IDRC | CRDI

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

Empowerment through research

Annual Report 2017–2018

Canada

Empowerment through research 2017–2018

at 31 March 2018

People are empowered when they have the knowledge, resources, and agency to make decisions and take actions that can improve their lives and their communities.

IDRC supports research that builds evidence, promotes informed decisions, and facilitates opportunity to help create a world that is supportive of equality, equity, diversity, and prosperity.

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 supports leaders for today and tomorrow and helps drive change for those who need it most.

ON THE COVER
Priyanka Jamwal checks water samples at the Ashoka Trust for Research in Ecology and the Environment (ATREE) soil and water quality lab in Bangalore, India. ATREE is studying how various factors such as climate, overpopulation, and pollution affect the area's access to water. One research goal is to provide precise data to local governments to improve the use and regulation of water.

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

COVER: IDRC / ATUL LOKE

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CCAFS/PRASHANTH VISHWANATHAN

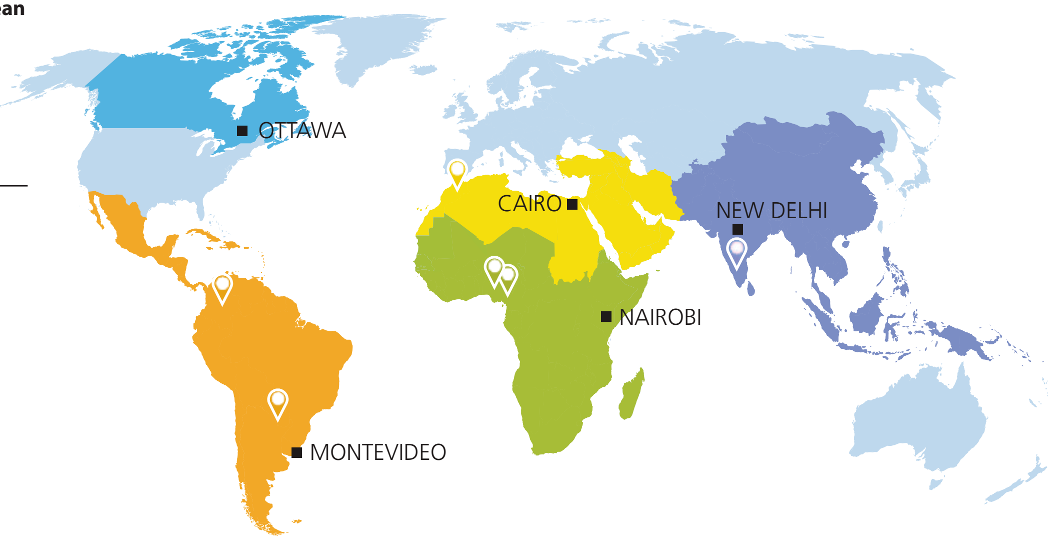
Our work at a glance

IDRC strategically invests in knowledge, innovation, and solutions that can be scaled for impact; supports leaders in government, research, and business in the developing world; and ensures that the Centre will be a partner of choice in strengthening developing countries and in maintaining important relationships for Canada.

IDRC's head office is in Ottawa and the Centre maintains four regional offices across the developing world.

In 2017–2018, the **total value of new projects approved** with IDRC and donor funds amounts to $147 million.

Region	Value of new projects (in $ millions)	Share of total	Active projects
Global	30.113	20.5% of total	304
Sub-Saharan Africa	64.424	43.8% of total	287
Asia	19.465	13.3% of total	151
Latin America and the Caribbean	23.692	16.1% of total	152
Middle East and North Africa	9.258	6.3% of total	39



IDRC and the SDGs

IDRC recognizes the growing importance of the UN's Sustainable Development Goals (SDGs) in informing programming decisions. The Centre is positioning itself as an important actor in a "whole of Canada approach" to help achieve these targets.

Learn more on page 6.

Meeting our corporate objectives

At this mid-point in our 2015–2020 strategic plan, we can confidently say that we are on track to achieving the majority of our goals, and in many cases we have already exceeded our targets.

Learn more on pages 14-16.

IDRC/PANOS

IDRC/VIJAY KUTTY

Morocco

By cleaning up abandoned mines and using the waste to generate valuable construction materials, environmental risks are being turned into economic wins. Learn more on page 13.

India

Breakthrough research is using nanotech applications of a natural plant extract called hexanal to slow ripening and prevent the post-harvest loss of mangoes. Learn more on page 7.

IDRC/BARTAY

IDRC/PAUL SMITH

Benin and Nigeria

Innovative farming techniques are ensuring the availability of high quality seeds — boosting farmer incomes and promoting food security in the process. Learn more on page 8.

Colombia and Paraguay

Pro-poor financial products are helping millions throughout Latin America and the Caribbean take their first steps toward financial inclusion. Learn more on page 10.

Accountability and transparency

IDRC is accountable to Parliament and to all Canadians for our use of public resources. The measures we have in place either meet or exceed the standards set by the Government of Canada for accountability and transparency.

Learn more on page 20.

How we work

The roadmap to reach our goals includes many specific actions, such as working alongside the private sector and communicating strategically.

Learn more on pages 24-28.

Message from the Chairperson

Throughout IDRC's history, the Centre has demonstrated its ability to remain agile and results-driven amid a shifting external landscape. This past year was no different.

The Government of Canada's Feminist International Assistance Policy, launched in mid-2017, pairs with the UN's Sustainable Development Goals (SDGs) to provide a framework for eradicating extreme poverty, protecting the planet, and promoting growth that benefits everyone.

IDRC has taken a number of strategic steps to drive its contributions to Canada's new policy and the SDGs.

First, IDRC adapted its theories of change to map directly to the SDGs and their indicators. This helps the Centre identify how IDRC is contributing to achieving the SDGs and where it should focus its efforts going forward.

Second, the Centre is promoting the engagement of developing countries in how to achieve the SDGs by supporting organizations such as Southern Voice. This network of 50 think tanks from Africa, Asia, and Latin America is bringing developing-country perspectives to global SDG policy arenas.

Third, IDRC is supporting data collection and analysis in developing countries that will provide robust statistics to report on the SDGs. IDRC hosts Canada's Centre of Excellence for Civil Registration and Vital Statistics, a hub that strengthens countries' capacities to register births, deaths, and other life events that can help the global community track progress towards SDG indicators.

In the year ahead, the Board and management will go further and launch a strategic planning exercise for beyond 2020. This exercise will assess how IDRC can target its research and innovation to advance progress and achieve breakthroughs on global sustainable development challenges, while paying careful attention to gender equality and empowerment.

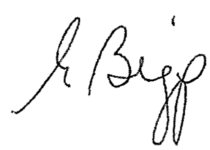
As you will see throughout this Annual Report, it was a productive year for IDRC. The results outlined in these pages speak to the Centre's momentum as we pass the mid-point of the *Strategic Plan 2015–2020* and to the dedicated work of the Centre's employees and partners in Canada and worldwide.

These results tell a powerful story about how IDRC's programming contributes to enhanced economic empowerment. For instance, one project in Kenya is demonstrating how affordable childcare can unlock women's earning power. These results remind us that every global and national policy framework is grounded in a collective effort to improve the lives of people.

I wish to thank Canada's Minister of International Development and La Francophonie, Marie-Claude Bibeau, for being a strong proponent of the value of investing in research for development and for recognizing the important role IDRC can play in this space.

Each member of IDRC's Board of Governors brings unique expertise and perspective to their role, and I wish to thank them for their contributions. I would especially like to thank Scott Gilmore and Alanna Boyd, whose terms on the Board ended this year, for their valuable contributions to the Board and its committees.

IDRC employees and the Board of Governors are collectively committed to helping Canada play a leading international role toward the achievement of the 2030 Agenda for Sustainable Development.



Margaret Biggs
Chairperson

Message from the President

This year's Annual Report theme, "Empowerment through research", speaks to the direct link between knowledge and improved lives. We see people become agents of change for themselves, their families, and their communities when they have access to evidence to make informed decisions and the capacity to take action.

The Centre creates space for voices from the Global South, whose local perspectives and solutions are vital to global policymaking. This role was affirmed by a mid-point review of our progress toward the targets in our *Strategic Plan 2015–2020*. Stakeholders told us that the networks and partnerships we foster are a unique and vital contribution to international development.

For instance, we partnered with the World Economic Forum and the World Bank Group on a project to profile case studies of inclusive growth practices. Inclusive growth is fundamental to national development plans, yet stakeholders lack relatable models and mechanisms to turn aspirations into reality. The "GrowInclusive" online platform, to be launched in late 2018, responds to this gap.

We are marking the successful conclusion of the five-year Growth and Economic Opportunities for Women (GrOW) program, supported by IDRC with the United Kingdom's Department for International Development (DFID) and The William and Flora Hewlett Foundation.

GrOW supported 14 projects related to women's economic empowerment in 50 countries. One of these projects in Bangladesh addressed the practice of child marriage. By offering financial incentives for families, such as cooking oil, to offset the higher dowry cost associated with delayed marriage, the study found that child marriages were averted, additional schooling was completed, and marriage was delayed. This precious extra time is a stepping stone toward long-term change in social values about the worth of women and girls.

Partnerships are at the core of IDRC's work. Building on IDRC's long-term relationship with DFID, the Centre is expanding collaboration with partners in the UK. In October, IDRC and Cancer Research UK launched an initiative to prevent tobacco-related diseases and promote public health in developing countries. We're also initiating a co-funding agreement with the UK Department of Health and Social Care aimed at reducing antimicrobial resistance in animals.

In February, IDRC signed a Memorandum of Understanding with the Government of India. This agreement reaffirms a shared commitment to supporting important research in India — where IDRC has been active since 1972 — and to maintain our regional office, which oversees IDRC's programming across 18 countries. IDRC is grateful for this recognition as a valued partner.

I'd like to thank Chairperson Margaret Biggs and the Board of Governors for their commitment to fulfilling IDRC's mandate and achieving the Centre's objectives. Their leadership and expertise will be invaluable as we navigate our way to our next strategic plan. Likewise, we are grateful to Global Affairs Canada for the continued strength of our partnership. The Department has IDRC's full support in the implementation of Canada's Feminist International Assistance Policy.

Behind every IDRC success is an employee who has applied their expertise to help empower our partners. Their valuable insights also develop our understanding of how new and emerging trends, such as blockchain and artificial intelligence, will impact societies in low and middle-income countries.

Every time I meet a grantee in a community, a lab, or at a conference, I am reminded that it's part of IDRC's DNA to find and support the people whose work today leads us to the solutions of tomorrow. By doing so, we help unlock potential, facilitate opportunities, and create space for a dialogue with research actors worldwide.

That is how research empowers lives. And it is one of the innovative ways we are promoting positive global change on behalf of all Canadians.

Jean Lebel, PhD
President

IDRC's impact in the world
Enhanced economic empowerment

All of the research that IDRC supports leads to one core goal: contributing to positive change in the lives of people in the developing world. The Centre has identified eight broad development outcomes that our work helps to strengthen:

- Improving governance for better policies and services
- Improving safety, security, and inclusivity
- Enabling gender equality
- Improving health for all
- Promoting environmental sustainability and resilience
- Enhancing food and nutrition security
- Improving quality and access to education
- Enhancing economic empowerment

These development outcomes align with the 17 UN Sustainable Development Goals (SDGs), which provide a high-level framework for IDRC's strategic plan and a lens to position the relevance of our work.

Key features of IDRC's mandate — capacity building, knowledge generation for evidence-based policy, credibility to convene people and networks and to build inter- and trans-disciplinary alliances — indicate that the Centre is well-positioned to address strategic niches in the global SDG agenda. This includes areas where global breakthroughs are needed, such as ending extreme poverty (SDG 1); providing universal access to basic needs (SDGs 2, 3, 4, and 6); and promoting gender equality (SDG 5), decent work and economic growth (SDG 8), and climate action (SDG 13).

IDRC recognizes the growing importance of the SDGs in informing programming decisions, and the Centre is positioning itself to support a "whole of Canada approach" to achieve these targets. IDRC-supported research already touches on each of the SDGs, but as we move into our planning period for 2020 and beyond, the Centre will increasingly reflect on how the information and data on SDG trajectories can be strategically used to guide our work and to identify opportunities and areas for collaboration.

Enhancing economic empowerment is presented as this year's development outcome because of the Centre's significant and diverse knowledge and thought leadership in this area. With this year's synthesis of research findings from the Growth and Economic Opportunities for Women (GrOW) program, major strides were taken to identify how women's livelihoods can be improved so that they can pursue better paid and more productive jobs, accumulate assets, and contribute to societal well-being. With evidence from research conducted in 50 countries around the world, the findings map avenues for change and actionable recommendations for decision-makers in government, the private sector, non-governmental organizations, and other spheres of society.

Enhancing economic empowerment — individually and as a group — means helping people to participate in, contribute to, and benefit from economic growth in ways that recognize the value of their contributions, respect their dignity, and make it possible to negotiate a fairer distribution of the benefits of growth. This work embraces social and environmental objectives along with economic goals.

Improving incomes and food security

Since its inception, IDRC has worked with smallholders and off-farm processors within the value chain to improve crop varieties, enhance agricultural production and marketing, conserve soil and water, reduce waste, and develop better post-harvest techniques, among other work. The research the Centre supports has helped raise the incomes of small producers through sustainable agricultural practices while improving nutrition and food security.

The Canadian International Food Security Research Fund (CIFSRF), a $124-million program jointly funded by IDRC and Global Affairs Canada, has supported 39 projects in 25 countries. Launched in 2009 and now winding down, it has tested and scaled up practical solutions to increase food production, raise incomes for farming families, and improve nutrition. Championing the value of multi-sector partnerships, CIFSRF has worked directly with 40 Southern and 20 Canadian institutions, including universities, civil society organizations, governments, and the private sector, to test and deploy proven food security and nutrition solutions.

New products, fewer losses, higher incomes

Breakthrough research by Canadian, Indian, and Sri Lankan researchers led to the development of nine promising innovations to prevent the post-harvest loss of mangoes and other soft fruits. Poor handling of mangoes, for example, can result in losses of up to 35%.

