

IDRC
ANNUAL REPORT
2003–2004

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE



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

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

International Development Research Centre (Canada)

IDRC Annual Report 2003-2004

Annual

1970/71-

Text in English and in French.

Title on added t.p. : Rapport annuel CRDI 2003-2004

ISSN 0704-7584

ISBN 1-55250-152-7

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

I. Title.

HC60 338.91'71'01754 C75-743379E

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0304-AN-152-053

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IDRC: D. Barbour

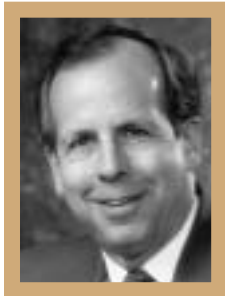


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IDRC: P. Bennett

Message from the Chairman



I have the pleasure of submitting the annual report of the International Development Research Centre for the fiscal year ending 31 March 2004.

The past year was the 4th in the Centre's 5-year Corporate Strategy and Program Framework (CSPF) 2000–2005. As noted in this report, it was a year of solid achievement as the Centre's 12 program initiatives continued to implement programs of work that were approved by the Board earlier in this programming cycle. External evaluations of most of the program initiatives this past year confirmed that good progress was being made, both in reaching objectives set for individual projects and initiatives, as well as in fulfilling IDRC's mandate.

These evaluations were among the many activities undertaken as part of the development of the Corporate Strategy and Program Framework 2005–2010. During 2003/04, we drew upon the expertise of Centre staff, the Canadian and Southern research communities, and key partners in development circles. Discussions of issues and trends that will shape IDRC's work over the next 5 years were wide-ranging and frank. Overall, the environmental scanning and consultations held in Canada and around the world reaffirmed the relevance of IDRC's mandate and its program directions to the people of developing countries.

Our explorations further convinced us that our 34 years of experience are of growing interest and importance in Canada. For example, initiatives such as the Canadian Strategy for Innovation have revitalized the environment for scientific inquiry and technological development. Canada's academic and research communities are increasingly looking to engage their counterparts in the developing world.

The continuing internationalization of Canadian research presents an important opportunity for IDRC. In May 2003, the Centre took a determined step forward in forging new links between Canada's research community and the developing world. The Centre's Canadian Partnership Program, with the Association of Universities and Colleges of Canada (AUCC), hosted a national roundtable on new directions in international research in Canada. This followed a series of 15 sessions on campuses across the country. In the following months, AUCC, supported by IDRC, has been examining cases of successful

partnerships between Canadian and developing-country researchers to determine how they might bolster new collaborations.

IDRC itself has many such successful collaborations to its credit. To cite just one, being showcased at a June 2004 conference: the EcoPlata project launched in 1994 has brought together Acadia and Dalhousie universities, the Bedford Institute of Oceanography (also in Nova Scotia), and Environment Canada with the Universidad de la República and three Uruguayan federal ministries to develop an integrated management plan for the Rio de la Plata estuary. The project has generated a wealth of data and led to the creation of a multistakeholder commission to address the region's problems. The government of Uruguay has now adopted policies to better manage and preserve the Rio de la Plata.

Internationally, a multiplicity of actors – nongovernmental organizations, universities, governments, and the private sector – are now actively involved in research and development. This presents new partnership opportunities for IDRC that we are carefully exploring. In 2003/04, the Centre continued to engage in strategic partnerships with Canadian government departments, other G8 governments, US foundations, and the private sector to increase the resources available to our Southern partners.

The growing number of players in the development arena owes much to the slow but steady spread of democratic processes around the developing world. This has fueled an increased demand for research in many parts of the world, a demand that often outstrips supply given the continuing exodus of skilled professionals and poor research infrastructure in many countries.

On a more positive note, research capacity is reaching a critical mass in some countries and governments are recognizing the value of locally produced knowledge. In Senegal, for example, local researchers supported by IDRC were key players in the development of the country's Poverty Reduction Strategy Paper (PRSP). This success has contributed to a joint 3-year, \$4.6 million IDRC–Canadian International Development Agency project, launched on 4 March 2004, to help five West African countries reinforce their capacities and systems for monitoring and evaluating their PRSPs.

Reinforcing capacities – the thrust of that project – is IDRC’s niche in the development world and the foundation of most of our activities, whether as a stated objective or an unspoken success factor. But our experience has shown that the capacity to carry out research is, in and of itself, rarely sufficient to bring about change. It must be matched by the capacity to use research results in planning processes. Broadening our understanding of the myriad links between research and policy is and will remain a strategic direction for IDRC.

In executing its program of work, IDRC exercises probity and proper stewardship of the public resources that have been entrusted to it, as noted in the 2001/02 special examination of the Office of the Auditor General (OAG). IDRC has responded to recommendations made by OAG on a number of points. IDRC’s President, Maureen O’Neil, reports regularly to the Board and has noted progress on several fronts, including work to redesign and make more accessible evaluative information contained in the Centre’s Project Completion Report process, work to enhance financial forecasting through improvements in the area of expenditure management, and procedures to streamline small grants administration. She has advised that management will work through the Finance and Audit Committee to operationalize the report’s recommendations.

Corporate governance was most definitely in the spotlight this past year as Canadians expressed growing concern about accountability and transparency in both public and private spheres. In response to shortcomings noted in the 2003 Report of the Auditor General, the Government of Canada launched a comprehensive review of Crown Corporation governance on February 10. As Chair of IDRC I will work with the Treasury Board Secretariat on this initiative to restore the confidence of Canadians in the accountability and performance of Crown Corporations.

It is important to note that some of the improvements identified by Treasury Board – the need for an internal finance and audit committee, the separation of Board Chair and CEO functions, the Board’s role in the appointment of the CEO, for example – were mandated by the *IDRC Act* and have been part of the Centre’s governance structures since 1970.



Broadening our understanding of the myriad links between research and policy is and will remain a strategic direction for IDRC.

We continue to make improvements. IDRC’s Board monitors and fine-tunes its practices to reflect changes in IDRC’s operations and the environment in which it works. In the past year, for example, I initiated a self-assessment process during which the performance and governance structures of the Board as a whole were assessed by governors. The results were used to generate a governance work plan. Work is now underway on a key item – the development of a governance philosophy and framework. More than half of our governors have participated in a training session on the corporate governance of federal Crown Corporations.

The year ahead promises to be very busy. In October, the Board will be asked to approve the Corporate Strategy and Program Framework 2005–2010. In March 2005, it will be asked to approve an operational plan that will identify improvements to the Centre’s business processes and human resource and financial allocations. It will also establish indicators of operational effectiveness.

I look forward to working with IDRC management, staff, and partners on the successful completion of our current CSPF and on the exciting task of developing and implementing the new.

Gordon Smith
Chairman



Corporate Profile

Mandate

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

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

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

Mission: Empowerment through knowledge

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

Objectives

As set out in IDRC's Corporate Strategy and Program Framework 2000–2005:

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

Operating principles

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

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

In doing so, IDRC also

- ▶ Concentrates on establishing partnerships with other donors, exploiting comparative strengths.
- ▶ Encourages connected communities of researchers.
- ▶ Assists researchers to access and distribute information themselves.
- ▶ Promotes evaluation as a planning, learning, and management tool.
- ▶ Works to ensure the impact of research by bringing it to the attention of policy- and decision-makers at all levels.

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PROGRAMMING

The Centre's Corporate Strategy and Program Framework (CSPF) outlines IDRC's broad themes and general directions from 2000 to 2005. It identifies three broad thematic areas in which IDRC supports research:

Environment and Natural Resource Management:

Research support focuses on the sustainable use and management of natural resources, stressing the involvement of local communities. Issues include

- ▶ Ensuring secure sources of food and water for the poor in both rural and urban areas by focusing on institutional development, production technology, local resource management, and appropriate policy choices;
- ▶ Improving human health and well-being by better managing ecosystems; and
- ▶ Protecting local management and control of biodiversity in light of global initiatives and policies governing genetic resources.

Information and Communication Technologies for Development: IDRC was one of the first development agencies to embrace information and communication technologies (ICTs) as a key means to foster development. Current research focuses on

- ▶ Ensuring equitable and sustainable access to information and the use of ICTs so that all of society benefits; and
- ▶ Understanding developments in the information economy, including the concerns of communities and business, e-commerce, and the local effects of global trade rules.

Social and Economic Equity: Research support is directed toward issues in social and economic policy that relate to poverty reduction and enhanced social equity. These issues include

- ▶ Globalization and the integration of developing countries in the world trading system;
- ▶ Poverty monitoring and analysis, with a focus on the links between economic policy and poverty;
- ▶ Peacebuilding and post-conflict reconstruction; and
- ▶ Equitable access to key social services, particularly health and health-care services.

These three program areas lie at the intersection of developing-country priorities and IDRC's potential to make a contribution to sustainable and equitable development.

IDRC also devotes resources to research on two issues that cut across the full program framework – gender and knowledge systems. The Gender Unit's research

theme for 2002–2004 is "gender, citizenship, and entitlement," with a particular focus on governance and gender violence. The Unit also works with IDRC's program initiatives to implement a variety of mainstreaming and capacity-building activities related to gender issues.

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

The CSPF also sets targets for the regional distribution of IDRC's resources.

IDRC's Board of Governors was closely involved in defining the content of the CSPF, based on preparatory work and consultations undertaken by staff.

Overall program development and implementation are reviewed annually to take advantage of new opportunities and to ensure a balance between the evolving needs of the regions in which IDRC operates and the Centre's desire to maintain a coherent, focused program of research support. Directors of program areas and regional directors monitor program development and implementation. An annual program of work and budget allocates resources across the different funding mechanisms.

Programing mechanisms

Program initiatives (PIs) are the Centre's primary vehicle for funding Southern researchers and research institutions. These multidisciplinary staff teams in IDRC's headquarters and regional offices start with a problem, not a discipline, and consider what knowledge and what disciplines can contribute to its solution. PIs also act as networks that link researchers to address specific issues and to set research agendas. In 2003/04, there were 12 PIs.

Each PI team develops a prospectus that outlines the scope of activities that will be supported during a given period of years. Projects submitted for funding are reviewed against the objectives and priorities set out in the prospectus. Each PI prospectus is approved by the Board of Governors.

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

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



IDRC: D. Barbour



IDRC: D. Marchand



IDRC: P. Bennett



IDRC: R. Ghose



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IDRC: Y. Beaulieu

In addition, through its Canadian Partnerships Program, IDRC fosters alliances and knowledge sharing between scientific, academic, and development communities in Canada and the South. A Training and Awards Program also promotes the personal and professional development of young Canadians and nationals from developing countries through support for academic study and opportunities for hands-on experience: 84 awards were approved this past year.

