and expense items are translated at a weekly rate of exchange. Exchange gains and losses are included in other income for the year. The Centre does not actively hedge against foreign currency fluctuations.

#### **h. Employee benefits**

##### **i) Pension benefits – head office**

Most employees of the Centre are covered by the Public Service Pension Plan (the Plan), a defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Centre to cover current service costs. Pursuant to legislation currently in place, the Centre has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered services and represent the total pension obligation of the Centre.

##### **ii) Pension benefits – regional offices**

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

##### **iii) Other benefit plans**

###### ***Severance benefit***

Prior to June 2012, the Centre provided a voluntary departure severance benefit to its employees based on years of service and final salary. A number of employees have chosen to receive their accumulated severance benefit only upon departure from the Centre (upon voluntary resignation or retirement).

Management determines the remaining accrued obligation for voluntary severance benefits using an actuarial evaluation that is conducted every two years, or as necessary. The most recent actuarial estimate was completed for the year ended 31 March 2015. Refer to Note 12.

###### ***Sick leave benefit***

The Centre allows employees a number of fully paid sick days in each year. Unused sick days can be accumulated indefinitely but do not vest in that they cannot be paid out in cash or used as vacation. Management determines the accrued obligation for sick leave benefits using an actuarial evaluation that is conducted every two years, or as necessary. The most recent actuarial estimate was completed for the year ended 31 March 2015. The Centre presents the accrual as a current liability.

## **i. Equity**

The Centre's equity consists of the accumulation of revenues over expenditures from operations and includes unrestricted, internally restricted amounts for special programs and operational initiatives, net investments in capital assets, and reserved amounts.

### **i) Internally restricted equity**

Internally restricted equity for special programs and operational initiatives is drawn down as the funds are used for these programs and initiatives. Internally restricted equity unused at the end of the programs and initiatives is reclassified by management into unrestricted equity. In 2011-2012, equity was internally restricted by \$1.1 million to top up the investment income of an endowment bequeathed to the Centre to enable, in perpetuity, the annual awarding of the John G. Bene Fellowship in Community Forestry.

### **ii) Net investments in capital assets**

This represents the Centre's net investment in capital assets that will be depreciated or amortized over future accounting periods. See Notes 8 and 9.

### **iii) Reserved equity**

Variances in regular program spending can have a significant impact on results of operations and consequently on the overall equity balance. The objectives of the Centre's equity reserve are to ensure that a reasonable balance of funds remains available to absorb programming expense overruns, and to fund initiatives extraordinary to normal operations. The value of the reserve is established by management each year during the budgeting process.

## **j. Use of judgments, estimates, and assumptions**

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the year. However, uncertainty about these assumptions and estimates, or changes in the significant judgments made, could result in outcomes that require a material adjustment to the disclosed amounts of the assets or liabilities in future years.

In the process of applying the Centre's accounting policies, apart from those involving estimation, management has concluded that no significant judgments have been made that would have a significant risk of causing a material adjustment.

No accounting assumptions or estimates have been identified to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year.

## **k. Application of new and revised accounting standards**

A number of new amendments and improvements were issued by the International Accounting Standards Board (IASB) effective for reporting periods beginning on or after 1 January 2015. These were not relevant to the Centre.

## **l. Accounting standards and amendments not yet in effect**

The following standards and amendments issued by the IASB have not been early adopted and have been assessed as having a possible effect on the Centre in the future. The Centre is currently assessing the impact of these standards and amendments on its financial statements, therefore, the impact is not known at this time:

- *IFRS 9 – Financial Instruments* – The final version of this new standard was issued by the IASB in July 2014. This standard largely retains the classification and measurement requirements and new hedge accounting model included in earlier versions, while introducing a single forward-looking expected credit loss impairment model. This version is effective for reporting periods beginning on or after 1 January 2018 and is to be applied retrospectively. Early application is permitted.
- *IFRS 15 – Revenue from Contracts with Customers* - This new standard, issued by the IASB in May 2014, establishes a comprehensive framework for the recognition, measurement and disclosure of revenue. This new framework will replace existing revenue recognition guidance in IFRS. IFRS 15 was amended in the current year to provide for a one-year deferral in the effective date. IFRS 15 is to be applied for annual periods beginning on or after 1 January 2018, using one of the following methods: retrospective or modified retrospective with the cumulative effect of initially applying the standard as an adjustment to opening equity at the date of initial application. Early application is permitted.
- *IFRS 16 – Leases* – This new standard issued by the IASB in January 2016 will replace *IAS 17 – Leases*. For lessees, *IFRS 16* eliminates the classification of leases as either operating or financing leases that exist under *IAS 17*, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. This standard is effective for reporting periods beginning on or after 1 January 2019. *IFRS 16* is to be applied retrospectively, using either a full retrospective approach or a modified retrospective approach. Early application is permitted, but only if *IFRS 15* has also been adopted.
- *Annual Improvements to IFRS – 2012–2014 Cycle* – In September 2014, the IASB issued annual improvements covering several standards and topics as follows: *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* clarifies the accounting for