Initial research for this CIFSRF project saw scientists in India and Sri Lanka testing nanotech applications of a natural plant extract called hexanal. Spraying mango orchards (above) with a low concentration of the compound slowed fruit ripening by three weeks, enabling farmers to demand a premium price in the market. Applying the hexanal spray after harvest increased the fruit's shelf life by up to 17 days.

The team also developed hexanal-impregnated packaging, made from materials such as banana fibre, to protect the fruit during shipping to overseas markets. Additionally, hands-on training to produce mango-based pickles, sweets, and other foods has helped women enhance their household income by 10%.

Working with institutions in Kenya, Tanzania, and Trinidad and Tobago, the research team is building on this success by studying hexanal applications with other fruits under various growing conditions.

A shared patent and Memorandum of Understanding was signed in March 2018 for the commercial production of the hexanal nanotechnology called "enhanced freshness formulation". This agreement between Tamil Nadu Agricultural University, Smart Harvest Canada, and the University of Guelph, paves the way for scaling up and making nanotechnology available to farmers in the Tamil Nadu region through commercial production.

Boosting potato production and nutrition

In January, Colombian news media reported that sales of new, nutritious yellow potatoes would exceed all expectations to reach 13 million consumers — the original target was 1.5 million. The three new potato varieties are the result of a CIFSRF project carried out by Colombian and Canadian universities. By marrying

3 NEW POTATO VARIETIES

13 MILLION CONSUMERS EATING **HEALTHIER** POTATOES

INCREASED INCOMES FOR **4,000** FARMERS

IDRC/BARTAY

scientific knowledge and traditional practices, they developed potato varieties that yield 15% more than traditional varieties, are twice as resistant to late blight disease, contain double the amount of protein, and have nearly 20% more iron and zinc.

The improved cultivars have increased the incomes of more than 4,000 farmers by some 18%, have high commercial potential, and are popular with consumers. Researchers are now supporting the marketing, adoption, and consumption of the new varieties.

Despite the high potential for scaling up production, previous research has shown that the availability of more nutritious potatoes and increased incomes are not sufficient to overcome malnutrition in smallholder families. This prompted the team to develop a model that includes communication, nutrition, and education strategies to increase food diversity. Recognizing the important role women play in the potato value chain, the team established Schools for Leaders in Food Security and Nutrition to train indigenous women to become community leaders in using improved agricultural, nutritional, and dietary practices. To date, more than 300 leaders have completed the course.

Better food security and livelihoods

Poor soil fertility and land degradation contribute to low yields of inferior quality indigenous vegetables in West Africa. Innovations resulting from two CIFSRF projects — improved farming and post-harvest practices, fertilizer micro-dosing, and rainwater harvesting techniques — are now being deployed together by a team of researchers from Canada, Benin, and Nigeria to accelerate the adoption of the techniques.

Successful promotional campaigns have increased demand for the vegetables and have led to 338,000 farmers (51% women) using these farming techniques. Engaging traditional leaders has helped farmers to secure more land, and, over a three-year period, the land devoted to these crops has increased eight-fold (from 10,090 hectares to 81,686 hectares). It is primarily women (72%) who have led the marketing of the indigenous vegetables in both countries, and the success of their marketing has increased revenue by approximately 120% in Nigeria and 90% in Benin.


IDRC/SVEN TORFINN

The project facilitated access to improved seeds for various indigenous vegetables in both Nigeria and Benin, and a system was developed with farmers, universities, and the private sector to ensure that quality seed production continues. In addition, a microfinance scheme with favourable repayment conditions and low interest rates was developed in Nigeria to provide small loans to vegetable farmers.

The project is also developing value-added methods to increase consumption of leafy and nutritious indigenous vegetables. Solar dryers are being tested, as are various foods containing the vegetables in powdered or slurry form. Frozen leafy vegetables and vegetable-enhanced products, ranging from syrups to bread, are proving to be attractive to consumers and are generating new market opportunities, particularly for women entrepreneurs. Government agencies are also helping to explore export potential. The team has also unveiled opportunities for new products in the nutraceutical industry based on vegetable extracts.

Cultivate Africa's Future

Sub-Saharan Africa's population is projected to surpass 2 billion in the next 30 years. Feeding all of these people will require increasing food production in the region by 360% compared to 2006 levels. This is a daunting challenge in a continent where 80% of the food supply is produced by 33 million smallholder farmers. Transforming agriculture and improving the lives of millions of people calls for innovative research to harness the potential of smallholder farmers, the majority of whom are women.

Sub-Saharan Africa's population is expected to climb to 2 billion in the next 30 years. CultiAF research is harnessing the potential for innovation among smallholder farmers to combat hunger in the region.

This has been the goal of Cultivate Africa's Future (CultiAF), a four-year, $15-million research partnership launched in 2013 to support applied research to combat hunger in sub-Saharan Africa by harnessing smallholders' potential for innovation.

Funded jointly by IDRC and the Australian Centre for International Agricultural Research (ACIAR), CultiAF projects developed 35 innovations that are currently used by more than 25,000 smallholder producers in five countries.

In June 2017, IDRC and ACIAR announced CultiAF's second phase with a joint $10-million investment. Building on the program's previous successes, the partnership will support innovative research with the potential for breakthrough results that can be effectively scaled up and easily adopted by smallholder farmers, food processors, post-harvest handlers, and other value-chain actors.

IDRC/MYNZAYAR OO

Fostering the economic inclusion of the most vulnerable

IDRC funds research to promote inclusive economies by enhancing the opportunities of vulnerable groups, particularly women and youth.

According to the World Bank Group's *2017 Global Findex* survey, approximately 1.7 billion adults (56% women) globally do not have a bank account, and virtually all of these unbanked adults live in the developing world. Reasons for not having a bank account include cost, distance, and distrust in the financial system. Women face specific gender-based constraints, including insufficient collateral, lack of financial literacy, and restricted mobility. Social norms also play a role in preventing women from accessing and using financial services.

However, access to formal financial services can help the world's poorest people prosper by reducing their vulnerability and providing a safe place to accumulate savings for emergencies, education, and other expenses. Savings are particularly important for women because they help them plan for the future, cope with risks, build their self-confidence, and strengthen their decision-making power.

With IDRC and Ford Foundation support, the *Instituto de Estudios Peruanos* and *Fundación Capital* have led a regional initiative called *Proyecto Capital* to find practical ways of helping the poorest people access and use appropriate financial services. Since its inception, this program has established relationships with key public and private stakeholders, signing 23 technical assistance agreements with government social protection programs and 18 with banks and credit unions throughout the region.

Proyecto Capital's key innovation was to leverage government conditional cash transfer programs to promote financial inclusion among the poor. As a result, government programs have progressively moved away from providing transfers in cash to making electronic payments through bank accounts or mobile money, which improves safety, efficiency, and enhances transparency. But facilitating access is not enough. *Proyecto Capital* efforts also helped millions of poor women to strengthen their financial capabilities to be able to use these formal financial services.

Working with financial services providers, *Proyecto Capital* has helped develop innovative pro-poor financial savings products and facilitated access through alternative delivery channels. For example, it harnessed technology to build financial capabilities and foster the use of savings accounts and mobile money in countries like Chile, Colombia, Paraguay, and Peru. It has also helped more than five million vulnerable women and youth take the first steps toward financial inclusion by providing financial education. Using innovative methods such as micro-entrepreneurship apps, online games and quizzes, and even short television soap operas, *Proyecto Capital* is building capacity and confidence among underserved groups to help them benefit from formal financial services.

By working with the government and the private sector, *Proyecto Capital* has reached 14 countries and aims to ensure that at least 10 million people living in poverty in Latin America and the Caribbean will have access to, and use, an array of financial services.

IDRC/ANDREA TESTONI

Online games and quizzes are helping underserved people in Latin America and the Caribbean develop an understanding of and gain access to formal financial services.

IDRC/ANDREA TESTONI

5 MILLION PEOPLE **EDUCATED** ABOUT **FINANCES**

23 SIGNED **AGREEMENTS** WITH **GOVERNMENT** BODIES

12 NEW **FINANCIAL** PRODUCTS AND **SERVICES**

Toward a networked economy

Myanmar is one of the great Internet stories of recent years. After being virtually cut off from the rest of the world, in only a few years millions of people have come online. Access to the Internet and other means of connectivity have become indispensable for modern life. It is crucial for governments, businesses, and individuals alike, both for economic growth and social development, as well as for the functioning of a democracy.

In its transition to an inclusive information society, Myanmar needed to deal with multiple challenges, including gaps in telecommunications infrastructure and electricity provision, as well as skills gaps that limited people's ability to take full advantage of the Internet and devices.

With IDRC support, LIRNEasia undertook evidence-based, empirical research to give policymakers, regulators, and telecommunications operators the information they need to make decisions about how best to increase access. A nationwide survey on mobile phone and Internet usage and communications needs began in March 2015, the first in the country.

The results of this survey and a follow-up in 2016 were shared with policymakers and regulators, directly and through courses organized for policy actors by LIRNEasia and its non-governmental research partner, the Myanmar ICT for Development Organization. The timely results of these surveys have now informed Myanmar's new draft five-year Universal Service Strategy.

Released in January 2018, the Universal Service Strategy addresses issues such as affordability, ownership of devices, and the need to boost digital skills. The strategy also includes considerations for a Universal Services Fund to ensure underserved areas gain connectivity at a price they can afford. LIRNEasia's input on measures needed to provide access to ICTs by the disabled is also reflected in the strategy.

Affordable childcare to unlock women's earning power

The GrOW program focuses on improving women's livelihoods, enabling them to pursue better paid and more productive jobs, accumulate assets, and contribute to societal well-being.

GrOW explores issues such as restrictive social norms, limited access to job opportunities, and the lack of recognition of many women's dual roles as caregivers and breadwinners. This five-year, $18.6-million IDRC partnership with the UK's Department for International Development and The William and Flora Hewlett Foundation identifies the key barriers to women's economic empowerment and maps avenues for change. The research is identifying solutions and ways that women can contribute to and benefit from economic growth by offering actionable recommendations to decision-makers in government, the private sector, non-governmental organizations, and other spheres of society.

GrOW's work has focused on three main themes: women's care responsibilities, women's access to jobs, and economic growth and gender equality.

Balancing childcare and income generation is a problem faced by mothers around the world. In Nairobi's Korogocho slum, where some 200,000 people eke out a precarious living, there are few safety nets. Here, the loss of an income can easily push a family into debt and crippling poverty.

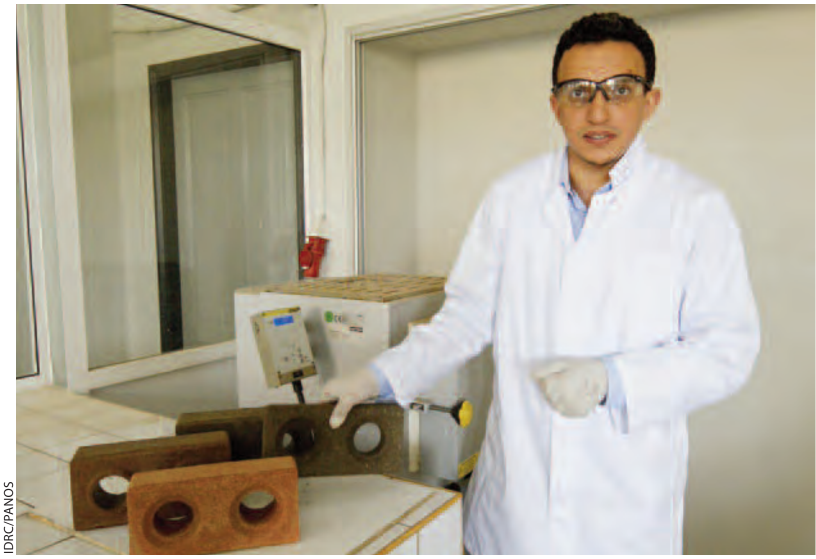
As part of the GrOW program, the African Population and Health Research Center, in collaboration with McGill University, carried out research to explore the relationship between affordable, quality childcare services and women's ability to earn a living. The results are now being widely disseminated to contribute to conversations with Kenyan government and private sector partners on potential sustainable funding options to expand the scope and quality of childcare services.

More than 1,200 Korogocho mothers participated in the project, through which they received vouchers for free childcare services. Retraining caregivers and providing material support also helped improve the quality of care in selected childcare centres. The goal was to test whether affordable and quality childcare is one of the factors preventing women from gaining decent work, particularly in sub-Saharan Africa and South Asia, where childcare occupies a significant amount of women's time.

Within the first year, subsidized access to childcare increased women's economic participation. Mothers in the study were able to work fewer hours while increasing their earnings. The percentage of working mothers increased from 48.9% among those without free childcare to 57.4% of those receiving subsidies. The 8.5% increase brings the mothers closer to the levels of male labour force participation, in an environment where jobs and income-generating activities are hard to come by.

Building resilience to counter the effects of environmental degradation

The harmful effects of human activity and industry are taking a toll on the environment and on people's livelihoods and well-being. Overpopulation, decreased water quality, the depletion of natural resources, and increased pollution and greenhouse gas emissions are now commonplace. Taking measures to mitigate these factors and guard against future climate impacts is crucial, but the current environmental reality also requires building resilience. IDRC supports a number of projects that enhance economic opportunities by developing innovations that confront the effects of climate change and reduce human vulnerabilities to environmental degradation.



IDRC/PANOS

Morocco is home to more than 200 abandoned mines that pose significant environmental and health concerns to surrounding communities. Canadian and Moroccan researchers are pooling their expertise to contain mine drainage and using the waste to develop cost-effective building materials.

Turning an environmental risk into an economic win

Innovative techniques developed through an International Research Chairs Initiative, a collaboration between IDRC and the Canada Research Chairs Program, are helping clean up Morocco's abandoned mines while generating valuable construction materials. These innovations in recycling mine waste could provide marginalized communities with meaningful employment while addressing the environmental and health impacts of mining debris.

Over the decades, more than 200 Moroccan mines have been closed. Often abandoned without proper decommissioning, these mines pose significant environmental and health risks to surrounding communities.

To solve this problem, Rachid Hakkou at Cadi Ayyad University in Marrakesh and Mostafa Benzaazoua at the Université du Québec en Abitibi-Témiscamingue pooled their unique expertise to generate the first map showing which mines were leaching harmful chemicals. They then developed a targeted, cost-effective technique to contain acid mine drainage.