IDRC's Program Matrix

Program Areas	Environment and Natural Resource Management	Information and Communication Technologies for Development	Social and Economic Equity
<p>Program initiatives</p> <p>Number: 12</p> <p>New research projects funded: 133</p> <p>Total number of active research projects: 444</p> <p>Number of institutions supported, 2003/04: 139</p> <p>Total number of institutions currently supported: 477</p>	<p>Alternative Approaches to Natural Resource Management in Latin America and the Caribbean (Minga)</p> <p>Cities Feeding People</p> <p>Community-Based Natural Resource Management (Asia)</p> <p>Ecosystem Approaches to Human Health</p> <p>People, Land, and Water (Africa and the Middle East)</p> <p>Sustainable Use of Biodiversity</p>	<p>Acacia: Communities and the Information Society in Africa</p> <p>Pan Asia Networking</p>	<p>Governance, Equity, and Health</p> <p>Micro Impacts of Macroeconomic and Adjustment Policies</p> <p>Peacebuilding and Reconstruction</p> <p>Trade, Employment, and Competitiveness</p>
<p>Secretariats</p> <p>Number: 6</p> <p>Number of institutions supported: 85</p>	<p>Environmental Management Secretariat for Latin America and the Caribbean</p> <p>International Model Forests Network Secretariat</p>	<p>Bellanet</p>	<p>Economy and Environment Program for Southeast Asia</p> <p>Research for International Tobacco Control</p> <p>Secretariat for Institutional Support for Economic Research in Africa</p>
<p>Corporate projects</p>	<p>Eco Plata</p> <p>Mining Policy Research Initiative</p>	<p>Connectivity Africa</p> <p>Institute for Connectivity in the Americas</p> <p>PAN Americas</p>	<p>Peru Consortium for Economic and Social Research</p> <p>Small and Medium Enterprise Policies Project, Egypt</p> <p>Tanzania Essential Health Interventions Project</p>
<p>Cross-cutting research</p>	<p>Gender</p> <p>Research on Knowledge Systems</p>		
<p>Special Initiatives</p>	<p>Canadian Partnerships</p> <p>Training and Awards</p>		

Project funding

IDRC's principal approach is to support research projects and related activities developed and proposed by developing-country institutions and by Canadian institutions in collaboration with one or more developing-country partners. In 2003/04, 828 research activities were being carried out, including 444 projects. The Centre strives to achieve a critical mass of knowledge on particular topics. Increasingly, this is done in collaboration with other donors.

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

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

Depending on the amount of funding required, the proposal is submitted to the PI team or to senior management for approval. A Memorandum of Grant Conditions (MGC) stipulates the value and purpose of the grant, the terms of its administration, the obligations of all participants, and the formal starting date of the project. Program officers monitor the project's progress until completion.

Program support

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

- ▶ **Partnerships and Business Development:** IDRC continues to engage in partnerships and resource expansion to expand the flow of resources to researchers in developing countries.
- ▶ **Evaluation and Learning:** IDRC recognizes that evaluation makes an essential contribution to learning and decision-making about research. The Centre develops evaluation methods and tools, and provides central coordination and support for monitoring performance, measuring program achievements, and fostering organizational learning.
- ▶ **Research Information:** Through our databases, researchers can tap into development research results and current research dialogues. IDRC's information specialists offer efficient access to research information and intellectual support.
- ▶ **Communications:** Strategies, public events, an extensive Web site, and publications – in print and electronic formats –



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Projects must fit with IDRC's priorities; contribute to local capacity building; and address both gender and ethical considerations.

ensure that the results of IDRC-supported research are presented and disseminated to a wide range of audiences around the world.

Regional presence

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

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

Accountability and governance

IDRC is bound by the general financial rules set out in the Financial Administration Act. The Centre is audited annually by the Office of the Auditor General and is accountable to the Parliament of Canada.

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

Financing

The Canadian Parliament provides IDRC with an annual appropriation. While this is its main source of revenue, the *IDRC Act* also allows the Centre to seek external funding. In 2003/04, IDRC's Parliamentary appropriation was \$107.9 million. Revenues from other sources totaled \$18.4 million.

Charitable activities

- ▶ In 2003/04, IDRC staff contributed \$37 164 to the Government of Canada Workplace Charitable Campaign, supporting United Way and Healthpartners, an increase of 21% over the previous year. This earned the Centre a third place award in the category of highest percentage increase. IDRC took top honours in "The Overtime Goal" for its outstanding effort in meeting and exceeding its goal for the year.
- ▶ A special holiday season collection of food, clothing, and cash at IDRC headquarters benefited the Ottawa-Carleton Food Bank, Cornerstone LePilier Women's Shelters, and the Youth Service Bureau and Homeless Shelter.
- ▶ IDRC's Regional Office for Latin America and the Caribbean donated 10 computers to needy schools and nongovernmental organizations. The donations were coordinated by the Canadian Embassy in Montevideo, Uruguay.



High ethical standards are a hallmark of IDRC's activities. The Centre and its partners seek to ensure that the research does not adversely affect participants' health, right to privacy, or living conditions.

Highlights: 2003/04

Conferences and consultations

Notable among the dozens of conferences and consultations that IDRC organized and participated in last year, are the following:

- ▶ In April, IDRC's ICTs for Development program hosted an international conference in South Africa on "Networking Africa's Future." On April 16, the last day of the conference, the Honourable Susan Whelan, Minister for International Cooperation, officially launched Connectivity Africa. A program to improve access to ICTs in Africa, Connectivity Africa was a Canadian government response to the G8 Africa Action Plan. It is being implemented by IDRC in partnership with the United Nations Economic Commission for Africa.
- ▶ The Association of Universities and Colleges of Canada joined IDRC to explore the opportunities for research for development. A series of 15 campus-level workshops culminated in a national roundtable "Research Without (Southern) Borders: The Changing Nature of the Canadian Research Landscape," May 22–23, 2003, in Ottawa.
- ▶ Some 350 researchers and practitioners participated in the International Forum on Ecosystem Approaches to Human Health, in Montreal, May 18–23. The forum was initiated by IDRC in collaboration with other national and international partners.
- ▶ In collaboration with the Canadian International Development Agency (CIDA) and the Canadian High Commission in Tanzania, IDRC hosted an international forum on "Diseases without Borders" at the annual Conférence de Montréal, May 5–8, 2003. Speakers included Stephen Lewis, Special Envoy of the UN Secretary General for HIV/AIDS in Africa, Dr Bernard Kouchner, founder of Médecins sans frontières, and the Honourable Anna Abdallah, Minister of Health of Tanzania.
- ▶ At the invitation of Prime Minister Jean Chrétien, IDRC President Maureen O'Neil participated in the Progressive Governance Conference in London, July 11–13. This was the largest ever gathering of international progressive leaders, policymakers, politicians, and thinkers: 12 world leaders and more than 600 participants from 30 countries attended.
- ▶ IDRC hosted the Second Stocktaking Conference on Palestinian Refugee Research in Ottawa, June 17–20, which brought together 100 participants from the Middle East, Europe, and North America.
- ▶ IDRC organized a meeting of prominent Northern and Southern thinkers and practitioners from technology, economic, social, and gender perspectives on September 19 and 20 at Harvard University to address "ICTs and Poverty Reduction: When, Where and How?" Participants included Nobel Laureates Michael Spence and Amartya Sen.
- ▶ In October, Dr Ayesha Imam gave the 2003 Hopper Lecture at the University of Guelph and at Dalhousie University in Halifax. Her topic: "Gender, Culture, and Muslim Laws." The Hopper Lecture series is funded by an IDRC endowment grant.
- ▶ The first International Symposium on Biodiversity and Health: Focusing Research to Policy, cosponsored by IDRC, was held in Ottawa on October 26–28. The keynote address was delivered by Maurice Strong.
- ▶ To help identify research issues for the middle-term, IDRC joined the Rockefeller Foundation and the Hewlett Foundation in sponsoring a high-level workshop on "Agricultural Trade Liberalization and the Poor" in November in Washington, DC.
- ▶ IDRC and its research partners had a strong presence at the 2003 Mountains as Water Towers Summit in Banff, Alberta, November 23–26. The event marked the global importance of mountain water during the United Nations Year of Fresh Water.
- ▶ IDRC participated as part of the official Canadian Delegation and as an accredited civil society organization at the World Summit on the Information Society (WSIS) held in Geneva in December. On the eve of WSIS, His Excellency Mr Abdoulaye Wade, President of Senegal, granted IDRC an exclusive interview on bridging the digital divide. President Wade is coordinator of the information and communication technologies aspect of the New Partnership for Africa's Development (NEPAD).
- ▶ IDRC brought together members of Canada's trade policy community and Southern representatives at a seminar on "The World Trade System: Challenges and Opportunities from the Development Perspective" on December 11, 2003. This was followed by participation in the annual Trade Policy Roundtable at the Department of Foreign Affairs and International Trade.
- ▶ On March 11, IDRC and the International Center for Transitional Justice cohosted a symposium on Repairing the Past: Reparations and Transitions to Democracy, in Ottawa. Researchers, policymakers, and others focused in reparations in Africa, Canada, and Latin America.

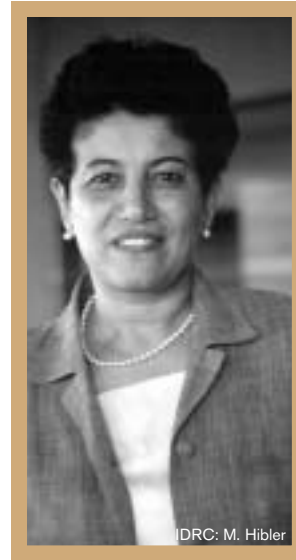
Also of note

- ▶ In May 2003, the Economy and Environment Program for Southeast Asia (EEPSEA) celebrated its 10th anniversary. Since its establishment as an IDRC secretariat, EEPSEA has provided training to some 439 people and supported 138 research projects.
- ▶ On November 4, IDRC welcomed Mrs Zanele Mbeki for a briefing on our programming in South Africa. Mrs Mbeki was on a state visit with the President of the Republic of South Africa, Thabo Mbeki. During this visit, Prime Minister Jean Chrétien and Mr Mbeki witnessed the signing of a joint Declaration of Intent between the two governments that will strengthen bilateral cooperation. Five IDRC-supported programs and projects were highlighted in the joint declaration.
- ▶ In December, IDRC was admitted as a member of the World Conservation Union (IUCN), an important milestone in the ongoing association between the two agencies.
- ▶ In December, the International Model Forest Network Secretariat welcomed Costa Rica as its newest country member, the fourth in the Latin American region. Some 15 countries are now members.
- ▶ UN Secretary-General Kofi Annan visited IDRC headquarters on March 9, 2004, for an informal meeting with Canadian civil society and government representatives. The meeting took place at IDRC at the request of the Minister for International Cooperation, the Honourable Aileen Carroll, who also attended. The Millennium Development Goals, gender, and HIV/AIDS formed the broad framework for the discussion.

IDRC partners honoured

- ▶ On July 18, 2003, Dr Mustapha Ismaili Alaoui, researcher and professor at the Institut Agronomique et Vétérinaire Hassan II in Rabat, Morocco, received the Grand Prix Hassan II for agricultural research and innovation for a mobile olive press developed with IDRC support.
- ▶ After more than 9 years of unrelenting work for the peaceful settlement of conflicts in Colombia, the Montes de María Línea 21 Communications Collective was awarded the country's 2003 National Peace Prize on December 10. The collective is part of a communication system for peace (SIPAZ), supported by IDRC.
- ▶ In November, the Omar Dengo Foundation (ODF) was named one of 25 laureates for the prestigious 2003 Tech Museum Awards: Technology Benefiting Humanity, presented by Applied Materials, Inc. of San Jose, California. ODF was selected among 500 nominees for its more than 15 years of work in education. IDRC has supported ODF research activities.

- ▶ Dr Zoubida Charrouf, professor in the Faculty of Sciences of the Université Mohammed V-Agdal in Rabat, Morocco, was nominated for the country's Khmissa 2004 prize for social action and development. Charrouf was named for her work in establishing women's argan oil processing cooperatives. The cooperatives' success owes much to processing technologies developed with support from IDRC.



Dr Zoubida Charrouf, professor in the Faculty of Sciences of the Université Mohammed V-Agdal in Rabat, Morocco, was nominated for the country's Khmissa 2004 prize for social action and development.