changes in methods of disposal; *IFRS 7 – Financial Instruments: Disclosures* clarifies the application of the disclosure requirements to servicing contracts and addresses the applicability of the offsetting amendments to *IFRS 7* to condensed interim financial statements; *IAS 19 – Employee Benefits* clarifies the requirements to determine the discount rate in a regional market sharing the same currency; and *IAS 34 – Interim Financial Reporting* clarifies the meaning of disclosure of information elsewhere in the interim financial report. The annual improvements are to be applied for reporting periods beginning on or after 1 January 2016. Early application is permitted.

- *Amendments to IAS 1 Disclosure Initiative - IAS 1 – Presentation of Financial Statements* was amended in December 2014 as part of the IASB's Disclosure Initiative work on the Conceptual Framework. The amendments clarify that materiality applies to the whole financial statements and that inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments clarify that entities should use professional judgment in determining where and in what order information is presented in the financial statements. These amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

## 5. Cash and cash equivalents

The Centre typically purchases cash equivalents which are comprised of money market instruments such as commercial paper, bankers' acceptances, and bearer deposit notes. The weighted average yield as at 31 March 2016 is nil (31 March 2015: nil) and the average term to maturity at the time of purchase is nil (31 March 2015: nil).

	31 March 2016	31 March 2015
Cash	57 546	49 613
Cash equivalents	—	—
	<b>57 546</b>	<b>49 613</b>

## 6. Investments

The Centre invests in fixed income instruments such as bonds and money market instruments. Money market instruments comprise items such as commercial paper, bankers' acceptances, and bearer deposit notes. The weighted average yield as at 31 March 2016 is 1.10% (31 March 2015: 1.30%) and the remaining average term to maturity as at 31 March 2016 is 79 days (31 March 2015: 81 days). The carrying amount of investments approximates their fair value due to the short-term nature of these instruments.

	31 March 2016	31 March 2015
Canadian chartered banks	14 989	10 968
	<b>14 989</b>	<b>10 968</b>

## 7. Accounts receivable and prepaid expenses

Accounts receivable and prepaid expenses are incurred in the normal course of business. The accounts receivable are due on demand and the carrying values approximate their fair value due to the short-term nature of these instruments. These are not considered by management to present a significant credit risk. The Centre has grouped accounts receivable and prepaid expenses in the statement of financial position and the statement of cash flows due to the insignificant amount of prepaid expenses.

	31 March 2016	31 March 2015
Accounts receivable		
Donor contributions	2 973	8 989
Parliamentary appropriation	—	2 747
Other	2 515	2 189
	5 488	13 925
Prepaid expenses	1 458	1 041
Total accounts receivable and prepaid expenses	<b>6 946</b>	<b>14 966</b>

The Centre did not identify any receivables that are either past due or impaired as at 31 March 2016 (31 March 2015: nil).

## 8. Property and equipment

	Computer equipment	Office furniture & equipment	Vehicles	Communication systems	Leasehold improvements	Total
<b>Cost</b>						
<b>at 31 March 2014</b>	2 556	945	393	1 387	11 095	16 376
Additions	301	14	23	122	8	468
Disposals	(703)	(29)	(53)	(175)	—	(960)
<b>at 31 March 2015</b>	2 154	930	363	1 334	11 103	15 884
Additions	431	202	—	167	32	832
Disposals	(58)	(14)	—	(264)	—	(336)
<b>at 31 March 2016</b>	2 527	1 118	363	1 237	11 135	16 380
<b>Accumulated depreciation</b>						
<b>at 31 March 2014</b>	(2 019)	(702)	(315)	(1 257)	(4 530)	(8 823)
Depreciation for the year	(189)	(59)	(40)	(50)	(825)	(1 163)
Disposals	701	29	53	174	—	957
<b>at 31 March 2015</b>	(1 507)	(732)	(302)	(1 133)	(5 355)	(9 029)
Depreciation for the year	(239)	(72)	(15)	(59)	(823)	(1 208)
Disposals	58	14	—	264	—	336
<b>at 31 March 2016</b>	(1 688)	(790)	(317)	(928)	(6 178)	(9 901)
<b>Net book value</b>						
<b>at 31 March 2015</b>	647	198	61	201	5 748	6 855
<b>at 31 March 2016</b>	<b>839</b>	<b>328</b>	<b>46</b>	<b>309</b>	<b>4 957</b>	<b>6 479</b>