The solution lay in pitting one mine's waste against another. At the abandoned Kettara mine, a pyrrhotite ore mine, the researchers took advantage of the abundance of carbon-rich phosphate mine waste from a neighbouring mine to create an absorbent shield that retains and then releases rainwater through evaporation. This "store-and-release cover" prevents rainwater from oxidizing the mine waste and releasing acids that contaminate soil and groundwater.

Numerous trials confirmed the shield's effectiveness. The team then scaled up the tests with the help of a Moroccan phosphate mining company to create a store-and-release cover over the entire mine site, a first in North and West Africa.

The idea of using one mine's waste to neutralize another's informed subsequent research into the potential uses of non-acidic mine waste. By mixing coal waste with local clay, researchers manufactured mortar, concrete, artificial stones, and bricks that meet international standards for mechanical and durability properties, as well as environmental performance. If successful, innovation in mine waste recycling could provide marginalized communities with meaningful employment while addressing the environmental and health impacts of mining debris.

The project's success earned the two researchers the prestigious Hassan II Prize for the Environment, awarded by Morocco's Ministry of Mines, Water and Environment.

Meeting our corporate objectives

IDRC's *Strategic Plan 2015-2020* focused the Centre's investment in knowledge and solutions to improve people's lives in the developing world. Our strong monitoring and reporting system keeps the Centre aligned with our plans, priorities, and objectives. Assessing performance on an annual basis identifies challenges that remain and lessons to be learned. It is also an opportunity to recognize instances where the Centre has met, and even surpassed, its goals.

At this mid-point in our strategic plan we are on track to achieve the majority of our goals, and in many cases we have already exceeded our targets. We can attribute this success to a number of factors including our continuous efforts to learn from our experience, from our research grantees, and certainly from our shortcomings as well.

Our efforts to influence policy through research have been gaining momentum as we progress through the *Strategic Plan 2015-2020*. This has yielded a number of lessons, such as the importance of involving community champions and policymakers in the early stages of program design. With their contributions, we produced more targeted research questions, fostering continued buy-in and credible data and solutions tailored for local contexts. For example, 33 cities in 17 countries now have climate change adaptation plans in place that were informed by research undertaken through the Climate Change program.

There is also value in supporting researchers to use strategic moments to influence policy. For instance, a new government that came to power in 2015 in Argentina enabled IDRC partners to successfully advocate for a new law to curb private sector corruption.

We have also learned that cohorts of research leaders who are trained to address large-scale development challenges are important long-term influencers. An example is the IDRC-supported toxicology researchers who developed state-of-the-art models and tools to predict levels of toxic metals in Brazilian coastal waters. The tools they produced were used to devise management strategies to guide industrial development and safe water use, prompting regulators to improve water testing and surveillance in Brazil.

Finally, in recognizing the importance and potential of the private sector in amplifying global research and development efforts, the Centre developed a new strategy for working alongside the private sector that fosters deliberate engagement with targeted actors.

With every target we meet, and as our programs continue to mature, the growing number of lessons we learn will guide the Centre's strategic planning and future program implementation. These lessons will highlight our strengths and identify areas for improvement, inform our future strategic pathways, and help us identify where and how our efforts can be most effective so that we continue to drive change that improves lives.

OBJECTIVE 1

Invest in knowledge and innovation for large-scale positive change

Knowledge and innovation are more than just buzzwords at IDRC. They summarize our approach to tackling some of the most pressing challenges in developing countries. All IDRC-supported work seeks to generate new ideas, respond to change in creative ways, or bring successful innovations to the next level.

The Centre has already exceeded, or is on track to meet, all of this objective's targets and commitments.

COMMITMENT

Work with public and private sector actors who can **advance ideas and innovation** through to large-scale implementation.

ON TRACK for 2020

- With support from IDRC and the Ford Foundation, *Proyecto Capital*, a regional initiative coordinated by *Fundación Capital* and the *Instituto de Estudios Peruanos*, has helped more than 1.8 million women in Latin America access and use formal financial services that promote their economic inclusion.

Only 24% of women in India have access to paid work. GrOW-supported research studies the enabling and constraining factors, such as education and age at marriage, that impact women's labour market participation.

- Harassmap, a non-profit network in Egypt that created crowdsourcing tools and social campaigns to confront sexual harassment, has partnered with the Uber rideshare service to raise awareness among drivers and customers of sexual harassment and assault.

TARGET

Support at least 20 initiatives that deliver **solutions at scale**.

EXCEEDED

- 28 regulations and policies related to the Internet economy, cyber policy, education, and communications have been written, developed, reformed, or passed in countries that include Costa Rica, India, Myanmar, and South Africa.
- 62 projects related to maternal and child health have delivered high-impact community-based interventions, including a maternal health information system in Peru that is being extended to 350 health centres across the country.

COMMITMENT

Share our learning in scaling up solutions, helping position Canada as a leader in innovative approaches to development.

ON TRACK for 2020

- 19 policy processes at local or national levels reflect IDRC-supported governance and justice research, including work on land rights and the role of the private sector in reducing corruption in countries including Argentina, India, Kenya, and Timor-Leste.
- 15 science granting councils in sub-Saharan Africa are participating in an initiative to strengthen council capacity, establish partnerships, and promote knowledge exchange with the private sector.

OBJECTIVE 2

Build the leaders for today and tomorrow

Capacity-building is IDRC's core business. Bolstering leaders in the developing world — individuals and organizations in government, research, and business — strengthens societies and builds important relationships for Canada. Under its *Strategic Plan 2015–2020*, IDRC has increased its focus on supporting leaders who can advance knowledge and solve practical development problems. As such, leadership is about results in the present and sustainability into the future.

Of course, capacity-building alone will not resolve development issues, but it is a precondition to success. Our programs are supporting the capacity of Southern researchers to conduct research and use their findings to inform local policies for more inclusive, sustainable, and equitable development. They are also increasing the capacity of planners and decision-makers to use those findings to their societies' benefit.

The Centre has already exceeded its two main targets for this objective.

TARGET

Identify and support at least **500 individuals** whose leadership potential merited special investment.

EXCEEDED

- 250 women graduate students were supported at the African Institutes of Mathematical Sciences.
- 9 IDRC-funded researchers in Africa contributed expertise to the African Group of Negotiators on the United Nations Framework Convention on Climate Change.

TARGET

Support at least 50 individuals and organizations in making **significant advances in their fields, emerging as knowledge leaders, exerting influence, and bringing solutions** to large populations.

EXCEEDED

- 6 thought leaders in non-communicable disease prevention were globally recognized, including Karen Hoffman, who helped establish South Africa's tax on sugar-sweetened beverages.
- 25 individuals and institutions were recognized as thought leaders in digital policy and innovation, including Alison Gillwald, Executive Director of Research ICT Africa (RIA), who was asked to serve as a technical advisor to the South African Competition Commission on the basis of RIA's African Mobile Pricing portal — the only comprehensive pricing database in the country.

OBJECTIVE 3

Be the partner of choice for greater impact

IDRC believes in the power of partnerships to generate ideas, scale up innovative solutions, and provide funds to empower local and independent research institutions. Collaborations with like-minded donors also help to fill knowledge gaps in neglected research areas. The Centre is successfully working with partners from all sectors to generate new ideas and implement new opportunities with a focus on deepening gender transformative programming to strengthen capacities for research quality, including helping to deliver on the Government of Canada's Feminist International Assistance Policy.

The Centre is on track to meet one of these commitments and has revised the other target.

COMMITMENT

Work with **partners from all sectors**, generating new ideas and implementation opportunities.

ON TRACK for 2020

- 23 new initiatives actively engage the private sector and other partners, including $2.6 million in parallel funding mobilized for the testing of the Ebola vaccine in West Africa.
- A new partnership with the Aga Khan Foundation and SickKids Hospital in Toronto will support the health and rights of women and children in fragile contexts.

TARGET

Supplement our Canadian parliamentary appropriation with **$450 million** in additional resources from partners.

REVISED TARGET

- Our co-funding agreement target was revised from $450 million to a more realistic $200 million. This new target reflects the current and anticipated development research funding landscape through 2020. The Centre is on track to achieve this revised target.

Corporate governance

The Board of Governors

Responsibilities

The Board of Governors is responsible for the stewardship of the Centre: it sets strategic direction and oversees operations. The Board acts and conducts all of its business in accordance with the *International Development Research Centre Act* (IDRC Act), IDRC General By-laws, and governance best practices. The roles and responsibilities of the Board, as well as its composition, structure, and organization, are described in detail in its Charter.

Key responsibilities of IDRC's Board are to:

- Establish the Centre's strategic direction;
- Monitor corporate performance against strategic plans;
- Review and approve the Centre's corporate priorities, 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 the performance and succession planning of the President and Chief Executive Officer; and
- Assess its own performance in fulfilling Board responsibilities.

Philosophy of governance

The Board continually reviews and enhances its governance practices to achieve higher standards, and to ensure the best possible level of organizational performance. The Board's own operations and work to ensure good corporate governance are guided by the following principles:

- To strive for consensus in decision-making;
- To conduct informed decision-making and to exercise good judgment in the establishment of the Centre's strategic directions, the safeguarding of the Centre's resources, and the monitoring of corporate performance;
- To believe in a culture of ideas, questions, challenges, and the continuous process of learning;
- To ensure clarity in individual and collective roles and responsibilities;
- To practice transparency in reporting and responding to requests for information from the Canadian government and the public at large;
- To encourage open and honest communication between employees, management, and the Board of Governors;
- To value innovation, experimentation, and change as means to achieving continuous improvement; and
- To recognize and use evaluation as a tool for learning and accountability.

Principles of accountability

The Board of Governors promotes, adheres to, and maintains the highest standards of ethical behaviour and transparency. Board members must act honestly, in good faith, and with a view to the best interests of IDRC. Board members adhere to the principles set in the Conflict of Interest Guidelines and must declare any potential conflict of interest at the beginning of each meeting.

IDRC is accountable to Parliament and to Canadians. The Chairperson of the Board reports for the Centre to Parliament through the Minister of International Development.

The Annual Report, including the Financial Statements and the Auditor General's Report, is tabled in Parliament by the Minister of International Development and an annual public meeting is held in Ottawa.

Board expertise

To conduct informed decision-making and stewardship, members of the Board, in combination, must possess the experience and skills to provide thoughtful and experienced counsel on a broad range of issues related to the Centre's mandate. The *IDRC Act* specifies that at least eight governors must have experience in the field of international development or experience or training in the natural or social sciences or technology. In addition to these requirements, a comprehensive competency framework provides the Board with ongoing insight into the skills the Board possesses collectively, and the skills the Board may require. The capacities and skills of Board members are reviewed on an ongoing basis to ensure that the Board conducts its work effectively.

Continuous learning and improvement are critical to the Centre's commitment to excellence. Orientation and education sessions are provided to governors on an ongoing basis to expand their knowledge of the Centre's operations, to identify emerging challenges and opportunities in the research for development environment, and to examine governance issues. Moreover, the Board reviews its performance on an annual basis for the purposes of assessing its effectiveness and improving its function. Board members are surveyed on the performance of the Board and its committees, as well as members' understanding of their own performance.

Membership

The Centre is a unique institution — established and supported by the Canadian Parliament, yet directed by a Board of Governors of up to 14 members, including the President and Chairperson, some of whom are international appointees.

The *IDRC Act* stipulates that a majority of Board members must be Canadian. The Chairperson and the President are appointed by the Governor in Council to hold office for terms of up to five years. The other governors are appointed for terms of up to four years. Retiring governors are eligible for re-appointment.

Governors are appointed by the Governor in Council following an open, transparent, and merit-based selection process. IDRC works closely with the Government to ensure that appointments are undertaken in accordance with this process.

The IDRC Board of Governors

(as at 31 March 2018)

MARGARET BIGGS
Chairperson
Ottawa, Ontario

CHANDRA MADRAMOOTOO
Vice-Chairperson
Montreal, Quebec

JEAN LEBEL
President
Ottawa, Ontario

MARY ANNE CHAMBERS
Thornhill, Ontario

DOMINIQUE CORTI
Montreal, Quebec and Milan, Italy

SOPHIE D'AMOURS
Quebec City, Quebec

SHAINOOR KHOJA
Vancouver, British Columbia and Dubai, UAE

JOHN McARTHUR
Vancouver, British Columbia and Washington D.C., USA

URI ROSENTHAL
Rotterdam, The Netherlands

BARBARA TRENHOLM
Fredericton, New Brunswick

Former Governors who served during the reporting period:

ALANNA BOYD
Toronto, Ontario

SCOTT GILMORE
Ottawa, Ontario

Function of the Board

In 2017–2018, the Board held seven meetings.

The Board works through specialized standing committees. Each Committee has its own Terms of Reference, and serves to address issues that require specific expertise. This structure ensures a more even distribution of workload, while allowing for the provision of more detailed advice to the whole Board on decision points concerning respective committees' areas of competence.

As part of its regular review of its corporate governance, and to adapt to changing demands, the Board of Governors undertook a revision of its committee structure and optimized mechanisms in support of its strategic and annual planning obligation. As a result of this exercise, the Strategy, Program Performance, and Learning Committee was created, while the mandates of other committees were reviewed.

As of March 31, 2018, IDRC's four Board committees are:

- Executive (Governance and Nominating) Committee: functions for the Board between regular Board meetings on urgent matters; ensures that the Board has a sound approach to corporate governance by monitoring the functions of the Board and implementing good corporate governance practices; and considers committee memberships.

IDRC's Board of Governors believes in a culture of ideas, questions, challenges, and the continuous process of learning.

- **Finance and Audit Committee:** provides oversight of IDRC's finance and audit functions; reviews and recommends management-proposed budgets and financial reports to the full Board; and provides oversight on the Centre's risk management and internal controls systems and practices.
- **Strategy, Program Performance, and Learning Committee:** supports the Board in fulfilling responsibilities with respect to the Centre's strategic and annual planning as well as performance monitoring.
- **Human Resources Committee:** considers and recommends the President's annual performance appraisals and agreements to the full Board, and deals with other human resources matters, such as proposed annual pay increases for IDRC employees.