Statistical Snapshot and Financial Highlights

Statistical snapshot

Regional offices	6
Staff (full-time equivalents)	351
Research program activity	
Research projects approved	133
Research projects completed	132
Total active research projects	444
Total research activities approved (including research projects)	442
Total research activities completed	413
Total active research activities	828



IDRC: Y. Beaulieu

New research activities in 2003/04

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

Area under study	Program area ^a							2003/04 allocation (\$000)	
	Corporate	Other	ENRM	ICT4D	SEE	Total	IDRC	Total ^b	
Asia	30 (37)	0 (0)	19 (50)	12 (27)	11 (27)	72 (140)	14 607	15 462	
Eastern Europe	1 (2)	0 (0)	0 (0)	0 (0)	0 (0)	1 (2)	0 (0)	178	
Latin America and the Caribbean	24 (44)	30 (33)	23 (48)	0 (1)	15 (28)	92 (154)	15 708	17 911	
Middle East and North Africa	18 (20)	0 (0)	9 (12)	2 (3)	12 (31)	41 (66)	6 326	6 898	
Sub-Saharan Africa	50 (70)	12 (13)	27 (79)	23 (72)	29 (63)	141 (297)	24 091	31 322	
Multiregional	1 (3)	0 (0)	4 (5)	1 (1)	2 (4)	8 (13)	1 491	1 491	
Global	40 (67)	4 (5)	18 (36)	3 (3)	21 (39)	86 (150)	17 410	23 168	
Other ^c	1 (4)	0 (0)	0 (0)	0 (0)	0 (1)	1 (5)	21	21	
Total	165 (247)	46 (51)	100 (230)	41 (107)	90 (193)	442 (828)	79 654	96 451	

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

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

^b Includes both IDRC and external funding.

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

Key financial highlights

(\$000)	2003/04		2002/03
	Actual	Revised budget	Actual
Revenues			
Parliamentary appropriations	107 932	108 339	97 603
Resource expansion	14 508	15 410	36 505
Recovery of indirect costs, investment, and other income	3 878	3 735	3 923
	<u>126 318</u>	<u>127 484</u>	<u>138 031</u>
Expenses			
Development research programs	77 069	80 676	97 894
Development research support	21 632	22 104	20 152
Administrative services	24 469	25 267	21 892
	<u>123 170</u>	<u>128 047</u>	<u>139 938</u>
Net results of operation	3 148	(563)	(1 907)
Equity	11 112	7 401	7 964
Expenditure ratios	63/17/20	63/17/20	70/14/16
Program allocations			
Centre programs	75 265	75 000	64 771
Resource expansion	16 797	15 345	30 822
	<u>92 062</u>	<u>90 345</u>	<u>95 593</u>

Notes:

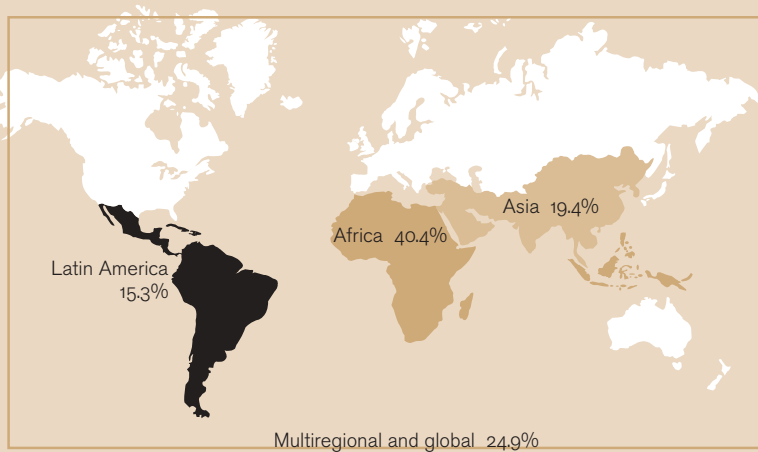
The Parliamentary appropriations represent 85% of the total revenues.

The expenses for development research programs represent 63% of the total expenses.

The actual expenditure ratios (development research programs/development research support/administrative services) are on target.

For further information on these key financial highlights, please refer to the Financial Management Discussion and Analysis beginning on page 40.

Geographical distribution of program allocation



Assessing and Managing Risk

In December 2002, the National Rainbow Coalition (NARC) came to power in Kenya through democratic elections, replacing a party that had led the country since independence in 1963. NARC inherited a dismal legacy: endemic corruption, economic growth below 1%, and dilapidated infrastructure. The new government undertook an ambitious program of reforms and looked for support to international donors, many of whom had scaled back their programs in the country.

IDRC offered support in the form of a \$1 million Transition Umbrella Program. Since May 2003, it has directed money into eight important projects, including initiatives to support the development of policies to fight corruption, research on the role of civil society in the country's political transition, a task force to develop an economic recovery strategy, and research on medicinal plants and traditional knowledge.

Despite the election of a new government, the Kenyan political environment remains volatile. The country's development problems are formidable and public expectations are high. If they are not met, the government could face an angry backlash. Moreover, a coalition government by its very nature can be fragile and subject to internal division. These political uncertainties can pose challenges to investing in research for long-term development. Nevertheless, IDRC saw a unique opportunity to support real change in Kenya, just as it had 10 years ago in the transition to democracy in South Africa.

But risks must be taken with responsibility. The transition projects draw on programing units throughout the Centre as well as on local expertise. Staff have carefully assessed each project and ensured that they address the Centre's program objectives. The IDRC regional office in Nairobi fulfils an important oversight role, managing and monitoring the transition projects while keeping a watching brief on political developments in the country. IDRC's approach has attracted interest among donors and the Centre has shared its experiences with those exploring similar initiatives.

IDRC's support of Kenya's political transition is just one example of how the Centre conducts its business in complex and changing environments. It also shows, along with the following activities, that for every opportunity seized, the Centre exercises a requisite amount of caution throughout its programing and operations.

Internal audit

IDRC's Audit Services undertakes a risk-assessment exercise in preparation for its annual audit plan. This year, Audit Services assigned risk ratings – ranging from high to low – to IDRC's programing units, secretariats, large projects, regional offices,

and operational units. Audit Services weighs a myriad of factors when assigning a rating, such as the effects of changes in personnel, commitment of other donors, level of political risk, and alignment with IDRC objectives. Viewed together, these ratings provide a panoramic view of risk over the whole Centre and help guide decisions on which activities and programs will be audited each year. These audits help IDRC senior management to identify and manage risk with a view to improving the Centre's overall operations.

Internal Audit presents its annual audit plan to the Board of Governors' Finance and Audit Committee. In 2003/04, Audit Services conducted seven audits. The 2004/05 plan calls for six audits.

Project and administrative risk

Weighing risk factors is an important and implicit part of decision-making at IDRC. Program teams strive to create a balanced portfolio of projects – some that are high-risk and labour intensive, and others that are medium- or low-risk.

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

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



Before a project is supported by IDRC, it must be appraised by a team of program staff. For large proposals, this includes a visit to the site by the responsible program officer.

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

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

Reviews

In 2002, IDRC's Senior Management Committee (SMC) requested reviews of Nepal and Palestine, both of which were experiencing armed conflict. These studies, which were submitted to SMC in May 2003, described and analyzed the causes of the unstable situations in both areas and assessed the implications for IDRC. Both reports recommended that support be maintained because of the positive impact of Centre programming. At the same time, the reports stressed the importance of monitoring and managing the various risks associated with working in areas of conflict. For example, one recommendation said that projects should build in the cost of teleworking in case security concerns confine researchers to their homes.

These reviews help IDRC examine the nature of doing business in changing environments. On a more informal level, the Regional Office for Latin America and the Caribbean organized an in-house meeting in February 2004 to discuss the political, social, and economic situation affecting Haiti. Discussions drew on lessons from IDRC's past activities in the country, particularly as they related to government structures and institutional development.

New travel approval procedures

The nature of IDRC's work necessitates frequent staff travel, which increasingly involves a degree of risk. In November 2003, the Centre established the Travel Approval Group (TAG) to better assess the risk and benefits of such travel and to give quick decisions on requests for travel. TAG is cochaired by the General Counsel and the Director of Human Resources. An internal Web site gives staff quick access to information about the level of risk in various countries and states whether travel plans must be reviewed by TAG.

Travel to many regions of the developing world can also pose health risks. IDRC's Health Services staff provide vaccines, prophylactic medication, and information on other preventive health measures to all staff before any international travel.

Security and Emergency Planning Team

A Security and Emergency Planning Team (SEPT), composed of senior managers, deals with emergency situations that pose a risk to the safety of Centre staff. In 2003/04, two major emergencies occupied the team – SARS and the power outage that affected much of Ontario and the northeastern United States in August.

SEPT monitored SARS-related issues on a daily basis, circulated regular advisories on travel to regions affected by SARS, and provided staff with information on the virus and how to prevent its transmission.

During the power failure, core members of the SEPT team met every morning and took action based on directives from federal government authorities. The experience has led to a number of initiatives to ensure the ability of the Centre to respond appropriately in the face of unexpected circumstances. With the assistance of continuity planning experts, SEPT is working to establish, test, and document emergency contingency procedures covering Centre facilities and operations. SEPT expects the first phase of this initiative, which will deal with headquarters operations, to be completed during the coming fiscal year. Some measures have already been put in place, such as a provision to provide special instructions in cases of emergency to headquarters staff through the greeting message on the Centre's main phone line. In the longer term, SEPT will turn its attention to contingency plans for regional operations.

Similarly, the Centre's Information Technology Management Division (ITMD) has launched a multiyear project to develop an Information Technology Business Continuity and Resumption Plan. Such a plan will help ITMD to restore key corporate information systems in the event of unplanned interruption in services owing to such causes as natural catastrophes, utility disruptions, and computer viruses.

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pub@idrc.ca – to get information on IDRC publications
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The Year in Review

Message from the President



Before radio and the telephone came to Kenya, the drum was used to broadcast news from one household to the next. Today, an IDRC-supported project is using the modern equivalent – the Internet – to provide financial, marketing, and information services to farmers. The goal of the project, called Drumnet, is to help farmers better market their produce and boost their incomes.

In Kenya, IDRC is also supporting an ambitious initiative to help Kenyans undertake difficult economic and political reforms in the wake of a landmark election in 2002 that brought a new government to power.

I was fortunate to meet people associated with these projects – both farmers and policymakers – on a trip to Kenya in November. I was accompanied by several members of IDRC's Board of Governors. We were privileged to see first-hand the impact of the research we support and the capacity-building that is the hallmark of our work in the developing world – from the grass-roots to government.

Over 34 years, IDRC has learned that developing countries need a competent and self-confident indigenous research capacity to use new knowledge for development. That means educating developing-country researchers in the best of the new science and technologies. But it also means encouraging them to define and pursue their own development research, in close relationships with their own communities. This past year, IDRC supported 30 new projects in which capacity-building was the key objective.

To investigate how well IDRC has succeeded in building the capacities of those researchers and institutions with whom we work and to identify others that we could help to develop, a strategic evaluation was launched in early 2004. By deepening the Centre's understanding of how we build the capacity of our Southern partners and what the results of these efforts have been, the evaluation will strengthen our ability to design projects and activities and monitor their capacity-building results.

The February 2004 launch at the United Nations of *Inventing a Better Future: A Strategy for Building Worldwide Capacities in Science and Technology* by the InterAcademy Council has focused renewed attention on capacity-building. The report notes that policymakers at the local, national, regional, and

international levels need ready access to a solid scientific and technological capacity to make informed decisions and take effective action.

Our partners in Canada and elsewhere have confirmed that capacity-building is arguably the most observable and most sustainable outcome of what IDRC does, whether through hands-on research or training awards. IDRC has offered such awards since its inception: this year IDRC granted 84 training awards, a 23% increase over the previous year.