## 9. Intangible assets

	Software
<b>Cost</b>	
<b>at 31 March 2014</b>	11 247
Additions	214
Disposals	(119)
<b>at 31 March 2015</b>	11 342
Additions	1 668
Disposals	(276)
<b>at 31 March 2016</b>	12 734
<b>Accumulated amortization</b>	
<b>at 31 March 2014</b>	(8 112)
Amortization for the year	(686)
Disposals	119
<b>at 31 March 2015</b>	(8 679)
Amortization for the year	(1 000)
Disposals	276
<b>at 31 March 2016</b>	(9 403)
<b>Net book value</b>	
<b>at 31 March 2015</b>	2 663
<b>at 31 March 2016</b>	<b>3 331</b>

## 10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are incurred in the normal course of operations. The carrying amounts set out below approximate their fair value due to the short-term nature of these liabilities.

	31 March 2016	31 March 2015
Grants payable and accruals	22 383	17 206
Trade payable	4 071	1 920
Payroll	4 877	5 469
Severance benefit (Note 12)	109	314
Other	401	406
	<b>31 841</b>	<b>25 315</b>

## 11. Deferred revenue

Deferred revenue includes the unspent portion of funds received or receivable on donor contribution activities.

	31 March 2016	31 March 2015
Donor contribution funding for development research projects		
Current	31 136	31 721
Non-current	5 027	3 381
	<b>36 163</b>	<b>35 102</b>

Of the total deferred donor contribution funding, Global Affairs Canada (GAC) accounts for \$12 161 (31 March 2015: \$7 756) of which \$12 161 (31 March 2015: \$4 827) was received and \$0 (31 March 2015: \$2 929) is receivable at year-end.

## 12. Employee benefits

### a. Pension benefits – head office

Most of the employees of the Centre are covered by the Public Service Pension Plan (the Plan), a defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Centre. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate for the employer effective at year-end was 12.1% of gross salary (31 March 2015: 9.80%). Total contributions of \$3 879 (31 March 2015: \$4 021) were recognized as an expense in the current year.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the number of years. The pensionable service value is calculated as the average of the best five consecutive years of earnings. The benefits are coordinated with the Canada and Québec Pension Plan benefits and are indexed to inflation.

### b. Pension benefits – regional offices

The Centre and eligible regional employees contribute to various defined contribution pension plans as specified in each Plan Agreement. The Centre's contributions to all regional office plans for the year ended 31 March 2016 were \$237 (31 March 2015: \$377).

### c. Severance benefit

Prior to June 2012, the Centre provided a voluntary departure severance benefit to its employees based on years of service and final salary. A number of employees have chosen to receive their accumulated severance benefit only upon departure from the Centre (upon voluntary resignation or retirement). This benefit plan is not pre-funded and thus has no designated assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from available cash assets and future appropriations.

	<b>31 March 2016</b>	<b>31 March 2015</b>
Accrued benefit obligation – beginning of year	4 437	4 682
Current service cost	161	142
Interest cost	55	77
Benefits paid during the year	(1 096)	(651)
Actuarial (gain) / loss	-	187
Accrued benefit obligation – end of year	<b>3 557</b>	<b>4 437</b>
	<b>31 March 2016</b>	<b>31 March 2015</b>
Current	109	314
Non-current	3 448	4 123
	<b>3 557</b>	<b>4 437</b>

### 13. Donor contributions

Donor contribution funding for development research programs relates specifically to research projects conducted or managed by the Centre on behalf of other organizations. A breakdown of the revenue and expense recognition for donor contributions is provided below.

	<b>31 March 2016</b>	<b>31 March 2015</b>
Department for International Development (UK)	38 986	30 446
Global Affairs Canada*	18 923	20 115
The William and Flora Hewlett Foundation	10 180	8 191
Australian Centre for International Agriculture	2 827	1 546
The World Bank	2 227	—
Bill & Melinda Gates Foundation	1 962	3 213
Norwegian Agency for Development Cooperation	1 450	2 865
Other donor agencies	712	433
	<b>77 267</b>	<b>66 809</b>

\* Previously known as Foreign Affairs, Trade and Development Canada.

The Centre recovers administrative costs from the management of donor contribution funding. The total recovery for the year ended 31 March 2016 was \$6 058 (31 March 2015: \$5 563) of which \$388 (31 March 2015: \$1 044) was from GAC.