Committee composition as of 31 March 2018 is as follows:

Executive (Governance and Nominating) Committee (met three times)
Margaret Biggs (Committee Chairperson), Mary Anne Chambers, Jean Lebel, Chandra Madramootoo, John McArthur, Uri Rosenthal, and Barbara Trenholm

Finance and Audit Committee (met six times)
Barbara Trenholm (Committee Chairperson), Alanna Boyd (until 26 March 2018), Mary Anne Chambers, and Scott Gilmore (until 26 March 2018)

Strategy, Program Performance, and Learning Committee (met two times)
John McArthur (Committee Chairperson), Alanna Boyd (until 26 March 2018), Scott Gilmore (until 26 March 2018), Shainoor Khoja, Jean Lebel, and Chandra Madramootoo

Human Resources Committee (met three times)
Mary Anne Chambers (Committee Chairperson), Dominique Corti, Sophie D'Amours, 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*:[1]

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

Centre Executives (as at 31 March 2018)

JEAN LEBEL, President

JOANNE CHARETTE, Vice-President, Corporate Strategy and Communications

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

FEDERICO BURONE, Acting Vice-President, Programs and Partnerships

TRENT HOOLE, Corporate Secretary and General Counsel

Former executives who served during the reporting period

STEPHEN McGURK, Acting Vice-President, Programs and Partnerships

Regional Directors (as at 31 March 2018)

FEDERICO BURONE
Latin America and the Caribbean Regional Office

ANINDYA CHATTERJEE
Asia Regional Office

KATHRYN TOURE
Regional Office for sub-Saharan Africa

SARWAT SALEM, Acting
Middle East and North Africa Regional Office

Former regional directors who served during the reporting period

SIMON CARTER
Regional Office for sub-Saharan Africa

KATHRYN REYNOLDS, Acting
Middle East and North Africa Regional Office

[1] Governors who are concurrently members of Canada's Public Service do not receive honoraria.

IDRC/BARTAY

IDRC's commitment to transparency and accountability

IDRC is accountable to Parliament and all Canadians for our use of public resources.
Here are some of the measures in place that help us meet the standards set by the Government of Canada for accountability and transparency.

CANADIAN PUBLIC

- *Strategic Plan 2015-2020: Investing in Solutions*
- Open access to information on research projects funded by IDRC
- Annual public meeting
- Proactive disclosure web pages (including annual report on travel and hospitality expenses for members of the Board of Governors and executives)
- Free full-text digital versions of all books IDRC publishes or co-publishes
- Evaluations of IDRC programming are publicly available through the IDRC Digital Library

GOVERNMENT AND REGULATORY BODIES

- Regulatory Requirements
    - Subject to the *Public Servants Disclosure Protection Act*
    - Subject to the *Canadian Multiculturalism Act*, the *Employment Equity Act*, and the *Official Languages Act*
    - Subject to the *Access to Information Act* and the *Privacy Act*
    - Subject to the *Canadian Environmental Assessment Act*
- Proactive screening of individuals and entities receiving funds, in accordance with Canada's legislative measures on trade and economic sanctions, as well as legislative measures against terrorists and terrorists groups
- Annual Report
- Quarterly financial reports
- Contributes to the audited consolidated financial statements of the Government of Canada
- Appearances before Parliamentary Committees
- Contributes information to Statistics Canada on social and natural science expenses
- Contributes information to the International Aid Transparency Initiative, including providing data to the Organization of Economic Cooperation and Development
- Contributes to the Government's report under the *Official Development Assistance Accountability Act*

EXTERNAL AUDIT OVERSIGHT

- Office of the Auditor General
    - Annual Attest Audit
    - Special Examinations

UN WOMEN/JOE SAAD

Management's discussion and analysis

CONTENTS

This Management's Discussion and Analysis (MD&A) provides a narrative discussion of the financial results and operational changes for the financial year ended 31 March 2018.

This discussion should be read alongside the Financial Statements provided on pages 38-55, which were prepared in accordance with International Financial Reporting Standards. All monetary amounts are presented in Canadian dollars unless otherwise specified.

Management applied the concept of materiality for guidance to determine the information to include in the MD&A. Information is considered material if it is probable that its omission or misstatement would influence decisions made by readers on the basis of the information presented.

Core business

As 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 the right stakeholders together to increase opportunities for impact, invest in knowledge that will result in large-scale positive change, and support the leaders for today and tomorrow.

The work of IDRC is directed by the *International Development Research Centre Act (1970)*, which aims "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's work is currently concentrated in three broad areas: Agriculture and Environment, Inclusive Economies, and Technology and Innovation.

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 organizations throughout the innovation process;
- promote networking among our grantees;
- facilitate the use and uptake of research, and encourage dialogue between researchers, policymakers, and business people.

IDRC recognizes that collaboration and networks are key to development impact. The Centre contributes to major Canadian government initiatives and delivers on Canada's international assistance priorities. IDRC works closely with our counterparts at Global Affairs Canada, and the senior management teams of the two organizations meet formally twice each year. The Centre also regularly collaborates with Canada's research granting councils — the Natural Sciences and Engineering Research Council, the Social Sciences and Humanities Research Council, and the Canadian Institutes of Health Research. IDRC's current Chairperson also serves on the Advisory Council of FinDev Canada, Canada's new development finance institution.

IDRC's approach to partnering is focused on collaborating with a wide variety of organizations, including government agencies, granting councils, the private sector, and philanthropic foundations. This approach complements IDRC's investments in research for development by deepening and broadening the reach of research results, increasing financial resources for research partners, and bringing innovations to scale to address the needs of developing countries. These donor partnerships describe either the consortium of donors that pool their funds at IDRC (co-funding) or that work in parallel to fund the same project or program (parallel funding).

Average grant duration:	Average grant value:
34 months	$734,808

(based on active grants as at 31 March 2018)

Parallel funding involves IDRC and other funders dealing directly with the same recipients to support the same IDRC-initiated projects. Parallel funds significantly increase the scope and impact of a research project. This type of funding is garnered due to the efforts of IDRC, the recipient, or as a combined effort between the organizations. In contrast to co-funding, the Centre does not manage parallel funding and therefore these funds are not accounted for as revenue.

IDRC's selection of funding recipients follows a robust process. Each proposal is assessed by experts on the basis of its scientific merit, risk, development impact, and the applicant's capacity (individual researchers and institutions). For complex research topics, IDRC often brings several recipients together to collaborate on a single research project. Complex projects will often involve multiple grant recipients, and each recipient must sign a grant agreement that provides the terms and conditions of the funding.

As outlined in the *IDRC Act*, the advisory and knowledge brokerage functions of the Centre are central to its business and overall corporate performance. Knowledge brokerage functions also support the strengthening of research capabilities of IDRC's research grant recipients. This component of IDRC's work forms part of our value to recipients and distinguishes us from other development assistance funders. IDRC believes that, where possible, providing support to enhance research capabilities is best done locally. As such, IDRC operates four regional offices across the developing world (see page 2) where our employees engage with research institutions to carry out IDRC's work.

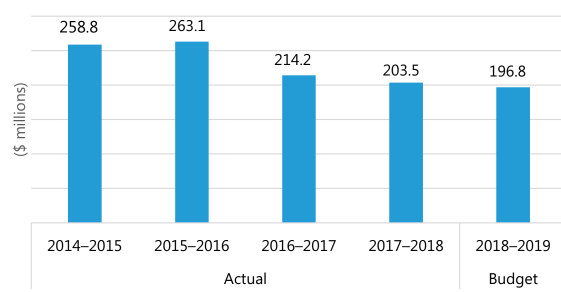
Capacity to deliver

Financial resources

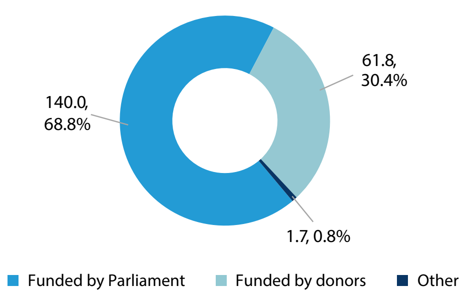
The Centre derives its funding from a parliamentary appropriation and from donor contributions received pursuant to co-funding agreements. Other sources of revenue are minimal.

The parliamentary appropriation is the most significant source of funds, and it allows the Centre to deliver on its mandate. The parliamentary appropriation consists of a recurring portion, which remains stable from year-to-year, and a non-recurring portion that can fluctuate. Revenues have decreased over recent years due to the scheduled end of a large non-recurring parliamentary appropriation funded project. The total parliamentary appropriation for 2017–2018 amounted to $140.0 million, which represents 68.8% of our revenues and 3% of Canada's international assistance budget.

Revenues



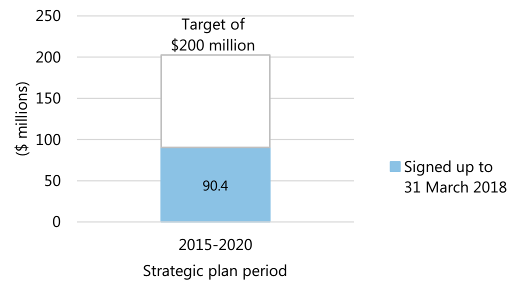
2017-2018 Revenue by source ($ millions)



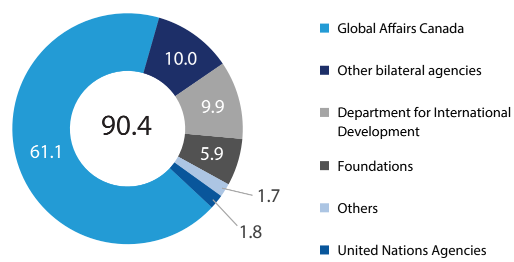
To complement the Canadian parliamentary appropriation, IDRC focuses on establishing co-funded or parallel-funded programs. This commitment to global cooperation is essential to effectively leverage the financial resources available to conduct research on the world's pressing issues. During the 2010–2015 strategic plan period, the value of new co-funding agreements surpassed $332 million.

Due to global events in recent years, the availability of funding for development research has decreased, and so too has the ability of organizations to work together on large-scale research initiatives. As such, the value of co-funding agreements signed during the 2015–2020 strategic plan period is expected to decrease. Since the beginning of the 2015–2020 strategic plan period, the Centre has signed $90.4-million worth of co-funding agreements, and we are on track to reach a revised target of $200 million in co-funding agreements.

Progress toward the 2015-2020 co-funding target

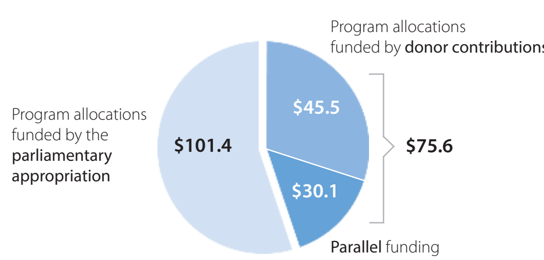


2015-2020 Co-funding agreements by donor ($ millions)



In 2017–2018, a total of $75.6 million was allocated in parallel funding and from donor contributions. Combined with the $101.4 million of program allocations funded by parliamentary appropriation, we have increased the total available funding for new projects by 75%.

2017-2018 Program allocations including parallel funding ($ millions)



How we work

The Centre takes a number of specific actions that form a roadmap to reach our goals. A key component is our Agenda for Action, which includes working alongside the private sector; communicating strategically; leveraging the Centre's international presence; being smart with resources; and investing in employee development.

Working alongside the private sector

The private sector is an essential component of economies around the world and a key partner in development and innovation. The SDGs identify the need to "strengthen the means of implementation and revitalize the global partnership for sustainable development" (SDG 17) by encouraging multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources to achieve development outcomes.

IDRC's collaboration with the private sector is informed by four strategic interventions that take into account the diversity of the private sector and IDRC's program-level objectives:

(1) To develop and grow new markets for tested proof of concept innovations that target food security in poor economies, IDRC collaborates with micro, small, and medium-sized firms from these economies;

(2) To bring research results and innovations to scale, IDRC collaborates with national and multinational corporations that can leverage technical expertise, infrastructure, and data;

(3) To strengthen the visibility and social impact of research results, IDRC works with business-facing intermediaries to facilitate joint efforts with multinational and national corporations;

(4) To expand the visibility and influence of research results in high-level international private sector agendas, IDRC participates in select international fora.

The Centre developed a number of relationships with the private sector in 2017-2018, including an innovative collaboration with Ericsson Response, a volunteer initiative of the global information and communication technology giant Ericsson. Led by the research team at the University of the West Indies, we will work together to help improve Dominica's preparedness for climate change and natural disasters.

Devastated after Hurricane Maria battered the island in September 2017 (above), Dominica was cut off from communications as the country struggled to deal with the destruction. Approximately 90% of structures on the island were damaged or destroyed, and residents were cut off from water, food, and electricity.

PUERTO RICO NATIONAL GUARD

Working with technology specialists from Ericsson, the research team will assess the current situation and anticipated needs for planning early disaster warning systems, seek technological solutions, and propose appropriate policies. At the end of the project, the targeted Dominican communities will have accessible location and time-specific information on climate-related hazards that will be used by government agencies and communities to plan and prepare in the short and long term. These communities will be connected to communication networks (cell, radio, and Internet), primarily through local schools serving as resilience hubs that deliver and transmit appropriate information and warnings.

Leveraging the Centre's international presence

IDRC maintains four regional offices across the developing world that work closely with the communities they serve. At 31 March 2018, IDRC had four overseas offices in Cairo, Egypt; New Delhi, India; Nairobi, Kenya; and Montevideo, Uruguay.

Global employees work closely with Canada's missions abroad and contribute substantially to the relevance and effectiveness of the Centre's programming. This is particularly the case because of their ability to connect solutions with local actors, identify and support leaders, and foster multi-sectoral collaboration. Of the Centre's 368 positions, 91 are located in our regional offices, 55 of which are occupied by locally hired employees.

While IDRC has adopted a common structure for regional offices, each operates in a distinct context with diverse opportunities and unique constraints. The efficacy of different types of collaborations vary between the regions. This is especially the case for government agencies, which are important to IDRC because of their role in using research results in public policy or in scaling up solutions in a country or region.

In certain countries, the activities of outside organizations are subject to increasing levels of scrutiny, with a variety of implications ranging from project approvals to corporate reputation. IDRC must continue to monitor and manage political and cultural sensitivities related to research on particular topics, and ensure that it can operate efficiently in the regions.