We have chosen to highlight this theme in the annual report by providing extended examples of capacity-building related to our three program objectives. Of all the positive outcomes for which we are known, the growth and development of people with whom we collaborate is our most enduring contribution to social and economic development. At the same time, IDRC's experience illustrates the complexity of capacity-building – persistence, flexibility, and learning are all essential ingredients.

Strategic directions

These three factors also describe much of IDRC's work over the past year – the fourth of its Corporate Strategy and Program Framework (CSPF) 2000–2005. We continue to refine our research directions and ensure their relevance to emerging development issues. In August 2003, IDRC set up a task force on biotechnology – particularly its relation to poverty reduction and sustainable development. An examination of the role of information and communication technologies (ICTs) in poverty alleviation culminated in an IDRC-sponsored forum at Harvard University in September 2003, attended by thinkers from the developed and developing worlds, practitioners, and policymakers, including two Nobel laureates in economics, Amartya Sen and Michael Spence.



A project we support in Senegal to put new technologies into the hands of farmers, fishermen, and small traders was deemed one of the summit's five best projects for e-inclusion and creativity.



Of all the positive outcomes for which we are known, the growth and development of people with whom we collaborate is our most enduring contribution to social and economic development.

In Canada, the academic and science and technology communities showed an increasing interest in contributing to and benefiting from international research in ways that address shared problems in a collegial manner. Some of this interest was evident in the Canadian Strategy for Innovation, formally launched by the Canadian government in February 2002. With this 10-year strategy, Canada has committed its political and financial capital to a comprehensive, long-term strategy of innovation and to directing more energies to the promotion of learning, knowledge, and innovation in developing countries.

The Speech from the Throne on 2 February 2004 further indicated Canada's willingness to "apply more of our research and science to help address the most pressing problems of developing countries." Among the steps that Canada will take to do so, Prime Minister Paul Martin indicated that "Our long-term goal as a country should be to devote no less than 5% of our R & D investment to a knowledge-based approach to develop assistance for less fortunate countries."

This further opens opportunities for IDRC to share the lessons learned from its years of experience and to expand its collaboration with like-minded institutions. The Global Health Research Pilot Project Grants program of the Global Health Research Initiative – a cooperative arrangement between the Canadian Institutes of Health Research, the Canadian International Development Agency, Health Canada, and IDRC – is a good example of this type of collaboration. IDRC administers the developing-country component of this program, whose goal is to encourage research leadership and foster partnerships between Southern and Canadian researchers. Two grants were awarded in early 2004.

Taking calculated risks

Innovation of this type – which characterizes IDRC's approach and programming – implies a willingness to take risks. An evaluation of the influence of IDRC-supported research on policy completed this past year has confirmed that taking calculated risks is essential to advance knowledge and to fulfil our mission. Taking risks can lead to disappointment, but can also bring unexpected success. An excellent example is IDRC's involvement in information and communication technologies for development, or ICTs.

IDRC was one of the only international agencies prepared to allocate funding toward the establishment of ICTs on the African

continent in the 1990s. For example, we supported a variety of high-risk projects in Mozambique. We invested in pilot projects, supported leaders in the field and events that would create an awareness of ICTs among key decision-makers, and funded development of an ICT policy for Mozambique. A national ICT policy was approved in Mozambique in 2000, the first in Africa.

The 2003 evaluation of these projects' policy influence notes that IDRC "chose to focus its actions on community access and services – a difficult arena about which little was known in Africa and in the rest of the developing world. Its pioneering focus increased its risks as funder."

The inclusion of developing countries in the information age has advanced greatly, as shown by the advent of the G8 DotForce, the UN ICT Task Force, and the World Summit on the Information Society (WSIS) this past year. IDRC was a key participant at WSIS in December as a member of Canada's official delegation. The event provided an ideal venue at which to showcase the innovative work of our developing-country partners. For example, a project we support in Senegal to put new technologies into the hands of farmers, fishermen, and small traders was deemed one of the summit's five best projects for e-inclusion and creativity.

Future directions

Getting the results of research into the hands of people who can use them to improve their lives is IDRC's mission. This commitment will continue to guide our work. The development of a new corporate strategy and program framework for 2005–2010 is well underway, with the assistance of our staff, partners in both North and South, and our Board of Governors. Although it will chart a course to meet new challenges, it will continue to be based on the goals enshrined in the *IDRC Act* and our experience in support of research for development.

Maureen O'Neil
President

Objective:

Train People, Strengthen Institutions

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

The *IDRC Act* commits the Centre to build up research capabilities, innovative skills, and the institutions developing countries need to solve their own problems. This thrust is echoed in the Corporate Strategy and Program Framework 2000–2005, which gives pride of place to capacity-building. In effect, developing human resources and strengthening institutions is IDRC’s principal line of business: the Centre was created under the basic premise that a country can develop only when its citizens have acquired the capacity to address their own problems. Capacity-building was an explicit goal of 123 of the 444 research projects underway in 2003/04.

As IDRC has learned over the past 34 years, however, capacity-building is a complex endeavour. For instance, a delicate balance is needed to ensure that the objectives of capacity-building and research quality coincide and that networks – a central part of IDRC’s approach to capacity-building – buttress rather than displace institutional capacity.

IDRC strives to build individual and institutional capacity while focusing on the need to contribute to a favourable climate for research. One of IDRC’s distinguishing policies is that research institutions and researchers in the South make the key decisions regarding which areas of research to pursue. The institutional approach to research proceeds from problem identification through research design and training, to the implementation of the research itself, and finally the dissemination of the results to bring them to the attention of decision- and policy-makers.

A January 2004 review of external evaluations of IDRC projects and programs sums up the success of the Centre’s approach. The “Centre devotes time and resources to strengthening the capacity of Southern recipient partner organizations and networks in building relationships and linkages with other organiza-

Capacity-building: statistical snapshot 2003/04

New projects approved with explicit capacity-building objectives:	30
Active projects with capacity-building objectives:	123
Number of institutions currently involved:	138



One of IDRC’s distinguishing policies is that research institutions and researchers in the South make the key decisions regarding which areas of research to pursue.

tions that help the Southern partner organization achieve its goals,” it noted.

The examples that follow illustrate some of the many ways that IDRC achieves this goal.

Ecohealth Training Courses in Mexico and West Africa

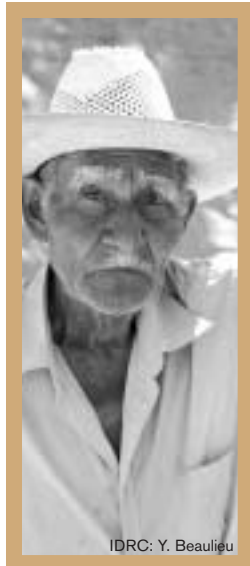
Ecosystem Approaches to Human Health PI
(www.idrc.ca/ecohealth)

Objective: To increase researchers’, decision-makers’, and donors’ understanding of ecosystem approaches to human health (ecohealth), educate young researchers about these approaches, and promote their use. An additional aim is to strengthen training capacities in these regions and thus facilitate the transfer of training responsibilities to partner institutions.

Progress: In West Africa, a workshop on ecohealth approaches brought together seven teams from five countries (Benin, Burkina Faso, Cameroon, Côte d’Ivoire, and Togo) in a weeklong workshop, held in November 2003 in collaboration with the Institut des Sciences Biomédicales Appliquées in Benin. This was the first such workshop organized by an African institution and facilitated by local researchers trained through IDRC-supported projects. During the week, all teams developed proposals on issues of health and environmental importance in their countries. They then presented these proposals to donor agencies and the media.

This workshop in Africa followed the model of two similar, successful workshops in Latin America, held in August 2002 and 2003. Organized as part of the Mexico’s National Institute of Public Health Summer Institute, the “International Course on Ecosystem Approaches to Human Health: Vector-borne Diseases and Environmental Contamination” worked with experts from Brazil, Canada, Cuba, and Mexico to develop research protocols.

Looking ahead: The ecohealth training courses in Mexico and West Africa will be renewed in 2004/05.



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Rural Sustainable Agroindustries

Managing Natural Resources (Latin America and the Caribbean): Minga PI (www.idrc.ca/minga)

Objective: To reduce rural poverty in Bolivia, Ecuador, and Peru by promoting local agricultural production and agroindustries, particularly of the ancient Inca root crop arracacha. To improve the technical and administrative ability of family enterprises and strengthen partner institutions.

Progress: Launched in 1999, this multi-institutional project introduced a neglected root crop into regional and national markets. It

also promoted local community change by improving rural agroindustries. Farmers worked to identify and select desirable arracacha varieties, produce disease-free planting material, and modernize cultivation and storage methods. As a result, farmers more than doubled their productivity. Food fairs led to a renewal in culinary interest in the crop and enhanced women's status and self-confidence. In Peru, villagers learned to build and operate a cooperative business to commercially process and market an arracacha snack. As a result, communities learned how adding value to products can contribute to a better, more sustainable future. In February 2004, at an international workshop in Chambéry, France, the United Nations Food and Agriculture Organization showcased this project as the most successful income-generation activity in Latin America.

Looking ahead: To strengthen the capacity of public and private organizations working in rural development, the project tools and methodologies are being shared through publications, notably case studies and seven manuals on technical, economic, and social aspects of rural agroindustries.

Improving Natural Resource Management and Food Security for Rural Households in the Mountains of Yemen

Managing Natural Resources (Africa and the Middle East): People, Land, and Water PI (www.idrc.ca/plaw)

Objective: To identify and evaluate land-conservation practices using participatory research methods and develop recommendations for improving natural resource management, food security, and income levels of rural households in the highlands of Yemen.

Progress: Completed in early 2004, this was the third phase of a project that addressed the problem of mountain terrace degradation in Yemen and the ensuing impoverishment of rural livelihoods. Several promising technological and institutional innovations were developed to counteract soil erosion and improve livelihoods. What is most significant, however, is the

REACHING OUT TO RESEARCHERS

(www.idrc.ca/library)

A valued aspect of IDRC's support to its partners is the provision of access to research literature. New technologies and products are now making it possible for the Centre's Research Information Management Service (RIMS) to deliver research databases – many of them providing full-text articles – over the Internet for desktop access by IDRC researchers. Some 600 partners, from all program areas, are now searching scholarly, peer-reviewed literature to enhance and deepen their research efforts. Such access, backed up by print delivery when necessary and supported by the professional librarians of RIMS, truly enhances the research capacity of Southern researchers and enables them to participate in the global information society.

RIMS also archives and disseminates the results of IDRC-supported research, maintaining a corporate archive of IDRC outputs to ensure continuing access to the Centre's accumulated knowledge assets. All final technical reports of IDRC-supported projects, as well as documents, articles, books, speeches, and videos produced by IDRC and IDRC staff are collected and made available through BIBLIO.

- ▀ Archives: 697 items were added in 2003/04.
- ▀ BIBLIO: The Library catalogue where researchers can find over 30 years of final research reports from IDRC-funded projects. Many reports and documents are now available in full text. In 2003/04, 33 747 searches were conducted by researchers external to IDRC.
- ▀ IDRIS: Provides comprehensive and descriptive information on all IDRC research projects since the beginnings of the Centre. In 2003/04, 23 000 searches were conducted by external researchers.
- ▀ IMAGES: Access to a digital photo library of thousands of photographic images related to IDRC projects and activity in developing countries. External researchers conducted 12 487 searches in 2003/04.
- ▀ Reference services: Library staff receives requests from researchers and students around the world for information and reports on IDRC project activity. 834 such requests were handled in 2003/04.