## 14. Commitments

### a. Research project-related

The Centre is committed to making payments of up to \$253.8 million (31 March 2015: \$315.3 million) during the next five years, subject to funds being provided by Parliament or donors and to compliance by recipients with the terms and conditions of their grant agreements. Of this amount, \$139.5 million (31 March 2015: \$182.0 million) is expected to be funded from future Parliamentary appropriations, \$103.9 million (31 March 2015: \$133.3 million) from donor contribution agreements and the balance of \$10.4 million (31 March 2015: \$0) from a mix of future donor contributions and Parliamentary appropriations to be determined in the near future.

	31 March 2016	31 March 2015
Within one year	125 316	162 210
After one year, but not more than five	128 489	153 136
Total future payments	<b>253 805</b>	<b>315 346</b>

### b. Other

The Centre has entered into various agreements for leases of office premises and contractual obligations for goods and services in Canada and abroad. Agreements expire at different dates up to 2022. Future payments related to these commitments are as follows:

	31 March 2016	31 March 2015
Within one year	8 095	9 019
After one year, but not more than five	30 304	32 021
More than five years	11 973	20 511
Total future payments	<b>50 372</b>	<b>61 551</b>

The operating net lease expense recognized in the statement of comprehensive income for fiscal year ended 31 March 2016 is \$7 110 (31 March 2015: \$6 907).

## 15. Contingencies

The Centre may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of business. Based on the advice of legal counsel, management does not expect the outcome of any of these proceedings to have a material effect on the statement of financial position or on the statement of comprehensive income.

## 16. Related party transactions

The Government of Canada, as the parent of the Centre, has control over the Centre and causes the Centre to be related, due to common ownership, to all Government of Canada created departments, agencies, and Crown corporations. The Centre enters into transactions with other Government of Canada entities in the normal course of operations, under the same terms and conditions that apply to unrelated parties. Any transactions are recorded at their exchange amounts, which are determined to approximate fair value.

Related party transactions are disclosed in Notes 7, 11 and 13 to these financial statements.

### Compensation of key management personnel

Key management personnel include the Board of Governors, the President, the three Vice-Presidents, and the Secretary and General Counsel. Compensation paid or payable to key management personnel during the year is summarized in the table below.

	31 March 2016	31 March 2015
Salaries and short-term benefits	1 097	1 138
Post-employment benefits	372	319
	<b>1 469</b>	<b>1 457</b>

## 17. Financial instrument risks

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

### a. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will default on its obligations to the Centre resulting in financial losses. The Centre is exposed to credit risk since it has investments and extends credit to its recipients and donor partners in the normal course of business. The maximum exposure is represented by cash and cash equivalents, investments, and accounts receivable amounts presented on the Centre's statement of financial position. Credit risk associated with accounts receivable is considered by management to be minimal since most receivables are due from donor partners and Canadian government entities. The Centre's investment policy sets out guidelines that define the minimally acceptable counterparty credit ratings pertaining to investments. Investments in financial institutions and corporations must have minimum ratings from two external rating agencies that are equivalent to DBRS ratings for short-term instruments of R1-L for governments and Schedule I banks and R1-M for Schedule II banks and corporations. DBRS ratings for medium/long-term instruments must hold a minimum rating of A for governments, AA for Schedule I banks, AA (High) for Schedule II banks, and AAA for corporations. The Centre regularly reviews the credit ratings of issuers with whom the Centre holds investments and confers with the Finance and Audit Committee of the Board of Governors when the issuer's credit rating declines below the policy guidelines. The investment policy is reviewed and approved as required by the Finance and Audit Committee of the Board of Governors. These policies and procedures are designed to manage and limit the credit risk associated with these financial instruments.

### Concentrations of credit risk

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

	DBRS rating	31 March 2016	31 March 2015
Canadian chartered banks	R1-L	14 989	10 968
		<b>14 989</b>	<b>10 968</b>

## **b. Market risk**

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

### **i) Currency risk**

Currency risk is the potential adverse impact of foreign exchange rate movements on the fair value or future cash flows of financial instruments. The Centre has exposure to currency risk in part from the local operating costs of four regional offices throughout the world. The Centre does not hedge its regional office expenses against fluctuations in foreign exchange rates and accepts the operational and financial risks associated with any such fluctuations that are not considered to be significant.

The Centre has multi-year contribution agreements with non-Canadian donors that are denominated in currencies other than the Canadian dollar. When progress payments are received from those donors, they are translated to Canadian dollars at the weekly exchange rate (see Note 4g). In turn, the Centre incurs expenses and issues multi-year grant agreements denominated in Canadian dollars. The Centre manages its currency risk on these activities by setting aside a portion of the donor contribution agreement funding to absorb exchange gains and losses. The magnitude of the funding set aside is gauged against actual currency fluctuations on a yearly basis, with additions being made only when needed, and releases being made only toward the end of the agreement, when no longer required. The Centre does not hedge its foreign currency revenues against fluctuations in foreign exchange rates and accepts the operational and financial risks associated with any such fluctuations that, on a fiscal year basis, are not considered to be significant.