IDRC has been working at strengthening already strong relations with the government of India. A new Memorandum of Understanding signed in February 2018 will enable IDRC to continue supporting important research in India and throughout Asia.

Communicating strategically

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

In the past year, we organized or supported 39 public events in Canada and around the world. These included prestigious internationally focused events such as COP23 in Bonn, Germany, and hosting the Science Writers and Communicators of Canada conference in Ottawa (above right), where more than 150 science journalists and communicators gathered to explore emerging trends and their changing roles in an evolving media landscape.

Building public awareness of IDRC, the research it supports, and the challenges that research is addressing in developing countries are ongoing objectives for the Centre. IDRC commissioned an analysis of traditional media to enhance the Centre's understanding of the current and future challenges on the media landscape, including declining audiences, advertising dollars, and newsroom budgets that have slashed the number of working journalists.

IDRC is innovating to meet these challenges by expanding collaborations with media outlets and creating mechanisms for capacity-building in science communications and journalism. For instance, the Centre provided travel fellowships to six journalists from low and middle-income countries to attend the World Conference of Science Journalists in San Francisco, which offered networking and capacity-building opportunities.

IDRC continued to profile its innovative research results to the Canadian public through partnerships with *Canadian Geographic*, *Québec Science*, and *L'actualité*. Collaborating with these trusted Canadian publications resulted in 17 in-depth articles that reached approximately 1.4 million Canadians, including teachers and educators, both online and offline. Twelve lesson plans based on the *Canadian Geographic* articles targeted students from grades 7 to 12. These were shared with more than 20,000 teachers and used in classrooms across the country.


IDRC

IDRC also 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 Digital Library.

A continued focus in 2017-2018 was expanding the use of social media by the Centre's regional offices and using video to enhance engagement with audiences. By highlighting campaigns related to international theme days/weeks and incorporating more videos and infographics, we increased our global Twitter following by 24% and our Facebook engagement by 125%. Our regional accounts witnessed their best performing year to date — their content was seen 58% more than last year.

A key factor in this year's overall increase in engagement was the production of five videos that generated nearly 620,000 views — roughly the same number of views generated on YouTube in the last 10 years combined. IDRC's Klout score, a measure of online social influence, earned an average of 62 (the global average is 40), maintaining IDRC's social media presence in the world's top 5% of social influencers.

Significant enhancements were also made to IDRC's website. In November, a redesigned visual presentation was launched, emphasizing rich imagery and stories. New and repackaged stories of impact have been read collectively almost 15,000 times. In March, a new faceted search feature was launched in order to simplify finding and sharing information on idrc.ca.

Being smart with resources

Maximizing the Centre's resources through careful planning, acting on efficiencies, and adapting our processes for new opportunities will guarantee greater impact for our work. An important accomplishment in 2017–2018 was the deployment of a performance management tool that allows IDRC to capture, measure, and evaluate program performance and key performance indicators.

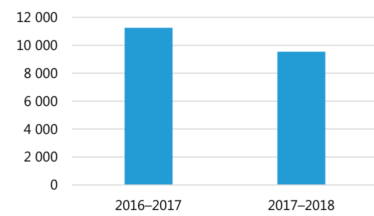
IDRC created a cloud-based digital asset management system that stores more than 8,000 photos and videos. The Centre also redesigned its Intranet, which leveraged its SharePoint platform and further simplified the IT infrastructure. With continued efficiency goals in mind, a project management office was established in the Information Management and Technology Division (IMTD) to help manage and track projects related to information management.

IMTD continued the streamlining of various administrative processes through the implementation of specific solutions and with automated electronic workflows. This resulted in simpler, faster, and more efficient approvals in procurement, accounting, administration, and human resources, including the launch of the new SharePoint-based travel authorization application.

Being smart with resources also means optimizing space and reducing paper usage. Indeed, IDRC has a "digital by default" model to decrease paper-based operations and business processes. We continued our activities to digitize physical records required to comply with legislative and regulatory requirements at our head office.

IDRC provides developing country grantees and Centre employees with access to global journal content that is not always available open access. This access improves the relevance of literature searches, avoids replicating previous research, and permits alignment with, or opposition to, current international lines of work. Through paper authorship and citation searches, grantees and employees can also uncover rich networks of research contacts. As more information becomes available through open access, we expect to see a declining number of document requests. The IDRC Digital Library is one of the largest in the world focused on development research. It provides open access to a current, comprehensive, and multilingual collection of research results and documents generated by IDRC-funded projects and IDRC employees.

Research database documents delivered



Diversity of IDRC's head office employees

Women	Visible minorities	Persons with disabilities	Aboriginal
64.9%	**23.6%**	**2.6%**	**1.4%**

(based on IDRC's 2017 *Employment Equity Act* reporting)

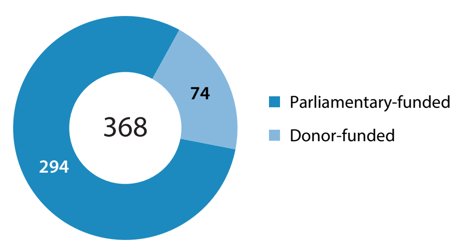
Centre management

Senior staff	Women	Men
21	11	10

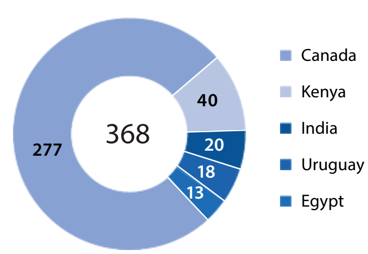
Investing in our people

IDRC's success is dependent on our people, and the diversity of our workforce is a major strength. Our international and multilingual employees — 35% of whom speak French as a first language — are highly qualified in their areas of expertise. Their extensive knowledge of particular geographic areas enables them to engage effectively with grant recipients in framing research problems, improving research designs, and selecting and implementing research methods. This helps the organization improve its understanding of development challenges, identify opportunities for innovation and impact, and invest in solutions.

IDRC's workforce by funding source



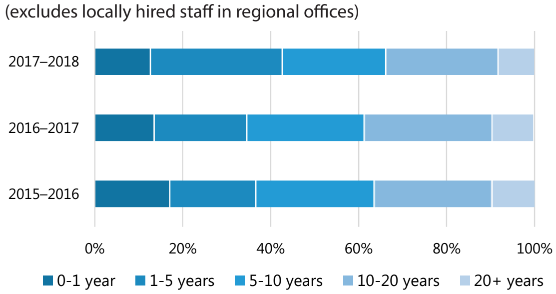
IDRC's workforce by location



IDRC's talent management strategy enables the organization to attract, develop, engage, and retain the competent and committed people necessary to help IDRC achieve its strategic objectives. As part of its strategy, the Centre started to build on its new competency framework in 2017–2018, which assists in determining talent needs, assessing and developing talent within the Centre, and evaluating and acquiring new talent. Consultations with senior management were held to gain their input and validation of core competencies for the leadership job family. The Centre's onboarding program for management and program professionals was revised, and mentoring and peer learning was defined and promoted. To encourage continuous improvement, workshops on developing talent and improving performance were offered to all managers.

In addition to IDRC's talent management strategy, IDRC invested 1.1% of its payroll in employee development. These combined efforts contributed positively to employee retention and employee development, which is key given that 43% of IDRC's employees have less than five years of service.

Employee tenure
(excludes locally hired staff in regional offices)



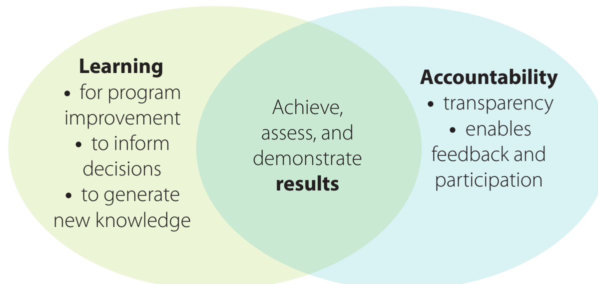
IDRC conducted a mental health and workplace well-being employee survey this year that had a 77% response rate. A series of meetings were held to share the findings with employees and to engage them in discussions to enrich analysis of the results. A working group has been established — equally represented by senior management and employees — to develop an action plan based on these discussions. Measures to address immediate priorities will be undertaken in parallel with the action plan development process. Awareness raising and training sessions on bullying, harassment, and discrimination are being planned. Management is also developing its own action plan to increase transparency and build a respectful workplace, which started with a leadership forum focused on rebuilding trust and respect with all employees.

In November 2015, a union was certified to represent non-management employees at the Centre. At the end of the financial year, the negotiations towards a first collective agreement with the Public Service Alliance of Canada were still ongoing.

Evaluation

High-quality evaluation is an important tool for ensuring effective use of public funds and for documenting and assessing results. Evaluation also helps us realize our goals. IDRC conducts evaluations to strengthen the processes and results of the research we support, and to increase our understanding of the contribution of research to development. Evaluations at IDRC contribute to learning and accountability and are conducted at the organizational, program, and individual project levels.

Strengthened results of IDRC programming



At IDRC, evaluations are framed in terms of utility. They should have an intended user and a clear purpose for accountability, decision-making, and learning for program improvement. Evaluation strengthens the Centre's capacity to be results-oriented, reflective, and questioning; to articulate values; and to use evidence to test assumptions and make decisions. More broadly, evaluation generates knowledge about research and development.

IDRC's commitment to high-quality evaluation ensures the best available evidence is accessible for decision-making. Evaluations provide opportunities for feedback about the quality and relevance of the Centre's work from diverse perspectives, including stakeholders in developing countries.

IDRC completed eight evaluations during the year, primarily focused on programming funded in partnership with other donors. For instance, as part of its learning process, the Centre commissioned a mid-term evaluation of the five-year Growth and Economic Opportunities for Women (GrOW) program. This evaluation assessed how GrOW was positioned to achieve its intended outcomes along with the quality of its research, and gauged the success of its capacity-building efforts. Overall, the GrOW program was found to be moderately well-positioned to achieve its outcomes. It was seen to add value and have the capacity to generate a strong body of evidence to address gaps in the broader field of women's economic empowerment related to inclusive growth and to build in-country research capacity. Limited evidence was found with regard to influencing policy and policy uptake, and this was noted as an area needing further improvement.[1]

[1] Universalia (2017). *GrOW Formative Evaluation for Mid-term Review: Final Report*.

The Centre also supports IDRC grantees in commissioning evaluations of their projects. For example, this year IDRC supported grantees in commissioning the evaluation of the Maternal and Child Health program on "Improving Maternal and Prenatal Care for Ethnic Minorities in Vietnam", among others.

We work to strengthen evaluation practice for our employees, grantees, and the wider international development community. This year, in collaboration with BetterEvaluation, IDRC supported the development of the publicly available and interactive *Program Manager's Guide to Evaluation*. IDRC employees and grantees may use this guide for managing an evaluation conducted by external or internal evaluators.

Risks

Internal audit is a key element of IDRC's accountability structure and integrated risk management processes. Its purpose is to provide independent and objective assurance and advice designed to add value and to 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. The plan evaluates the efficiency and effectiveness of governance, risk management, and internal controls.

Beginning in 2015, IDRC embarked on a multi-year risk transformation exercise. Substantial improvements came to fruition this year, resulting in a strong risk management program that supports the achievement of the *Strategic Plan 2015–2020* and enhances performance and outcomes.

Risk management is a shared responsibility among Centre managers and is integrated into all significant business processes. Management is committed to a continuous, proactive, and systematic approach to risk management, which is 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 key risks faced by the Centre at 31 March 2018 are listed in the table below.

STRATEGIC RISK	Risk level	Risk response strategies and actions
Delivering results Given that the level of financial resources available to IDRC is not increasing, there is a risk that IDRC will not be able to deliver on the *Strategic Plan 2015–2020* and achieve the planned development outcomes.	HIGH	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. Various cost containments have been implemented to optimize resources without significantly impacting programming. Due to a global market slowdown, the availability of funding for development research has decreased in recent years. As such, the co-funding target was revised from $450 million to $200 million to reflect the current and anticipated development research funding prospects.
Decision-making and influence If performance monitoring, measurement, and communication of results does not meet the needs of management, there is a risk that the Centre's ability to make strategic decisions and influence positive change is compromised.	MEDIUM	A program performance monitoring system was launched in mid-2017. This information system is based on a *Performance and Learning Report* model that supports decision-making. A quarterly dashboard, annual progress reports, plans, and budgets form part of a robust corporate framework to report results to the Board of Governors.

OPERATIONAL RISK	Risk level	Risk response strategies and actions
Health, safety, and security Given that IDRC operates in complex, challenging, and changing environments, there is a risk that the health (psychological and physical), safety, and security of employees could be compromised.	MEDIUM	IDRC closely monitors and mitigates security situations in its regional office locations, as well as in countries where employees travel to deliver programs. Management approaches include intelligence gathering, procedures, preparedness plans, and employee training in the areas of health, safety, and security when travelling.
Program implementation and results Significant changes to public policies, regulations, and processes are constantly occurring where IDRC supports research, which could impact the operating environment. This presents the risk that the implementation of programming and achievement of results could be affected.	LOW	Various intelligence gathering efforts take place to understand and assess changes to the external landscape. This information is considered in the daily operations of the Centre.

ORGANIZATIONAL RISK	Risk level	Risk response strategies and actions
Our people If IDRC is not successful with succession planning, recruitment, engagement, and retention, there is a risk that IDRC's ability to achieve the strategic objectives and priorities is hindered.	MEDIUM	Management is developing recruitment strategies. It also reviews and updates the succession plan annually. Policies, systems, and practices continue to be reviewed to foster an environment that supports a diverse and inclusive work environment free from barriers. Onboarding and mentoring are provided to new employees. Management and employees are actively engaged in identifying solutions to address concerns raised as part of the mental health and workplace well-being survey.

Results and outlook

Table 1 presents an overview of selected financial information, including revenues and expenses. A detailed analysis of each is provided under the revenues and expenses portion of this discussion.