IDRC: Y. Beaulieu



IDRC: Y. Beaulieu



IDRC: P. Bennett

capacity acquired by Yemeni research organizations in farmer participatory research on natural resource management, as well as in project implementation and management. Both the Agricultural Research and Extension Authority (AREA) and the Ministry of Agriculture considered the approach to be effective. In addition to institutional capacity-building, community members – men and women – benefited from traveling workshops and specialized training events.

Looking ahead: The two collaborating institutions – the International Centre for Agricultural Research in the Dry Areas and AREA – continue to collaborate in other projects, such as a multidonor World Bank–European Union project. This will ensure that technologies and innovations developed will be available to other researchers and communities. The Ministry of Agriculture has pledged support for work on the project sites and AREA is exploring community-based natural resource management research for wider adaptation and application.

Bellanet South

Bellanet International Secretariat (www.bellanet.org)

Objective: To increase the relevance of the Bellanet Secretariat's activities in the South. To strengthen lateral learning and sharing of experiences.

Progress: Bellanet South's strategy is to support sustainable development research and capacity development by increasing direct collaboration with regional organizations. It operates through strategic partnerships with local institutions. In 2003/04, partnerships were formed in Latin America and the Caribbean (LAC) and in Asia. The Bellanet South approach enables all parties to develop their respective capacities while increasing local information and communication technology and knowledge-related competencies. It also anchors programing in regional realities. In addition to joint activities undertaken in Bellanet's three program areas – knowledge sharing, online communities, and open development – executive directors from LAC and South Asia partners (Fundacion Acceso in Costa Rica and South Asia Partnership – Nepal) were appointed to its International Steering committee, further increasing Southern influence on Bellanet.



The Bellanet South approach enables all parties to develop their respective capacities while increasing local information and communication technology and knowledge-related competencies.

Looking ahead: Bellanet continues to undertake joint project activities that complement the expertise of all partners and to design new activities. Discussions are also underway to develop similar partnerships in Africa.

Uganda Health Information Network

Connectivity Africa Corporate Project (www.connectivityafrica.ca)

Objective: To create an information-sharing network amongst health workers in Uganda using information and communication technologies.

Progress: Timely, accurate, and relevant information is essential for a health system to be both efficient and effective. Uganda has been working for several years to achieve this goal. However, the effectiveness of the new Health Management Information System is constrained by a poor information infrastructure. As 70% of African telephones are now mobile, tools such as personal digital assistants (PDAs), which can connect effectively over mobile lines, could significantly improve the management of information.

The Uganda Health Information Network (UHIN), a collaborative project between Uganda Chartered HealthNet, SATELLIFE, Makerere University Medical School, and Connectivity Africa was launched in September 2003 to test that assumption. This is the first time that PDAs have been used within a health information system. By the end of March 2004, UHIN was broadcasting HealthNet News, HealthNet Community Health News, ProNutrition, and other timely information to PDA users in Rakai and Mbale districts.

Looking ahead: With the commitment of the Ministry of Health, the network hopes to expand its services to other districts, sub-districts, and regional and national referral hospitals. It will also provide a communications service to other health-related organizations and workers.

Gender and Citizenship in the Arab World

Gender Unit and Peacebuilding and Reconstruction PI (www.idrc.ca/gender and www.idrc.ca/peace)

Objective: To stimulate informed policy dialogue on women's unequal citizenship status in the Arab world and its socio-economic implications for women and children.

Progress: Launched in 2002, the project has successfully developed a network of Arab feminist researchers and advocacy groups from across the Middle East to engage in a research-to-policy initiative on gender, nationality, and citizenship. Research has been completed on conceptual issues related to gender and citizenship; the linkages between gender, Islam, the state and nationality; and comparative field-based research in Lebanon and Morocco.

In October 2003, researchers, policymakers, and members of the media from Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, and Yemen met in Beirut to develop plans for achieving legislative and policy changes in their respective countries. In January 2004, a film, titled "My Child, the Foreigner," was screened at



The project's objective is to stimulate informed policy dialogue on women's unequal citizenship status in the Arab world and its socioeconomic implications for women and children.

the Arab Roundtable on the Convention of Elimination of all Forms of Discrimination Against Women. The United Nations Development Programme, IDRC's partner in this project, is coordinating researchers and other participants on the ground.

Looking ahead: The results will be disseminated in a series of policy-oriented workshops at the regional and national levels. The film will be finalized and broadcast in the region and abroad to build awareness of the issues.

From War-Termination to Sustainable Peacebuilding?

Peacebuilding and Reconstruction PI (www.idrc.ca/peace)

Objective: To enhance the capacity of key actors to promote rural democratic and economic development for sustainable peacebuilding in selected societies. To test and refine a new approach to project management.

Progress: Postwar reconstruction efforts that aim to combine short-term peace with longer term institutional changes have increased dramatically. The results of these efforts vary widely. Launched in January 2004, this project has developed a network of research teams in Afghanistan, Guatemala, Haiti, Mozambique, Palestine, and Sri Lanka – all countries engaged in peacebuilding processes – to study policy options for local and national actors struggling on the front lines of peacebuilding.

Led by The North-South Institute in Ottawa, this project is exploring assessments and questions raised at a conference supported by IDRC in 2002, and builds on a workshop and conference in August and September 2003. In October 2003, it was introduced as a new IDRC-supported global research project at the annual Peacebuilding Consultations between Foreign Affairs Canada (FAC), the Canadian Peacebuilding Coordinating Committee, and the Canadian Consortium of Human Security.

Looking ahead: This project is scheduled for completion in 2006. According to the CIDA and FAC, the research findings could provide important inputs to Canadian and international peacebuilding policy. The Southern partners are committed to feeding their country research findings into domestic policy circles.

Learning from Research to Enhance Policymaking

Pan Asia Networking PI (www.idrc.ca/pan)

Objective: To influence information and communication technology (ICT) policymakers in the Philippines to address necessary policies and enable them to request research. To build capacity in Filipino researchers to conduct research on issues important to policymakers and development decision-makers.

Progress: The Philippines' Department of Science and Technology will commission a series of studies to examine whether, how, and to what extent information and communication technology projects in the country are transforming Philippine society. Launched in January 2004, the project will distil critical learning for policymaking, planning, and programing. A multidisciplinary national steering committee will administer a small research grants portfolio. Philippine ICT policymakers and researchers will learn from each other, analyze the processes and results of important ICT undertakings in the country, and dissect them for policy implications. The recipient institution, the Department of Science and Technology, is a key crucible in the Philippines' drive toward productivity, competitiveness, and science and technology development.

Looking ahead: Expected to be completed in 2007, this project will devolve responsibility to a committee that will decide what ICT research should be conducted.

Networks: statistical snapshot 2003/04	
New network research projects approved:	69
Active network research projects:	196
Number of institutions currently involved:	269

BUILDING CAPACITY TO CARRY OUT RESEARCH FOR DEVELOPMENT

A hands-on approach to training (www.idrc.ca/awards)



IDRC: J. Hookimaw-Witt

In January 2004, Jacqueline Hookimaw-Witt traveled for the first time to southern Mexico to study the role of Zapotek women living in Juchitan. In this aboriginal society, “women have their say. They rule the market, administer the finances, own the houses, and care for their children. This is very similar to what I found out about Cree women in traditional times through the stories of our elders,” says Ms Hookimaw-Witt.

A PhD candidate at the University of Toronto, she traveled to Mexico thanks to an IDRC Canadian Window on International Development Award. The award assists Canadian graduate students to undertake thesis research on similar issues affecting Canada and developing countries. Ms Hookimaw-Witt’s PhD research is comparing the political and economic development in Juchitan with that of her own Cree community of Attawapiskat in northern Ontario and the implication of Cree women’s traditional role for the distribution of political power in native self-government. The Zapotek example could point to a Cree solution to the problems being posed by the proposed exploitation of a diamond mine near her community, she says.

The Canadian Window on International Development Award is one of many types of awards IDRC offers to Canadian and developing-country nationals. IDRC’s Training and Awards Program embodies the Centre’s commitment to the personal and professional development of young researchers. By supporting academic study and providing opportunities for hands-on experience, IDRC helps countries of the South develop a critical mass of trained researchers. At the same time, a new generation of Canadians has the opportunity to participate actively in international development and consider careers in this field.

IDRC also supports a number of small research grants programs responsive to the needs of researchers and communities. They are used to train young, emerging, or established researchers,

promote exchanges with researchers, connect IDRC’s program partners, support explorations of new research areas, and bring stakeholders and researchers together. Small grants keep the Centre open to new ideas and new people and give the opportunity to identify new and emerging research partners working in key and new areas. For example, a new small grants project launched in February 2004 is enabling graduate and undergraduate students in Eastern and Southern Africa to pursue research in areas such as equity in health sector responses to HIV/AIDS and treatment access.

Since its inception, IDRC has granted about 3 600 awards to Canadian and developing-country nationals: of this number, 2 582 awards were to developing-country nationals. Over the last 4 years, IDRC has invested more than \$26 million in training through awards projects, small grants, and in specific informal training components within research projects and programs.

The Centre has learned a number of lessons over the years. One is the benefit of linking training to IDRC-supported research projects. In this way, says Rita Bowry, IDRC Senior Program Officer responsible for the Centre’s Training and Awards Program, the research project serves as a base to continue research upon return home from studying. IDRC has also identified the need to provide continuing support and develop networks linking past and present award recipients working on topics of mutual interest. And the Centre has also determined that training programs and policies have to be continuously reviewed, evaluated, and adjusted to reflect changing circumstances. To this end, in 2004/05, IDRC is embarking on a large-scale strategic evaluation of the capacity-building modalities and effectiveness of its projects and programs.



IDRC: S. Shukla

AWARDS GRANTED: 2003/04

IDRC Doctoral Research Awards	35	Use of Fertility Enhancing Food, Forage, and Cover Crops in Sustainably Managed Agroecosystems: The Bentley Fellowship	1
Centre Internship Awards	13	John G. Bene Fellowship in Community Forestry: Trees and People	1
AGROPOLIS		IDRC Research Awards on Economic and Social Policy in Peru	2
International Graduate Research Awards in Urban Agriculture	10	Canadian Window on International Development Awards	3
Post-Doctoral International Graduate Research Award in Urban Agriculture	1	Carleton University, Clyde Sanger & IDRC Scholarship	1
IDRC Awards for International Development Journalism	5	TOTAL AWARDS	84
Professional Development Awards	8	Award holders based at IDRC headquarters and regional offices	37
Visiting Scholar	1		
Sabbatical Awards	2		
Senior Visiting Executive	1		



IDRC: S. Dalle

Objective:

Promote Change, Transform Societies

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

One of the positive trends of recent years is the slow but steady growth of more open and democratic societies. Around the world, people are demanding a greater say in the policies and practices that shape their lives. IDRC believes that research can play a pivotal role in this transformation. Experience has shown that research that addresses local concerns can engage citizens and persuade them to act. It can motivate policymakers to take ownership of new knowledge and put it into practice. In democratic governments, relevant knowledge can inform and strengthen policy processes.

In mapping out the Centre's directions for 2000–2005, IDRC's Corporate Strategy and Program Framework emphasizes the factors affecting policymaking for development because for change to occur, it has to do so within a policy framework. This thrust was given a renewed emphasis this past year with the release of 22 case studies prepared as part of a comprehensive strategic evaluation to assess the policy influence of IDRC-supported research. Preliminary analysis shows that policy influence is maximized when the intention to influence policy is built into the research design. External evaluations of IDRC's program initiatives this past year further indicate that IDRC's multi-stakeholder approach “often influenced policy development through broadening debate and building capacity,” noting that one of the “most useful things” this approach provides is “building the capacity of local actors to work together on policy and to learn how to engage in the policy process at all.”