### **ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Centre is exposed to interest rate risk in that changes in market interest rates may cause fluctuations in the fair value of its investments. To manage this risk, the Centre normally invests in short-term marketable securities that are not significantly affected by variations in interest rates. The Centre's business objective is to hold investments until maturity, collecting contractual cash flows over the term of the investment and mitigating exposure to fair value changes. The Centre's interest rate risk is not considered material.

## **c. Liquidity risk**

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

## **18. Capital management**

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

The Centre's objectives, with respect to its capital management, are to maintain an appropriate amount of equity in order to ensure the Centre has the ability to moderate the impact on research programming activities of potential fluctuations in future revenue streams.

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

## 19. Schedule of expenses




	31 March 2016	31 March 2015
<b>Development research programming</b>		
Contributions to research projects	199 330	184 956
Core salaries and benefits	23 563	25 775
Co-funded project salaries and benefits <sup>a</sup>	6 236	5 415
Accommodations	4 224	4 067
Professional services	4 092	4 658
Travel	2 574	3 138
Amortization and depreciation	1 479	1 227
Meetings and conferences	598	774
Co-funded project expenses <sup>a</sup>	2 188	2 406
Other	1 548	1 536
	<b>245 832</b>	<b>233 952</b>
<b>Corporate and administrative services</b>		
Salaries and benefits	12 507	13 741
Accommodations	2 336	2 360
Office supplies and expenses	1 163	1 002
Professional services	1 004	1 130
Furniture, equipment, and maintenance	762	590
Amortization and depreciation	729	622
Other	1 452	1 523
	<b>19 953</b>	<b>20 968</b>
<b>Total expenses</b>	<b>265 785</b>	<b>254 920</b>

<sup>a</sup> Includes all costs directly related to the development of research capabilities in co-funded projects and programs. These represent total expenses of \$8 424 (31 March 2015: \$7 821).

## 20. Reclassification

In Note 10, grants payable that used to be included with trade payable in prior years have been reclassified to grants payable and accruals in the current year for the purpose of presenting all grant liabilities together. Prior year figures were reclassified to conform to the current year's presentation, resulting in \$6 458 of grants payable being reclassified from accounts/trade payable to grants payable and accruals.

## How to reach us

**www.idrc.ca** — to access IDRC's website  
**http://idl-bnc.idrc.ca** — to access IDRC's Digital Library  
**reference@idrc.ca** — to reach the library reference desk  
**info@idrc.ca** — to get general information  
**www.idrc.ca/subscribe** — to subscribe to IDRC's online *Bulletin*  
Follow us   

### Head Office

International Development Research Centre  
PO Box 8500, Ottawa, ON, Canada K1G 3H9  
150 Kent Street, Ottawa, ON, Canada K1P 0B2  
Phone: +1 613-236-6163  
Fax: +1 613-238-7230  
Email: [info@idrc.ca](mailto:info@idrc.ca)

### Latin America and the Caribbean

IDRC Regional Office for Latin America and the Caribbean  
Avenida Brasil 2655, 11300 Montevideo, Uruguay  
Phone: +598 2709 0042  
Fax: +598 2708 6776  
Email: [lacro@idrc.ca](mailto:lacro@idrc.ca)

### Africa

IDRC Regional Office for Sub-Saharan Africa  
PO Box 62084 00200, Nairobi, Kenya  
Eaton Place, 3rd floor  
United Nations Crescent, Gigiri, Nairobi, Kenya  
(please address all mail to the Regional Director)  
Phone: (+254 20) 2713 161  
Fax: (+254 20) 2711 063  
Email: [rossa@idrc.ca](mailto:rossa@idrc.ca)

IDRC Regional Office for the Middle East and North Africa  
PO Box 14, Giza, Cairo, Egypt  
8 Ahmed Nessim Street, 8th Floor  
Giza, Cairo, Egypt  
Phone: +2 02 333 67 051/2/3/4/7  
Fax: +2 02 333 67 056  
Email: [mero@idrc.ca](mailto:mero@idrc.ca)

### Asia

IDRC Asia Regional Office  
208 Jor Bagh, New Delhi 110003, India  
Phone: +91 11 2461 9411  
Fax: +91 11 2462 2707  
Email: [aro@idrc.ca](mailto:aro@idrc.ca)