TABLE 1: SUMMARY OF SELECTED FINANCIAL INFORMATION

	2016–2017	2017–2018				2018–2019
($000)	Actual	Original budget	Revised budget	Actual	Variance	Budget
Statement of comprehensive income items						
Revenues	**214 198**	**207 054**	**205 930**	**203 496**	**(2 434)**	**196 833**
Parliamentary appropriation	147 474	138 706	139 952	139 952	-	139 338
Donor contributions	64 429	67 782	65 102	61 791	(3 311)	56 751
Investment and other income	2 295	566	876	1 753	877	744
Expenses	**205 870**	**216 933**	**215 746**	**205 706**	**(10 040)**	**203 470**
Development research programming	186 059	199 164	196 411	185 869	(10 542)	185 163
Corporate and administrative services	19 811	17 769	19 335	19 837	502	18 307
Net results of operations	8 328	(9 879)	(9 816)	(2 210)	7 606	(6 637)
Statement of financial position items						
Cash	70 884	n/a	n/a	78 782	n/a	n/a
Accounts receivables and prepaid expenses	7 766	n/a	n/a	2 620	n/a	n/a
Deferred revenue	45 820	n/a	n/a	42 198	n/a	n/a
Equity	26 167	16 288	16 350	23 957	7 607	17 320
Project management items						
Allocations funded by parliamentary appropriation	93 140	98 000	101 200	101 433	233	96 000
Allocations funded by donor contributions	27 582	45 669	51 074	45 519	(5 555)	38 517

2017–2018 revised budget

The 2017–2018 original budget in Table 1 was approved by the Board of Governors prior to the beginning of the financial year and presented in the *Annual Report 2016–2017*. In the first half of the year, the budget was revised to reflect the most current information available. The revision decreased budgeted revenues and expenses by $1.1 million.

Revenues

The Centre derives its revenues from a parliamentary appropriation, donor contributions, and other sources. The parliamentary appropriation is included here with revenues for discussion purposes, as the intent of the appropriation is to contribute to the operations of the Centre. On the statement of comprehensive income, the parliamentary appropriation is presented separately, immediately after the cost of operations, in a manner consistent with the International Financial Reporting Standards.

TABLE 2: REVENUES

	2016–2017	2017–2018				2018–2019
($000)	Actual	Revised budget	Actual	Variance	% change actual [a]	Budget
Parliamentary appropriation	147 474	139 952	139 952	-	(5.1%)	139 338
Donor contributions	64 429	65 102	61 791	(3 311)	(4.1%)	56 751
Investment and other income	2 295	876	1 753	877	(23.6%)	744
Total revenues	**214 198**	**205 930**	**203 496**	**(2 434)**	**(5.0%)**	**196 833**

[a] % change actual in 2017–2018 over 2016–2017.

Parliamentary appropriation revenue

The parliamentary appropriation is allocated to the Centre in support of the delivery of its mandate. The Centre's funding is part of Canada's International Assistance Envelope. The parliamentary appropriation decreased by 5.1% to $140.0 million from $147.5 million in 2016–2017. This decrease is linked to the scheduled end of the Development Innovation Fund for Health (DIF-H) initiative on 31 March 2017.

TABLE 3: USE OF THE PARLIAMENTARY APPROPRIATION RECEIVED

($000)	2016–2017 Actual	2017–2018 Actual	2018–2019 Budget
Total expenses	**205 870**	**205 706**	**203 470**
Minus:			
Donor-funded expenses	64 429	61 791	56 751
	141 441	143 915	146 719
Replenishment of financial reserve	1 083	2 634	-
Appropriation used for purchase of property, equipment, and intangibles	2 860	479	700
Total funding requirement	**145 384**	**147 028**	**147 419**
Parliamentary appropriation	147 474	139 952	139 338
Unused (shortfall) appropriation	**2 090**	**(7 076)**	**(8 081)**

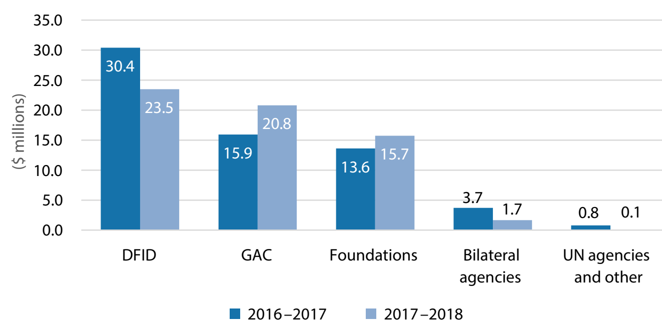
The total funding requirement for the 2017–2018 financial year was $7.1 million higher than the parliamentary appropriation received. This year's shortfall, like the one planned for 2018–2019, is funded by unrestricted equity and revenue sources other than the parliamentary appropriation.

Donor contribution revenues

Donors contribute to either research programs or specific projects. In both cases, funds are received pursuant to a co-funding agreement and recognized as donor contribution revenue over the life of the agreement. Donor contributions, always received in advance, are recognized as revenue when 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 administrative costs and the administrative cost recovered (or not) from donors.

Donor contribution revenues decreased by 4.1% to $61.8 million from $64.4 million in 2016–2017 and were $3.3 million lower than budgeted (see Table 2). The development research programming expenses section on pages 32-33 provides information on the variances. The distribution of the revenues from donor contributions, in dollar terms, is shown in Figure 1.

FIGURE 1: REVENUES FROM DONOR CONTRIBUTIONS [a]



[a] Expended on development research programming and administrative costs.

DFID: Department for International Development (UK)
GAC: Global Affairs Canada

Donor contribution revenues include the recovery of administrative costs associated with the donor's share of funding. The recovery is related to expenses that enable capacity-building and internal services in support of the projects. These 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 (for example, overhead) in its administrative cost recovery from donors.

Revenue outlook

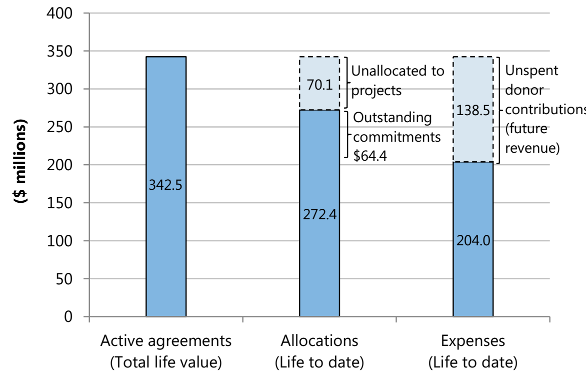
The Centre's appropriation from Parliament is anticipated to be $139.3 million in 2018–2019, slightly lower than in 2017–2018.

In 2018–2019, as a number of co-funding agreements come to an end, donor contribution revenues are budgeted to decrease to $56.8 million. A significant portion of this amount is expected to come from co-funding agreements signed and ongoing at 31 March 2018, of which Global Affairs Canada, the UK Department for International Development, The William and Flora Hewlett Foundation, and the Bill & Melinda Gates Foundation will represent the largest portion (81%).

In 2017–2018, the value of the co-funding agreements signed amounted to $13.2 million, bringing the total signed since 2015 to $90.4 million. Management foresees the value of new co-funding agreements signed in 2018–2019 to be approximately $60.0 million, leaving about $50.0 million to be signed in 2019–2020 to reach the target of $200 million in IDRC's *Strategic Plan 2015–2020*.

As at 31 March 2018, the Centre manages co-funding agreements valued at $342.5 million (see Figure 2). Of this amount, $204.0 million was spent as at 31 March 2018, leaving a balance of $138.5 million to be spent over the remaining life of the agreements. Signing new co-funding agreements replenishes this unspent portion, which represents donor contribution revenue for the upcoming three to five years. Figure 2 also shows that $70.1 million of the active co-funding agreements remain to be allocated to specific research projects, which follows the typical cycle of development research programming activities.

FIGURE 2: STATUS OF DONOR CONTRIBUTION AGREEMENTS AS AT 31 MARCH 2018



Expenses

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

TABLE 4: EXPENSES

($000)	2016–2017 Actual	2017–2018 Revised budget	2017–2018 Actual	2017–2018 Variance	% change actual [a]	2018–2019 Budget
Development research programming						
Research projects funded by parliamentary appropriation	88 262	95 641	88 783	(6 858)	0.6 %	93 325
Research projects funded by donor contributions	53 319	53 088	50 433	(2 655)	(5.4%)	44 457
Enhancing research capabilities	44 478	47 682	46 653	(1 029)	4.9 %	47 381
	186 059	**196 411**	**185 869**	**(10 542)**	**(0.1%)**	**185 163**
Corporate and administrative services	**19 811**	**19 335**	**19 837**	**502**	**0.1 %**	**18 307**
Total expenses	**205 870**	**215 746**	**205 706**	**(10 040)**	**(0.1%)**	**203 470**

[a] % change actual in 2017–2018 over 2016–2017.

Development research programming expenses

The expenses for development research programming remained stable with only a minimal decrease of 0.1% in 2017–2018 to $185.9 million, down from $186.1 million in 2016–2017.

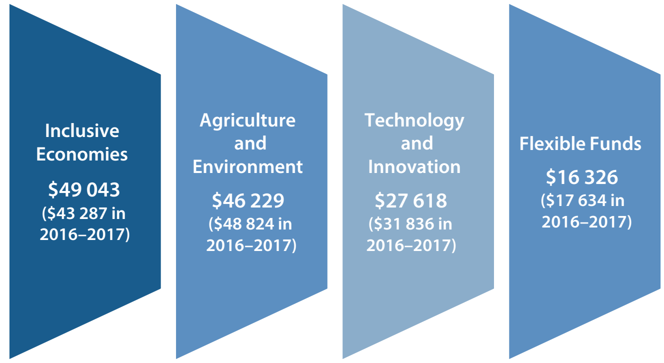
Research projects reflect the direct costs of scientific and technical research projects funded by the Centre as part of its ongoing programs. Most of these projects are carried out by independent institutions with the aid of research grants. Other project activities — just over 5% — are carried out 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 2017–2018, research project expenses funded by the parliamentary appropriation increased by 0.6% to $88.8 million from $88.3 million in 2016–2017. When compared to the 2017–2018 budget, the expense levels were $6.9 million lower than the budgeted amount. This was due to a combination of new project approvals taking place too late in the financial year for subsequent commitment and expenses to occur, combined with delays in receiving project deliverables from the recipients.

Research project expenses funded by donor contributions decreased by 5.4% to $50.4 million from $53.3 million in 2016–2017 (see Table 4), $2.7 million lower than budgeted. The variance with the budget is inherent to the unpredictability of recipient performance and delivery of the milestones on which payments depend. In spite of close monitoring by the Centre, some of the research project disbursements, especially in large and complex multi-year programs, did not occur at the time foreseen when the budget was prepared.

Figure 3 provides an overview of the total research project expenses by program area, including those funded by the parliamentary appropriation and by donor contributions.

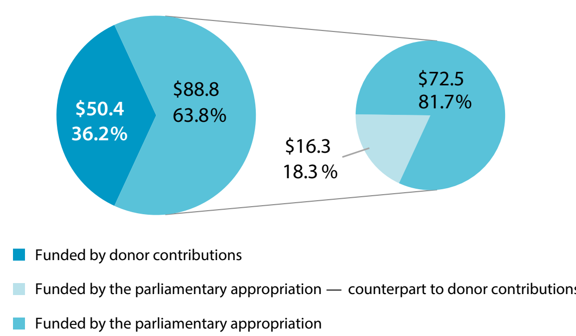
Inclusive Economies consists of programming in Employment and Growth, Governance and Justice, the Think Tank Initiative, and Maternal and Child Health. Agriculture and Environment includes Agriculture and Food Security, Climate Change, and Food, Environment and Health. Technology and Innovation includes Foundations for Innovation and Networked Economies. Flexible funds allow for innovation in programming and responses to unexpected opportunities that further corporate priorities.

FIGURE 3: RESEARCH PROJECT EXPENSES BY PROGRAM AREA ($000)



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 the parliamentary appropriation, a significant portion ($50.4 million or 36.2%) is funded by donor contributions. Donor contributions are always made in a co-funding modality with the Centre, which required a Centre contribution of $16.3 million in 2017–2018 (see Figure 4), or 18.3% of all Parliament-funded research project expenses. The Centre's counterpart funding normally ranges between 15 to 20% of total development research project expenses funded by the parliamentary appropriation. For the 2017-2018 financial year, every dollar from IDRC's counterpart contribution to co-funded research projects was matched by 3.1 donor dollars.

FIGURE 4: DEVELOPMENT RESEARCH PROJECT EXPENSES IN 2017-2018 ($ millions)



Enhancing research capabilities represent the advisory and knowledge brokerage functions of the Centre that are central to its business and to overall corporate performance. Actual expenses increased by $2.2 million compared to the previous year due to higher salaries and benefits, given that there were fewer vacant positions throughout the year. Actual expenses were $1.0 million lower than budgeted. Half of this budget variance is from savings in salaries and benefits due to delays in hiring employees working on co-funded projects and programs, with the remaining variance caused by less travel than originally planned and fewer professional services being used.

Corporate and administrative service expenses

Corporate and administrative services 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 include the services provided by information technology, human resources, finance and administration, as well as corporate functions such as legal services, risk management, and internal audit (see Corporate services in Figure 5).

Corporate and administrative services expenses were stable compared to last year, yet higher than budgeted by $0.5 million (see Table 4) due to a non-recurring provision for a contingent liability in regional office operations. Excluding this cost and a mandatory one-time employer contribution toward the Public Service Pension Plan, actual expenses decreased when compared with the previous year as a result of cost saving measures introduced in prior years.

FIGURE 5: CORPORATE AND ADMINISTRATIVE SERVICES EXPENSES

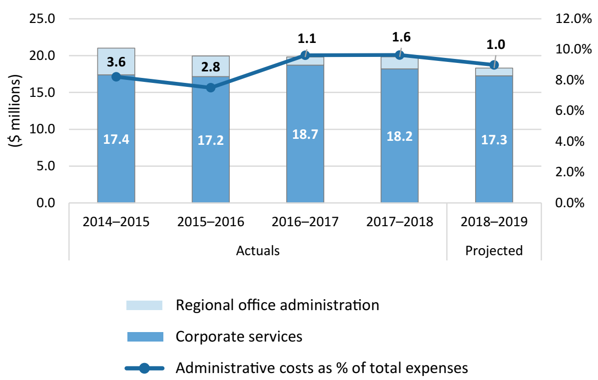


Figure 5 shows a recent steadiness in corporate and administrative services in both absolute and relative terms — remaining at 9.6% of total expenses in 2016–2017 and 2017–2018. The corporate and administrative services cost ratio is expected to decrease to 9.0% of total expenses in 2018–2019 as administrative expenses continue to reap the benefits of cost saving measures implemented in prior years. The 2018–2019 budget for corporate and administrative services is $18.3 million, a decrease of $2.7 million (or 13%) from the 2014–2015 level (see Figure 5). Management aims to maintain administrative costs in a range from 8% to 12% of total expenses.