Relationship building of this sort requires persistence, backed by a reputation for quality research. For IDRC and other donors, it also suggests the need to take a long-term view to the support they provide. As researchers and institutions become known for the depth and breadth of knowledge they produce, policymakers will increasingly turn to that research to inform policy decisions. The whole can become a virtuous circle in which the quality of research undertaken locally leads to an increased demand and use in local policy processes that, in turn, stimulate additional research.

The examples that follow illustrate some of the ways IDRC-supported research influences decision-making.

Policy influence: statistical snapshot 2003/04

New projects approved with explicit policy objectives:	29
Active projects with policy objectives:	110
Number of institutions currently involved:	120

Optimizing Use of Vacant Land for Urban Agriculture through Participatory Planning Processes

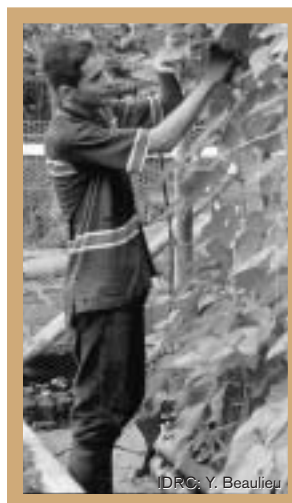
Cities Feeding People PI (www.idrc.ca/cfp)

Objective: To promote urban agriculture in municipal policies and programs as a way to alleviate poverty and strengthen the poor's participation in municipal governance.

Progress: In May 2003, city teams from Argentina, Brazil, and Cuba met in the city of Rosario, Argentina, to showcase their urban agriculture initiatives to a group of researchers and policymakers from São Paulo (Brazil), Montevideo (Uruguay), and Lima (Peru). The meeting was the culmination of a series of projects that brought together researchers, farmers, and municipal authorities to promote urban agriculture. All three cities are now formally integrating urban agriculture into urban and economic planning. These efforts are critical to the health of Latin American cities, which are expected to house 83% of the region's population by 2020.

Looking ahead: City teams will produce a series of manuals on tools, methods, and strategies to promote urban agriculture. Efforts to scale-up the results of this project will be coordinated by the Urban Management Programme in Latin America, a technical assistance program funded by the United Nations

Development Programme, the United Nations Human Settlements Programme, and the World Bank. Canada's McGill University will develop architectural training programs for city governments interested in developing their urban agriculture potential.



IDRC: Y. Beaulieu

City teams will produce a series of manuals on tools, methods, and strategies to promote urban agriculture.



IDRC: P. Bennett

Land is the single greatest source of conflict in Guatemala.

Regularization of Land Tenure in Guatemala

Peacebuilding and Reconstruction PI (www.idrc.ca/peace)

Objective: To formulate a proposal for a law on the regularization of the tenure and use of land in Guatemala that facilitates the resolution of irregularities and conflict related to property rights.

Progress: Land is the single greatest source of conflict in Guatemala. Several peace accords signed in the mid-1990s codified provisions for reforms to land tenure and use arrangements and provided for the establishment of joint government-indigenous commissions. In 2000, IDRC supported a first project with the Permanent National Commission on the Rights of Indigenous Peoples Related to Land (CNPT), which led to the establishment of an institutional mechanism to resolve agrarian issues. This second project, completed in early 2004, achieved three major outputs:

- ▶ A diagnostic study of the current state of the land tenure regime in Guatemala;
- ▶ Proposals for reforms based on the diagnostic study and inputs from key stakeholders; and
- ▶ A comprehensive draft legislative proposal to regularize land tenure and use in Guatemala.

The project has also strengthened the capacity of researchers and civil society organizations to promote policy debate and move the results of research through a negotiating and legislative process.

Looking ahead: CNPT has received follow-on funding from the United Nations Development Programme and is continuing to work on the document with the new Guatemalan government and a variety of stakeholders.

From Formal to Participatory Plant Breeding: Improving Barley Production in the Rain-fed Areas of Jordan

Sustainable Use of Biodiversity PI (www.idrc.ca/biodiversity)

Objective: To improve the welfare of small, resource-poor farmers by increasing barley and animal production in the rainfed areas of Jordan through participatory plant breeding.

Progress: March 2004 saw the completion of this project, which is transforming Jordan's formal barley-breeding system from a top-down hierarchical structure into a decentralized participatory program that incorporates farmers' knowledge, expertise, and concerns. Barley is an important crop in Jordan and in many other parts of North Africa and the Middle East. Resource-poor farmers tending small plots of land have developed local varieties that meet their needs and that survive despite the region's low rainfall and harsh climate. But state-controlled seed-breeding programs have ignored these varieties.

This project brought farmers and researchers together to share knowledge and develop improved barley varieties that better meet the needs of smallholder farmers. As a result of the project, researchers have more confidence in local knowledge and farmers are more receptive and confident in new technologies generated with their participation.

Looking ahead: Jordan's National Center for Agricultural Research and Transfer of Technology is extending participatory plant breeding activities to durum and bread wheat. Globally, IDRC-supported efforts to promote participatory plant breeding have been adopted in Africa, Asia, and Latin America.

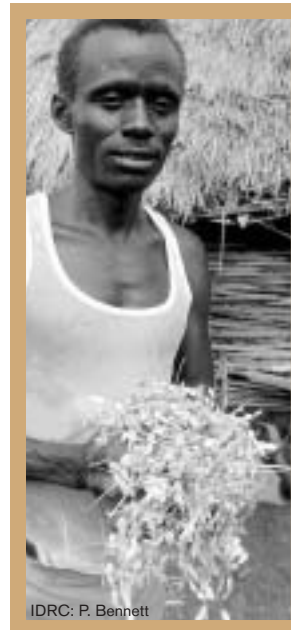
DrumNet: From African Drum to the Internet

Acacia Initiative: Communities and the Information Society in Africa PI (www.idrc.ca/acacia)

Objective: To demonstrate a link between the provision of marketing, finance, and information services to smallholder farmers and measurable increases in farm and household income.

Progress: In Kenya, small-scale farmers account for 70% of the total agricultural production and 50% of marketed output. And

yet, Kenya's smallholder farmers are among the country's poorest citizens. In 2002, IDRC and a coalition of partners launched DrumNet to provide smallholder farmers with business support services – marketing, finance, and information. Acting as a broker, DrumNet links farmers with agricultural input suppliers, wholesale buyers, transporters, and agricultural extension/training organizations. It does this through stand-alone information kiosks equipped with a computer with a dial-up connection to the Internet and a mobile phone to link up with the central hub in Nairobi. This year, a pilot study of some 750 farmers was begun to test the effectiveness of the DrumNet



IDRC: P. Bennett

In Kenya, small-scale farmers account for 70% of the total agricultural production.

strategy. One group of 250 farmers will receive all the services, a second group of 250 the marketing and information services, and the third group of 250 will not receive any services.

Looking ahead: After 1 year, all participating farmers will be interviewed to assess changes in farm productivity, market prices, and household income. Kenya's Ministry of Agriculture is looking to adopt the model and expand the kiosk network across the country.

Micro Impacts of Macroeconomic and Adjustment Policies, Senegal

Micro Impacts of Macroeconomic and Adjustment Policies (MIMAP) PI (www.idrc.ca/mimap)

Objective: Provide new instruments for policy and program design and analysis and strengthen the ability of policymakers to negotiate with international players, such as multilateral and bilateral institutions.

Progress: In April 2004, Senegal became the 12th country to have its debt forgiven under the Enhanced Heavily Indebted Countries Initiative (HIPC). Senegal's acceptance into the HIPC program owes much to the work of a group of researchers supported by IDRC's Micro Impacts of Macroeconomic and Adjustment Policies (MIMAP) PI. During the HIPC process, Senegal's MIMAP team served as technical advisors to government officials who prepared the country's Poverty Reduction Strategy Paper (PRSP), a key component of the HIPC process. Senegal's PRSP was written and researched entirely by Senegalese nationals, something of a rarity in the HIPC process. Indeed, prior to the PRSP, economic policy research was directed primarily by the World Bank and the International Monetary Fund. The close ties between MIMAP members and Senegalese policymakers will serve the researchers well as they continue their work to help develop antipoverty policies.

Looking ahead: To accommodate the PRSP process, Senegal's MIMAP project was extended by a year. Researchers from the Centre de recherche en économie appliquée in the capital city, Dakar, will resume their work on a national poverty monitoring system. They will also study the poor's access to financial services, the gender dimension of poverty, and the relation between education and poverty.

Human Security and the International Diamond Trade in Africa

Special Initiatives Division (www.idrc.ca/sid)

Objective: To engage the diamond industry, governments, and civil society in Africa and elsewhere in discussion and action that will ensure greater development impact from the diamond industry, especially in countries emerging from conflict.

Progress: "Conflict diamonds" are illegally marketed gems that fuel wars and lead to massive civilian displacement, especially in Africa. To curb the international trade in conflict diamonds, Partnership Africa Canada (PAC) and its partners launched the Human Security and the International Diamond Trade in Africa Program. IDRC support to PAC will be used to research and

publish their 2003/04 annual review, which examines the diamond industry and its development impact in the three countries most affected by conflict diamonds: Sierra Leone, Angola, and Democratic Republic of the Congo. PAC publications constitute a series of "watching briefs" allowing for comparisons and benchmarking to measure progress from one year to the next. In the past year, PAC also launched an in-depth study of the place of alluvial diamond mining – practiced largely by poor miners and difficult to control – in the illegal mining trade.

Looking ahead: PAC continues to push for an effective monitoring system for national diamond-control mechanisms, as the current agreement is largely a voluntary system of compliance that remains open to abuse.



The price paid to developing-country producers for their coffee beans are at the lowest they have been, in real terms, for the past 100 years.

Exploring Opportunities for International Cooperation Toward a Sustainable Commodities Sector: A Case Study in Coffee

Trade, Employment, and Competitiveness PI (www.idrc.ca/tec)

Objective: Develop ways to integrate fair trade principles into the mainstream commodity trade through international cooperation.

Progress: The world's coffee industry is in crisis. While Northern-based coffee processing companies, or "roasters," make record profits, the price paid to developing-country producers for their coffee beans are at the lowest they have been, in real terms, for the past 100 years. Those producers who sell their crop in the fair trade market are making a living wage, however.

The International Institute for Sustainable Development (IISD) – the Winnipeg-based organization leading this project – has brought together representatives of the fair trade movement, the mainstream coffee industry, and developing-country coffee producers to discuss alternatives to the current global coffee-trading system. Among the options proposed are a clear, internationally recognized definition of sustainability, a pricing system

that would include the social and environmental costs of coffee production in the global market price, and a multistakeholder process to develop a global strategy for sustainability across the coffee sector. Research to explore these options has highlighted steps that can be taken to improve the livelihoods of developing-country producers, such as long-term contracting options.

Looking ahead: All project participants have been invited to join the Sustainable Coffee Partnership, which will be launched in 2004 to continue the work of the project and promote sustainability across the coffee sector.

EVALUATION

(www.idrc.ca/evaluation)

Evaluation makes an essential contribution to learning and decision-making about research within IDRC and, increasingly, within its partner institutions. The Centre promotes evaluation as a planning, management, and accountability tool. The Centre also builds local capacity for evaluation and assesses the use of research and its impact on development. A strategic evaluation began in 2001 focused on the influence of IDRC-supported research on public policy (see p. 27). Next year, IDRC will embark on a strategic evaluation to assess the capacity-building impact of the research it supports.

Evaluations carried out by type and program area: statistical snapshot

Program area ^a	2003/04			
	Total	Project	Program	Corporate
ENRM	16	5	9	2
SEE	8	1	3	4
ICT4D	4	2	1	1
Other	1	0	0	1
Total	29 ^b	8	13	8

^a ENRM, Environment and Natural Resource Management; ICT4D, Information and Communication Technologies for Development; SEE, Social and Economic Equity.

^b The high number of reports in 2003/04 is the result of external reviews of PIs in the ENRM and SEE program areas.

BUILDING CAPACITY TO INFLUENCE PUBLIC POLICY

Measuring the policy impact of IDRC-supported research

A decade ago, Mozambique was on the periphery of the global information society. In 2000, the government of Mozambique unveiled a national ICT policy – the first in Africa. Today, they are 2 years into a policy implementation strategy that “will make ICTs a real lever for the country’s sustainable development,” says the country’s Prime Minister, Pascoal Mocumbi.

Mozambique’s stride into the information age is one of 22 case studies documented by IDRC’s Evaluation Unit as part of a 2-year study to discern the policy influence of IDRC-supported research. The study’s authors examined more than 60 projects in over 20 countries and drew upon several background studies to help guide the strategic evaluation.

Preliminary analysis of the case studies in 2003/04 revealed that IDRC-supported research has contributed to changes in both policy processes as well as policy content. A few cases reported the actual use of research in the development of new laws and regulations. More frequently, however, IDRC supports the building of “policy capacities,” such as the ability of researchers to conduct policy-relevant research and of decision-makers to use evidence as a basis for policy.

But the study also points to certain difficulties that IDRC and other donors encounter in pushing for greater policy influence in the research they support. Researchers are now expected to do more than just research: they are expected to be able to communicate their findings to policy- and decision-makers. However, packaging, marketing, and communicating research results in formats that are readily accessible and easily understood are areas of expertise in which most researchers are not trained. For IDRC and its partners, it implies a new thrust in capacity-building. If researchers are to assume a greater role in ensuring that their research influences decisions made in the policy arena, they should be encouraged to develop communication skills.

The study also underscored the nonlinear nature of the influence of most research on public policy. Yet many donors, including IDRC, have a legacy of linear support – once a project is funded, there is a tendency to wait and see if the research achieves results before committing funds to communication and dissemination activities. This means that dissemination is often too late for policy influence to occur. If researchers are to seize policy opportunities as they occur, project design and monitoring must allow for flexibility as well as accountability.

The Centre’s Evaluation Unit has begun a more in-depth analysis of the results of its evaluation. The lessons IDRC gleans will be presented to Canadian policy- and decision-makers in June 2004 and will inform the development of the Centre’s new Corporate Strategy and Program Framework slated for completion later in 2004/05.



IDRC: P. Bennett



IDRC



IDRC: P. Bennett

Objective:

Build on the Past, Explore the Future

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

In the Corporate Strategy and Program Framework 2000–2005, IDRC President Maureen O’Neil wrote about how a small but specialized organization like IDRC can help move the world toward a better future. Its potential to contribute to this inspiring goal is based on “the powers inherent in the *IDRC Act*; the lessons that we have learned from the research we have supported; and the network of contacts that we have built.”

The ability to explore new directions while drawing on lessons from its 34-year history and on the intellectual resources of its research partners is among the Centre’s principal assets. The *IDRC Act* gives the Centre the flexibility to experiment and to respond creatively to challenges. This may involve supporting research in areas at the forefront of science or on innovative technologies and fast-breaking issues. At the same time, experience can lay the groundwork for success. Extending the impact of a pilot project, consolidating a body of research, and capitalizing on long-time institutional linkages are just a few of the ways that IDRC puts its experience to work.

The examples below show how this blend of perseverance and innovation helps IDRC to achieve its objectives.

IDRC-UNESCO Workshop: Future Directions for National Reviews of Science, Technology, and Innovation in Developing Countries

Research on Knowledge Systems (www.idrc.ca/roks)

Objective: To bring together stakeholders of science and technology (S&T) reviews to examine “good practice” in the conduct and implementation of reviews. To assess potential directions for enhanced collaboration in future studies.

Progress: IDRC and the United Nations Educational, Scientific and Cultural Organization (UNESCO) have both long supported national reviews of science, technology, and innovation policies around the world, as have other agencies. Little has been done, however, to compare the lessons of the various reviews and apply them to the design of future exercises. In April 2003, IDRC and UNESCO brought together some 60 representatives from developing countries and international organizations to discuss the impacts of previous S&T reviews, study how ongoing national assessments had been designed and were being implemented, and deliberate on how future reviews might be enhanced to strengthen Southern capacity and foster collaboration.

Looking ahead: The workshop recommendations will help improve future reviews. Dialogue and sharing of experiences will continue and coordination among donors will be enhanced.

Wi-Fi Pilots for Development

Institute for Connectivity in the Americas Corporate Project (www.ICAmericas.net)

Objective: To promote social development in Latin America and the Caribbean by implementing local wireless networks using Wi-Fi (wireless fidelity) technology.

Progress: The versatility and low-cost of Wi-Fi technology offers tremendous potential for extending Internet services to remote, marginalized communities in Latin America and the Caribbean and for harnessing the power of ICTs for development. The Institute for Connectivity in the Americas (ICA) has launched a project to deploy Wi-Fi in several sites to test its effectiveness, acceptance, and usefulness within communities.

One of these pilot projects in Rio de Janeiro, Brazil, aims to demonstrate how high-speed networks can be twinned with wireless technologies to serve low-income communities within large metropolitan areas. In partnership with the Federal State University of Rio de Janeiro, the Ministry of Science and Technology, and two local nongovernmental organizations, the project opens high-speed academic networks and provides, through Wi-Fi, connectivity to nearby *favelas* (slums). The initiative links local universities to currently unconnected community computer centres. In November and December 2003, ICA also published a series of short briefs designed to explain Wi-Fi terminology and applications in clear language.



IDRC is helping to promote social development in Latin America and the Caribbean by implementing local wireless networks using Wi-Fi (wireless fidelity) technology.

Looking ahead: The project is slated for completion in 2004. Its lessons will be applied to ICA's ambitious E-Links initiative to bring connectivity to underserved areas of the Americas.

Public Sector Antiretroviral Treatment in South Africa

Governance, Equity, and Health PI (www.idrc.ca/geh)

Objective: To support the public health sector in South Africa to implement an effective, accountable, and equitable antiretroviral treatment program for people with AIDS.

Progress: In August 2003, the South African government announced that it would support and fund antiretroviral treatment and follow-up care for people with AIDS. The challenge now lies in providing the treatment without overwhelming the health system or creating public health risks through system leakage or increased drug resistance. In September 2003, the Department of Health of the Free State asked IDRC-supported researchers working on lung health for support in planning and evaluating an antiretroviral treatment program. In January 2004, the researchers submitted a proposal to IDRC to set up an ongoing monitoring and evaluation system for Free State, where 500 000 citizens are infected with HIV. Although regular IDRC funds were already committed to other research, the importance and timeliness of the project meant that money was made available from a special contingency fund.



The challenge lies in providing AIDS treatment without overwhelming the health system or creating public health risks.

Looking ahead: Given that plans for the antiretroviral rollout have been politically contentious and subject to logistical changes, IDRC decided to offer support in two phases to minimize financial risk. The first phase focuses on collecting baseline data on the existing health system and its performance. The second phase – to set up the monitoring and evaluation system – will begin with the rollout, currently slated for May 2004.

Building Rural–Urban Digital Links in Laos

Pan Asia Networking PI (www.idrc.ca/pan)

Objective: To increase accessibility to ICTs and to improve basic ICT skills for development in both rural and urban areas of Laos.

Progress: In 1996, IDRC helped to start up the first public Internet connection in Laos for email service. This initial effort has expanded to a broader initiative to build capacity within the government and at the community level to meet Laos' growing ICT needs. The Science, Technology, and Environment Agency (STEA) has provided ICT infrastructure to national and provincial governments and offers training to government staff. STEA is also responsible for bringing connectivity to the National University of Laos. The project has introduced the country's first telecentre in Luang Prabang – a provincial centre that serves a large rural population. The Participatory Development Training Centre, a prominent nongovernmental organization, runs the telecentre.

Looking ahead: The lack of content in the Lao language is one of the major constraints to ICT use. In November 2003, IDRC launched a major project to enable six countries in Asia, including Laos, to develop computer capacity in their national languages. If successful, this project will enable such functions as the searching and sorting of documents and provide lexicon and grammar checkers. This will improve the Luang Prabang telecentre's ability to generate more local content, such as Web pages, electronic books, and interactive learning tools.

International Forum on Ecosystem Approaches to Human Health

Ecosystem Approaches to Human Health PI (www.idrc.ca/ecohealth)

Objective: To provide a platform for discussing the ecosystem approach to human health framework, evidence from the field, and the relevance of the approach to improve human health and well-being.

Progress: Since 1997, IDRC has been supporting innovative research on the linkages between human health, the environment, and development through its Ecohealth PI. An international forum, initiated by the program in cooperation with a wide range of national and international partners, showcased project results from the past 6 years.

The Forum, held in May 2003 in Montréal, brought together 370 participants from 43 countries, including researchers, practitioners, government representatives, and graduate students. During the Forum, 69 presentations were related to IDRC-funded Ecohealth projects in Africa, Asia, Latin America, and the Middle East. Researchers also discussed the formation of a global community of practice on ecohealth – a network made up of individuals and organizations to strengthen the use of the ecohealth approach and to link research to policy and action.

Looking ahead: IDRC and the Canadian Institutes of Health Research have issued a call for applications to consolidate an ecohealth community of practice in the Latin American and Caribbean region. This initiative will be followed by similar projects in other regions.

Association of Universities and Colleges of Canada

Special Initiatives Division (www.idrc.ca/sid)

Objective: To raise awareness of the opportunities, benefits, and challenges associated with North–South research collaboration among Canadian academic researchers.

Progress: Since 1978, IDRC has provided the Association of Universities and Colleges of Canada (AUCC) with program funding to promote research cooperation for development in the Canadian university community. In the fall and winter of 2002/03, AUCC held a series of campus discussions that culminated in a national roundtable in May. This event, supported by IDRC, explored new directions in international research in Canada. It attracted more than 30 vice-presidents of research from Canadian universities and 25 senior officials from the research-granting agencies and other national research establishments, federal government departments, and nongovernmental organizations in Ottawa. The report, *Research Without*

(Southern) Borders, synthesizes the key themes and issues discussed at the roundtable.

Looking ahead: Issues that emerged from the roundtable will feed into the development of IDRC's strategic plan for 2005–2010. They will also help to inform IDRC's contribution to discussions on Canadian foreign policy.

Implementing Isang Bagsak

Community-Based Natural Resource Management PI (www.idrc.ca/cbnrm) and People, Land, and Water PI (www.idrc.ca/plaw)

Objective: To reinforce the capacity of researchers and practitioners to use participatory development communication tools to strengthen research in community-based natural resource management (CBNRM).

Progress: Isang Bagsak (an expression from the Philippines meaning “arriving at a consensus”) is a learning and networking program in participatory development communication. During a 15-month pilot phase, the program worked with teams from Cambodia, Uganda, and Viet Nam to promote the use of communication strategies and technologies to help facilitate community participation in development initiatives. *Isang Bagsak: A Capacity Building and Networking Program in Participatory Development Communication*, a 2003 publication, evaluates



IDRC: Y. Beaulieu

BUILDING STRONG PARTNERSHIPS

An effective way to explore new directions and to build on past investments is through collaboration with strategic partners and like-minded donors. IDRC's Partnership and Business Development Division facilitates partnerships with donors to augment and enhance the research work carried out by IDRC's project partners. These partnerships provide additional financial resources as well as intellectual inputs and facilitate knowledge sharing. They also promote stronger linkages between research, policy, and development.