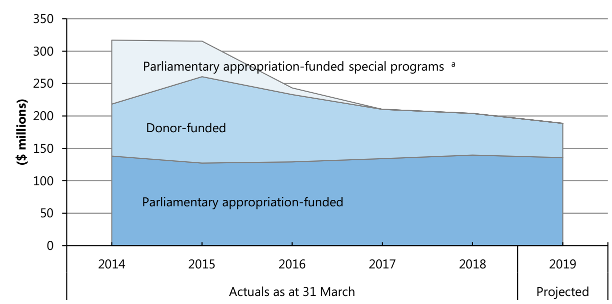
Expenses outlook

The 2018–2019 financial year is the fourth 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 decrease by 1% to $203.5 million, compared to actual expenses of $205.7 million in 2017–2018.

Development research programming expenses are expected to be $185.2 million, slightly lower than in 2017–2018.

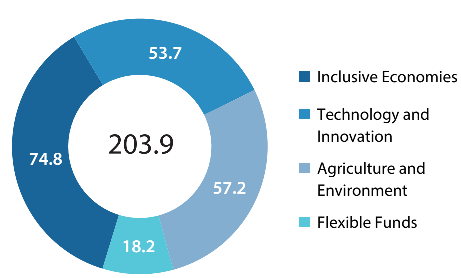
As at 31 March 2018, the Centre is committed to disburse up to $203.9 million for development research programming activities over the next five years. These commitments are subject to funds being provided by Parliament and by donor partners and, with few exceptions, to recipients' compliance with the terms and conditions of their grant agreements. 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 the parliamentary appropriation remains relatively stable over time. The Centre continuously monitors the level of outstanding commitments funded by the parliamentary appropriation to ensure it remains proportionate to the level of the recurring annual appropriation.

FIGURE 6: OUTSTANDING COMMITMENTS ON RESEARCH PROJECTS



[a] Special programs are funded from the non-recurring portion of the Centre's parliamentary appropriation. From 2013–2014 to 2016-2017 this included the DIF-H.

FIGURE 7: OUTSTANDING COMMITMENTS BY PROGRAM AREA (AT 31 MARCH 2018) ($ millions)

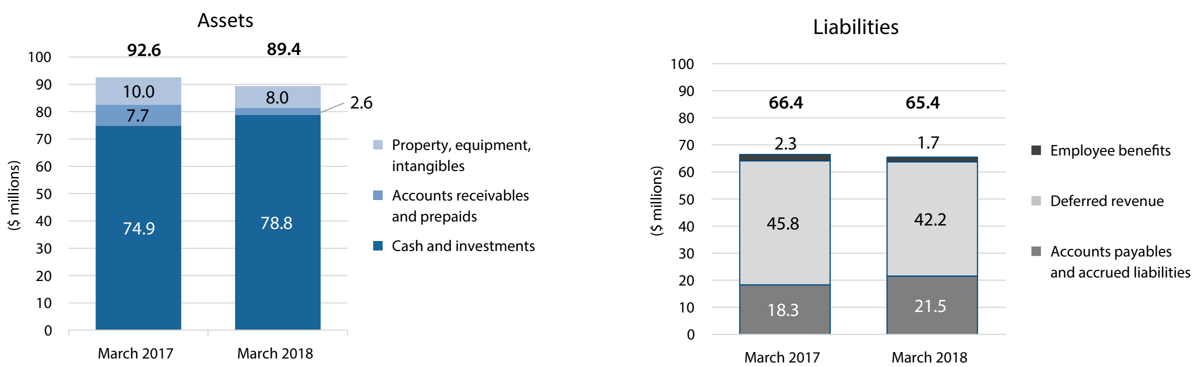


For 2018–2019, the Centre will continue to identify ways to minimize increases to costs. There will be a focus on identifying business process changes that can simplify and streamline operations while leveraging the use of new systems and technologies implemented in recent years. The corporate and administrative services expenses are expected to decrease to $18.3 million as a result of the consolidation of office space in Ottawa and two regional offices, as well as reductions in software licencing costs resulting from the 2016 replacement of the financial and grant administration systems and subsequent decommissioning of the old ones.

Financial position

The Centre's financial position at the end of the financial year 2017–2018 is sound and shows an adequate level of assets, liabilities, and total equity. During the year, the reserved equity played its intended role of safeguarding the financial position of the Centre against fluctuations in the timing of program expenses.

FIGURE 8: ASSETS AND LIABILITIES



Total assets decreased by 3.5% to $89.4 million from $92.6 million in 2016–2017. The decrease in assets is mainly due to an expected reduction in property, equipment, and intangible assets, and fewer accounts receivable. These decreases are partly offset by a higher cash balance.

Total liabilities decreased by 1.5% to $65.4 million from $66.4 million as at 31 March 2017. Accounts payable and accrued liabilities increased by $3.2 million year-over-year, which is mainly due to higher end of year accruals for operational and project activities, as well as the non-recurring provision for a contingent liability in regional office operations. Although accounts payable and accrued liabilities increased, employee benefits and deferred revenue liabilities for projects and programs funded by donor contributions decreased, resulting in an overall decrease in liabilities. The employee benefits amount represents the non-current portion. The current portion of employee benefits is included within accrual liabilities.

TABLE 5: EQUITY

	2016–2017	2017–2018			2018–2019	
($000)	**Actual**	**Revised budget**	**Actual**	**Variance**	**Budget**	**% change actual [a]**
Unrestricted	8 793	592	5 937	5 345	-	(32.5%)
Restricted	1 225	1 225	1 255	30	1 255	2.4 %
Net investments in capital assets	10 009	8 358	7 991	(367)	6 291	(20.2%)
Reserved	6 140	6 175	8 774	2 599	9 774	42.9 %
Total equity	**26 167**	**16 350**	**23 957**	**7 607**	**17 320**	(8.4%)

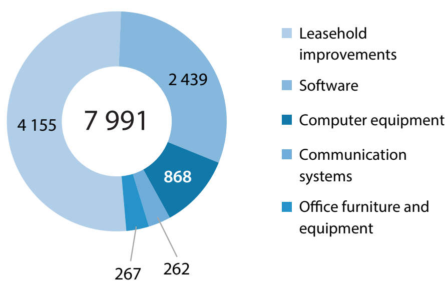
[a] % change actual in 2017–2018 over 2016–2017.

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

The **restricted** equity for special programs and operational initiatives is stable at $1.3 million. Restricted equity represents funds for the John G. Bene Fellowship ($1.2 million) and funds received for the David and Ruth Hopper & Ramesh and Pilar Bhatia Canada bursaries ($0.1 million).

The $8.0 million **net investments in capital assets** segregates the portion of the equity representing the Centre's net investments in capital assets. This portion of equity matches the value of property, equipment, and intangible assets as reported in the statement of financial position. The year-over-year decrease is related to amortization and depreciation exceeding capital asset purchases. The net investments in capital assets are broken down by type of asset in Figure 9.

FIGURE 9: CAPITAL ASSETS ($000)



The Centre increased its **reserved** equity to $8.8 million at 31 March 2018. The reserve equity is important for several reasons: to protect the Centre against the evolving funding modality and nature of the programming; to absorb fluctuations in the disbursement of outstanding research project commitments, which are dependent on the performance of recipients; and to fund initiatives outside of normal operations as well as future investments in property, equipment, and intangibles. The reserved equity sets aside 4% of the recurring portion of the annual parliamentary appropriation (of $136.8 million) as protection for research project expenses and other significant financial fluctuations. The closure amount also includes $1.3 million for future upgrades of key corporate systems as well as $2.0 million for future leasehold improvements of the head office space, the lease of which will end in 2022.

The **unrestricted** equity represents the residual balance of equity after the allotments to restricted and reserved equity. Although the unrestricted equity has decreased to $5.9 million from $8.8 million in 2016–2017, it is higher than budgeted due to delays in project payments (see Expenses section on page 32).

Financial position outlook

Total equity is projected to decrease to $17.3 million at the end of 2018–2019, with the restricted equity remaining stable through the end of the year. The change in net investment in capital assets (by $1.7 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 may fluctuate throughout the year, but will increase to $9.8 million at the end of 2018–2019 due to provisioning at least an additional $1.0 million for future leasehold improvements for the head office space. The unrestricted equity is expected to reduce to zero by 31 March 2019.

Business performance highlights

Total number of new grants	
Actual 2016-2017 **167**	Actual 2017-2018 **184**

Total number of new projects	
Actual 2016-2017 **199**	Actual 2017-2018 **221**

Corporate and administrative services cost ratio		
Actual 2016-2017 **9.6%**	Actual 2017-2018 **9.6%**	Target 2017-2018 **9.0%**

Value of co-funded agreements signed	
Actual 2015-2018 **$90.4 million**	Target 2015-2020 **$200.0 million**

Number of parallel funding agreements	
Actual 2015-2018 **18**	Target 2015-2020 **25**

Historical review

($000)	Actual				Budget
	2014–2015	2015–2016	2016–2017	2017–2018	2018–2019
Statement of comprehensive income					
Revenues					
Parliamentary appropriation — Recurring	136 006	136 006	136 006	136 838	136 838
Parliamentary appropriation — Non-recurring	54 018	47 472	11 468	3 114	2 500
Donor contributions	66 809	77 267	64 429	61 791	56 751
Investment and other income	2 013	2 354	2 295	1 753	744
	258 846	263 099	214 198	203 496	196 833
Expenses					
Development research programming					
Research projects funded by parliamentary appropriation	135 039	137 868	88 262	88 783	93 325
Research projects funded by donor contributions	55 968	65 545	53 319	50 433	44 457
Enhancing research capabilities	42 945	42 419	44 478	46 653	47 381
Development research programming	233 952	245 832	186 059	185 869	185 163
Corporate and administrative services	20 968	19 953	19 811	19 837	18 307
	254 920	265 785	205 870	205 706	203 470
Net results of operations	3 926	(2 686)	8 328	(2 210)	(6 637)
Other financial information					
Program allocations					
Development research programming					
Funded by recurring parliamentary appropriation	86 868	98 991	93 140	101 433	96 000
Funded by donor contributions	120 844	41 264	27 582	45 519	38 510
Outstanding commitments					
Funded by parliamentary appropriation	182 053	139 548 [a]	134 161	139 555	135 768
Funded by donor contributions	133 293	103 896 [a]	75 929	64 361	52 813
Statement of financial position					
Assets					
Cash	49 613	57 546	70 884	78 782	
Investments – current	10 968	14 989	3 958	-	
Accounts receivable and prepaid expenses	14 966	6 946	7 766	2 620	
Property and equipment	6 855	6 479	6 630	5 552	
Intangible assets	2 663	3 331	3 379	2 439	
Liabilities					
Accounts payable and accrued liabilities	25 315	31 841	18 315	21 545	
Deferred revenue – current	31 721	31 136	33 087	34 383	
Deferred revenue – non-current	3 381	5 027	12 733	7 815	
Employee benefits	4 123	3 448	2 315	1 693	
Equity					
Unrestricted	4 114	1 843	8 793	5 937	-
Restricted	1 123	1 129	1 225	1 255	1 255
Net investments in capital assets	9 518	9 810	10 009	7 991	6 291
Reserved	5 770	5 057	6 140	8 774	9 774

[a] As at 31 March 2016, $10.4 million represented a combination of future donor contributions and parliamentary appropriations.

Financial statements

IDRC / BARTAY

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. Management has prepared the financial statements in accordance with International Financial Reporting Standards and, where appropriate, the financial statements 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 include 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. As external auditors, representatives of the Auditor General of Canada 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 oversight responsibility, which includes the review and approval of the financial statements. The Committee, which is made up of independent 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
19 June 2018

Office of the Auditor General of Canada | Bureau du vérificateur général du Canada

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 2018, 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 2018, 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-laws of the International Development Research Centre.

MK Kerrigan

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

19 June 2018
Ottawa, Canada

Statement of Financial Position

(in thousands of Canadian dollars)
as at 31 March

	2018	2017
Assets		
Current		
Cash	78 782	70 884
Investments (Note 5)	—	3 958
Accounts receivable and prepaid expenses (Note 6)	2 620	7 766
	81 402	82 608
Non-current		
Property and equipment (Note 7)	5 552	6 630
Intangible assets (Note 8)	2 439	3 379
	89 393	**92 617**
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 9)	21 545	18 315
Deferred revenue (Note 10)	34 383	33 087
	55 928	51 402
Non-current		
Deferred revenue (Note 10)	7 815	12 733
Employee benefits (Note 11)	1 693	2 315
	65 436	66 450
Equity		
Unrestricted	5 937	8 793
Restricted	1 255	1 225
Net investments in capital assets (Notes 7 and 8)	7 991	10 009
Reserved	8 774	6 140
	23 957	26 167
	89 393	**92 617**

Commitments (Note 14)
Contingencies (Note 15)

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

These financial statements were approved by the Board of Governors on 19 June 2018.

Margaret Biggs
Chairperson
Board of Governors

Barbara Trenholm
Chairperson
Finance and Audit Committee

Statement of Comprehensive Income

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

	2018	2017
Revenues		
Donor contributions (Note 12)	61 791	64 429
Investment and other income	1 753	2 295
	63 544	66 724
Expenses		
Development research programming (Note 19)		
Research projects funded by Parliamentary appropriation	88 783	88 262
Research projects funded by donor contributions	50 433	53 319
Enhancing research capabilities	46 653	44 478
	185 869	186 059
Corporate and administrative services (Note 19)		
Corporate services	18 202	18 710
Regional office administration	1 635	1 101
	19 837	19 811
Total expenses	**205 706**	**205 870**
Cost of operations before Parliamentary appropriation	(142 162)	(139 146)
Parliamentary appropriation (Note 13)	139 952	147 474
Net results of operations	**(2 210)**	**8 328**

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

	2018	2017
Unrestricted equity		
Beginning of year	8 793	1 843
Net results of operations	(2 210)	8 328
Net transfers to other classes of equity	(646)	(1 378)
Balance end of year	5 937	8 793
Restricted equity		
Beginning of year	1 225	1 129
Net increase	30	96
Balance end of year	1 255	1 225
Net investments in capital assets		
Beginning of year	10 009	9 810
Net (decrease) increase	(2 018)	199
Balance end of year	7 991	10 009
Reserved equity		
Beginning of year	6 140	5 057
Net increase	2 634	1 083
Balance end of year	8 774	6 140
Equity, end of year	**23 957**	**26 167**

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

	2018	2017
Operating activities		
Receipts from Parliamentary appropriation	139 952	147 474
Receipts from donor contributions	62 121	73 106
Receipts from other sources	1 548	3 234
Payments to grant recipients	(131 545)	(150 933)
Payments to employees	(46 218)	(43 712)
Payments to suppliers and others	(21 449)	(24 766)
Cash flows from operating activities	**4 409**	**4 403**
Investing activities		
Purchase of investment	(4 956)	(4 010)
Maturity of investments	8 914	14 936
Acquisition of property and equipment and intangible assets	(479)	(2 026)
Proceeds of disposition of property and equipment	10	35
Cash flows from investing activities	**3 489**	**8 935**
Increase in cash	**7 898**	**13 338**
Cash beginning of year	**70 884**	**57 546**
Cash end of year	**78 782**	**70 884**

Comparative Figures (Note 20)

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

Notes to the Financial Statements

For the year ended 31 March 2018

1. Corporate information

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

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 which is the functional currency of the Centre 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**

The Parliamentary appropriation is recorded as revenue in the year in which it is drawn down except for the portion received for specific projects and programs, which is deferred and recognized as related expenses are incurred. The Centre does not receive Parliamentary appropriations for which the primary condition is that the Centre purchase, construct, or otherwise acquire property or equipment. There are no conditions or contingencies existing under which the Parliamentary appropriation would be required to be repaid once received by the Centre. The *IDRC Act* gives the Board of Governors the authority to allocate all 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 the parliamentary appropriation. 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 co-funders. They are recorded as an expense, under Research projects funded by Parliamentary appropriation or Research projects funded by donor contributions, in the year they come due as per the terms and conditions of the agreements. 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, depreciation and impairment

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:

Asset category	Useful life
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 property or equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the said 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 annually 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 2018, the Centre had no impairment of property and equipment.

d. Intangible assets, amortization and impairment

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 software 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 each financial year-end. Amortization is calculated using the straight-line method. The estimated useful life of items in this asset class ranges from 3 to 5 years.

The amortization expense is recognized in the statement of comprehensive income.

An assessment is made annually 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 2018, 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, 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 (consideration given). Subsequent to initial recognition, they are measured based on their classification.

The classifications are as follows:

Financial instruments	Classification and measurement
Cash	Financial assets at fair value through profit and loss
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**
Cash includes only funds on deposit at financial institutions.

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 2018, the Centre had no impairment of financial assets.

g. Foreign currency translation

Transactions in currencies other than the Centre's functional currency are recognized at rates in effect at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated to Canadian dollars using the exchange rate at that date and exchange gains and losses included in other income. Non-monetary items are measured at historical cost and are not revalued. 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 certain of 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 valuation that is conducted every three years, or as necessary. The most recent actuarial valuation was completed for the year ended 31 March 2018. Refer to Note 11.

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 valuation that is conducted every three years, or as necessary. The most recent actuarial valuation was completed for the year ended 31 March 2018. The Centre presents the provision as a current liability.

i. Equity

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

i) **Restricted equity**

Restricted equity for special programs and operational initiatives is drawn down as the funds are used for these programs and initiatives. Restricted equity unused at the end of the programs and initiatives is reclassified by management into unrestricted equity. In 2011-2012, equity was 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. In 2016-2017 $0.1 million was added to restricted equity for funds received for *The David and Ruth Hopper & Ramesh and Pilar Bhatia Canada Fund* bursaries. These funds will be used to support young researchers from Canada, India and the Philippines in the early stages of their careers, particularly women, through fellowships, scholarships or internships.

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 7 and 8.

iii) **Reserved equity**

The objectives of the reserved equity is to protect the financial position of the Centre by ensuring that a reasonable balance of funds remains available to absorb fluctuations in the disbursement of outstanding program commitments, and to fund initiatives outside of normal operations as well as future investments in property, equipment and intangibles.

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. Accounting standards and amendments not yet in effect

The following standards and amendments issued by the International Accounting Standards Board (IASB) have not been early adopted and have been assessed as having a possible effect on the Centre in the future.

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 of financial instruments and requires entities to measure impairment losses on all financial assets. This version is effective for reporting periods beginning on or after 1 January 2018 and is to be applied retrospectively. As the Centre early adopted the classification and measurement requirements of IFRS 9 upon transition to IFRS it will only be implementing the impairment requirements for its annual period beginning after 1 January 2018. The Centre has determined that the adoption of this new standard will not have any material impact on the Centre's financial statements.

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 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. The Centre has determined that the adoption of this new standard will not have any material impact on its financial statements.

IFRS 16 – Leases – IFRS 16 was issued in January 2016 to replace *IAS 17 – Leases*. The new standard requires that leases be brought onto companies' statements of financial position, increasing the visibility of their assets and liabilities. IFRS 16 removes the classification of leases for lessees as either operating leases or finance leases, treating all leases as finance leases. Short-term leases (less than twelve months) and leases of low-value assets (such as personal computers) will have an optional exemption from the requirements. The new standard is effective for annual periods beginning on or after 1 January 2019. Entities can elect to use either a retrospective approach with a restatement of comparative information or a retrospective approach with the cumulative effect of initial application shown in equity instead of the restatement of the comparative information.

The Centre is currently evaluating the impact of IFRS 16 on its financial statements therefore the impact of its adoption has not yet determined. Based on the assessment work completed to date, the Centre expects the most significant impact of the new lease standard to be on its existing and future property leases which will be capitalized on the statement of financial position under IFRS 16. The standard permits exemption for low value leases. The Centre will apply this exception for leases for printers. A full assessment of all existing leases under IFRS 16, as well as an assessment of the impact of the financial statement presentation and disclosure requirements, on the Centre's financial statements is ongoing.

5. Investments

The Centre may invest in fixed income instruments such as bonds and money market instruments such as commercial paper, bankers' acceptances, and bearer deposit notes when the yields exceed earnings for funds on deposit at the bank. The weighted average yield as at 31 March 2018 is nil (31 March 2017: 1.07%) and the remaining average term to maturity as at 31 March 2018 is 0 days (31 March 2017: 53 days). The carrying amount of investments approximates their fair value due to the short-term nature of these instruments.

	31 March 2018	31 March 2017
Canadian chartered banks	—	3 958
	—	**3 958**

6. 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 due to the insignificant amount of prepaid expenses.

	31 March 2018	31 March 2017
Accounts receivable		
Donor contributions	—	3 485
Other	1 437	3 162
	1 437	6 647
Prepaid expenses	1 183	1 119
Total accounts receivable and prepaid expenses	**2 620**	**7 766**

The Centre did not identify any receivables that are either past due or impaired as at 31 March 2018 (31 March 2017: nil).

7. Property and equipment

	Computer equipment	Office furniture & equipment	Vehicles	Communication systems	Leasehold improvements	Total
Cost						
at 31 March 2017	2 059	952	251	855	11 314	15 431
Additions	278	54	33	31	—	396
Disposals	(277)	(160)	(95)	(228)	—	(760)
at 31 March 2018	2 060	846	189	658	11 314	15 067
Accumulated depreciation						
at 31 March 2017	(1 202)	(715)	(204)	(517)	(6 163)	(8 801)
Depreciation for the year	(265)	(90)	(13)	(107)	(996)	(1 471)
Disposals	275	159	95	228	—	757
at 31 March 2018	(1 192)	(646)	(122)	(396)	(7 159)	(9 515)
Net book value						
at 31 March 2017	857	237	47	338	5 151	6 630
at 31 March 2018	**868**	**200**	**67**	**262**	**4 155**	**5 552**

8. Intangible assets

	Software
Cost	
at 31 March 2017	13 170
Additions	83
Disposals	(737)
at 31 March 2018	12 516
Accumulated amortization	
at 31 March 2017	(9 791)
Amortization for the year	(1 023)
Disposals	737
at 31 March 2018	(10 077)
Net book value	
at 31 March 2017	3 379
at 31 March 2018	**2 439**

9. 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 2018	31 March 2017
Grants payable and accruals	9 267	9 616
Trade payable	5 559	3 234
Payroll	5 690	4 916
Severance benefit (Note 11)	634	170
Other	395	379
	21 545	**18 315**

10. Deferred revenue

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

	31 March 2018	31 March 2017
Donor contribution funding for development research projects		
Current	34 383	33 087
Non-current	7 815	12 733
	42 198	**45 820**

Of the total deferred donor contribution funding, Global Affairs Canada (GAC) accounts for $22 625 (31 March 2017: $21 327) of which $22 625 (31 March 2017: $19 327) was received and $0 (31 March 2017: $2 000) is receivable at year-end.

11. 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 supported 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 11.6% of gross salary (31 March 2017: 11.8%). Total contributions of $3 758 (31 March 2017: $3 671) 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 office 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 2018 were $267 (31 March 2017: $246).

c. Severance benefit

Prior to June 2012 the Centre provided a voluntary departure severance benefit to certain 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.

	31 March 2018	31 March 2017
Accrued benefit obligation – beginning of year	2 485	3 557
Current service cost	194	101
Interest cost	55	46
Benefits paid during the year	(606)	(251)
Actuarial gain	(19)	(195)
Other	218	(773)
Accrued benefit obligation – end of year	**2 327**	**2 485**

	31 March 2018	31 March 2017
Current	634	170
Non-current	1 693	2 315
	2 327	**2 485**

12. 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.

	31 March 2018	31 March 2017
Department for International Development (UK)	23 496	30 387
Global Affairs Canada (GAC)	20 816	15 936
The William and Flora Hewlett Foundation	10 731	11 063
Bill & Melinda Gates Foundation	4 057	2 017
Norwegian Agency for Development Cooperation	978	1 616
Australian Centre for International Agricultural Research	684	2 106
The World Bank	53	802
Other donor agencies	976	502
	61 791	**64 429**

The Centre recovers administrative costs from the management of donor contribution funding. The total recovery for the year ended 31 March 2018 was $4 738 (31 March 2017: $4 907) of which $806 (31 March 2017: $195) was from GAC.

13. Parliamentary appropriation

	31 March 2018	31 March 2017
Approved Parliamentary appropriation	139 952	149 206
Unused and lapsed appropriation	—	(1 732)
Parliamentary appropriation recognized in the statement of comprehensive income	**139 952**	**147 474**

14. Commitments

a. Research project-related

The Centre is committed to making payments of up to $203.9 million (31 March 2017: $210.1 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, $139.6 million (31 March 2017: $134.1 million) is expected to be funded from future Parliamentary appropriations and $64.3 million (31 March 2017: $76.0 million) from donor contribution agreements.

	31 March 2018	31 March 2017
Within one year	87 412	103 485
After one year, but not more than five	116 504	106 605
Total future payments	**203 916**	**210 090**

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 2023. Future payments related to these commitments are as follows:

	31 March 2018	31 March 2017
Within one year	9 444	9 266
After one year, but not more than five	22 450	27 592
More than five years	125	3 908
Total future payments	**32 019**	**40 766**

The operating lease expense recognized in the statement of comprehensive income for fiscal year ended 31 March 2018 is $6 594 (31 March 2017: $8 009).

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 10 and 12 to these financial statements.

Compensation of key management personnel

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

	31 March 2018	31 March 2017
Salaries and short-term benefits	1 273	1 263
Post-employment benefits	385	403
	1 658	**1 666**

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, 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 co-funders in the normal course of business. The maximum exposure is represented by cash, 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 co-funders 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 2018	31 March 2017
Canadian chartered banks	R1-L	—	3 958
		—	**3 958**

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 as described in 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 significant.

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 may also hold 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 significant.

18. Capital management

The Centre defines its capital as the balances of equity comprised of unrestricted, 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 and managed.

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 2018	31 March 2017
Development research programming		
Contributions to institutions and individuals	134 161	137 801
Core salaries and benefits	25 508	23 651
Co-funded project salaries and benefits [a]	7 377	6 821
Professional services	5 051	3 742
Accommodations	4 093	4 903
Travel	3 212	3 072
Co-funded project expenses [a]	2 371	2 493
Amortization and depreciation	1 748	1 358
Meetings and conferences	277	394
Other	2 071	1 824
	185 869	**186 059**
Corporate and administrative services		
Salaries and benefits	13 075	11 622
Accommodations	1 789	2 442
Professional services	1 438	1 270
Office supplies and expenses	958	1 272
Amortization and depreciation	746	832
Furniture, equipment, and maintenance	437	725
Other [b]	1 394	1 648
	19 837	**19 811**
Total expenses	**205 706**	**205 870**

[a] *Includes all costs directly related to the development of research capabilities in co-funded projects and programs. These represent total expenses of $9 748 (31 March 2017: $9 314), of which $1 284 comprises travel (31 March 2017: $1 041). Enhancing research capabilities expenses represent IDRC's multifaceted role as research funder, adviser, and knowledge broker. This means that IDRC is not just a research funder offering grants to create new opportunities for research, but it is also a builder of its recipient capacity throughout the research process.*

[b] *Includes travel of $544 (31 March 2017: $383).*

20. Comparative Figures

The Centre changed the method of presentation of the Statement of Cash Flows from the indirect method to the direct method. This resulted in a reclassification of line item descriptions and balances within the operating activities section of the Statement of Cash Flows. Certain comparative figures for 2017 were reclassified to conform to the 2018 presentation. This change had no impact on the total amounts presented in the comparative figures for cash and did not impact any other statements or note disclosures. Management has concluded that the direct method results in more meaningful information to readers of the financial statements about the Centre's sources and use of cash.

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