Ongoing donor partnerships 2003/04:	50
Resource expansion target for 2003/04:	\$15.4 million
Actual resource expansion in 2003/04:	\$14.5 million
Projected resource expansion for 2004/05:	\$13.1 million



Isang Bagsak is a learning and networking program to help facilitate community participation in development initiatives.

this pilot phase. After a successful period of development and evaluation, Isang Bagsak programs have been launched in Southeast Asia by the University of the Philippines, and in Eastern and Southern Africa by the Southern African Development Community Centre of Communication for Development. The United Nations Educational, Scientific, and Cultural Organization and the United Nations Food and Agriculture Organization are collaborating in the program.

Looking ahead: The Vietnamese team that participated in the pilot phase is developing its own version of the Isang Bagsak program – renamed Vong Tay Lon in Vietnamese. Discussions are also underway to implement Isang Bagsak for agroforestry researchers and practitioners in the African Sahelian region.

Disseminate Research Results

Communications Division (www.idrc.ca)

For IDRC, sharing the results of the research it supports is a corporate imperative as much as a programing choice. The Centre does so using various means, from books, to conferences and seminars, to thematic and corporate Web sites.

To ensure access to the results of IDRC-supported research, IDRC entrusts its book-publishing work to academic and commercial publishers. The Centre maintains online rights, however: new books are put full-text online on the Centre's Web site, where access is free of charge, and on CD-ROM. The print edition and sales remain with the partner publisher. The revenue from book sales below was generated by sales of earlier titles and the Centre's In_Focus collection, published by IDRC itself. This figure should be lower year by year as titles go out of print while partner publishers' sales increase. IDRC ensures that all titles taken out of print are available digitally on its Web site (see www.idrc.ca/books).

In 2003/04 work was completed on the implementation of an ambitious Web Content Management System to facilitate the exchange and dissemination of information about the research IDRC supports.

Corporate communications: statistical snapshot 2003/04

Books published and copublished	24
Environment and Natural Resource Management	11
Information and Communication Technologies for Development	2
Social and Economic Equity	6
Other	5
Current titles in print	124
Books available free, full-text online	166
Copies distributed (sold and complimentary)	23 392
Book sale revenues	\$66 999



BUILDING CAPACITY TO COMMUNICATE

Researchers and farmers join hands in a common cause

With the untying of a bright yellow ribbon around a stack of books, the Mandarin version of *Seeds that Give: Participatory Plant Breeding* was launched in Beijing, China, on 16 October 2003: World Food Day. The book draws from a decade of IDRC research on agricultural biodiversity and participatory plant breeding (PPB). With PPB, researchers work alongside farmers in the fields to develop seed varieties that meet farmers' needs. This collaborative research helps to increase yields while maintaining important genetic variations.

Six case studies accompany *Seeds that Give*, which also serves as a focal point for a thematic Web site: www.idrc.ca/seeds. In addition to the Mandarin version, the book has been published in English, French, Spanish, and Arabic.

"This book brings new ideas to Chinese researchers. Most of the plant breeders in China ignore the social and economic problems of farmers. This book will open their eyes," said Prof. Shihuang Zhang, Director, Crop Research Institute at the Chinese Academy of Agricultural Sciences.

Seeds that Give is part of IDRC's In_Focus Collection, which tackles current and pressing issues in international development. Each publication distills IDRC's research experience with an eye to drawing out important lessons, observations, and recommendations for decision-makers and policy analysts. Previous publications in the series focused on ecosystem approaches to improving human health and on local-level management of water resources.

The development of *Seeds that Give*, a collaborative effort of IDRC's Communications Division and the Sustainable Use of Biodiversity (SUB) PI, included an important element of capacity-building. SUB supported several research partners in their efforts to use the book and case studies to promote PPB among key audiences. This led to the book launch in China at a workshop organized by IDRC-supported researchers at the Center for Chinese Agricultural Policy and the Guangxi Maize Research Institute. Government officials, university staff, researchers, farmers, and extension agents attended the workshop. Follow-up activities include plans for the book to be distributed through a national bookstore chain and at book fairs and agricultural expositions.

In Cuba, the Spanish version of the book – *Semillas generosas* – was launched on November 19, 2003 at the Instituto Nacional de Ciencias Agrícolas in Cuba. Close to 100 participants attended, including representatives from Cuba's Economic Collaboration Ministry and the Canadian Embassy, researchers, and a large group of farmers. Humberto Ríos, one of the launch organizers, leads an IDRC-supported project to develop and distribute more productive varieties of beans, corn, and rice through PPB. In a novel approach to promote these efforts, the multitalented Mr Ríos composed and recorded several songs about biodiversity on CD.

In March 2004, researchers with a barley breeding project in Syria produced an Arabic version of *Seeds that Give* that will be the basis for training activities and PPB advocacy. Plans call for a Nepalese edition in November 2004.

Part of IDRC's definition of good performance for capacity-building states that the Centre will devote "time and resources to strengthen capacity of individuals, institutions, and networks ... in communicating research results to promote evidence-based change." The experiences with *Seeds that Give* and its "offshoots" – *Les Semences du monde*, *Semillas generosas*, as well as Arabic and Mandarin editions (below) – show one way that the Centre is working to fulfil this key objective.



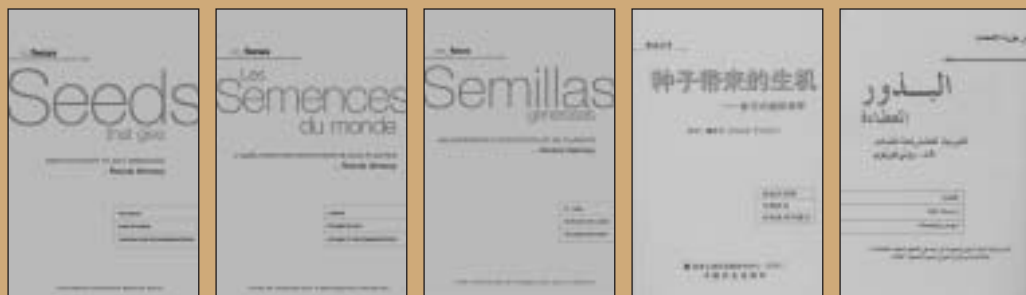
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Human and Financial Resources

CORPORATE GOVERNANCE

The Board of Governors

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

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

Stewardship of the corporation

Board responsibilities

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

- ▶ Establish the Centre's strategic program directions;
- ▶ Review and approve the Centre's financial objectives, plans, and actions;
- ▶ Review human resources management plans;
- ▶ Assess and manage risks associated with the Centre's business;
- ▶ Ensure the integrity of the corporation's internal control and management information systems;
- ▶ Monitor corporate performance against strategic and business plans;
- ▶ Assess its own responsibilities in fulfilling Board responsibilities; and
- ▶ Develop indicators to measure and monitor the Chief Executive Officer's (CEO) performance.

Strategic direction

IDRC's current Corporate Strategy and Program Framework (CSPF) ends in 2005. The Board is playing a central role in the development of the next CSPF, which will set the Centre's course from 2005 to 2010. At a special retreat in October 2003, governors explored issues arising from a series of 10 commissioned papers that looked at different aspects of the

Centre's operating environment. In a subsequent meeting, the Board discussed reports from consultations held in four different regions of the developing world. These consultations were designed to solicit advice from developing-country experts on IDRC's programing and future directions.

The Centre commissioned and discussed a number of reviews to give the Board an external, objective perspective on performance and results in a number of key programing units over the past 5 years. The Board also reviewed a draft of the new corporate strategy that set out the Centre's strategic principles and goals. The active involvement of the Board in refining the CSPF for 2005–2010 will continue throughout the upcoming year.

Risk management

The Finance and Audit Committee ensures that the principal risks of the Centre's business have been identified, that they are being properly managed, and that assets are well protected. An annual risk-assessment exercise carried out by Audit Services assists them in this task. For a more detailed discussion of the risks involved in IDRC's work, see *Assessing and Managing Risk*, on page 13.

Succession planning

The President discusses succession issues with the Board on a regular basis. IDRC's approach to succession planning focuses on developing staff of high potential to assume leadership positions within the Centre rather than recruiting or planning succession around a particular candidate for a specific job. In recent years, 11 senior positions have been filled by internal candidates, an indicator of the success of this approach. The Centre also strives to strike a balance between selecting candidates from within and bringing in new staff.

A Human Resources priority in the next fiscal year will be to devise a training and development framework, some of which will focus on leadership skills. Identifying and developing a leadership cadre within the Centre will be addressed.

Information received by the Board

Annually, in October, the Board receives a report on the status of IDRC programs and activities in relation to the overall corporate strategy. The directors of program areas and the regional directors alternate in presenting these reports. This year, program area directors provided a general overview of their respective programs, highlighting key challenges and areas of progress and change.

In March, the planned program of work and budget for the coming year is submitted to the Board for review and approval.

At its meeting in June, the Board receives an annual report on evaluation findings and activities, as well as a report on communications activities. The report on the annual financial audit conducted by the Office of the Auditor General and the year's audited financial statements are also presented at this time.

At each Board meeting, the Finance and Audit Committee reports on the current financial status of the Centre and internal audit activities. The Human Resources Committee also reports at each meeting.

Audit regime

The annual audit regime includes both internal and external audits.

Public policy objectives

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

Communications

IDRC's comprehensive annual report serves as the primary vehicle for communicating with the Canadian government. Subsequent to recommendations in a report issued in 2000 by the Office of the Auditor General on the governance of Crown corporations, IDRC and the Department of Foreign Affairs and International Trade established a governance protocol to guide collaboration and consultation on key issues. In part, this protocol establishes a mechanism for input by the Minister and senior staff to the development of the CSPF.

In this regard, the Centre hosted consultative meetings on 4–5 September with representatives from the Canadian research and foreign policy "families." The event, entitled "IDRC Futures," was designed to encourage participants to think strategically about IDRC and the kind of institution it should become and to reflect on trends in the operating environment and the implications of those trends for the strategic direction of the Centre. Senior representatives from the Department of Foreign Affairs and International Trade, CIDA, the Department of Finance, and the Privy Council Office participated in this event.

Over the course of the year, Board Chairman Gordon Smith and President Maureen O'Neil had several occasions to discuss the work of IDRC during meetings with Bill Graham, Minister of Foreign Affairs, Susan Whelan, former Minister for International Cooperation, and Aileen Carroll, current Minister for International Cooperation, as well as with Alexander Himelfarb, Clerk of the Privy Council.

Working with management

Board and management relations

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

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

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

Board independence

The Board has established various structures and procedures that allow it to function independently of management. The roles of the Chairman and the President, who is the CEO, are separate: the Chairman manages the affairs of the Board; the President is responsible for the daily operations of the Centre. The Chairman and the President are both appointed by the Governor in Council. The Board meets three times a year. Every session includes an in-camera discussion and reports from Board committees. The Board has three standing committees: the Executive Committee, the Finance and Audit Committee, and the Human Resources Committee. Committee members are elected on the basis of their interests, expertise, and availability. The Board also establishes ad hoc committees to deal with particular issues, as the need arises.

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

Executive Committee

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

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

Finance and Audit Committee

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

- Financial matters that deal with the Centre's strategic direction;
- Ensuring that the principal risks of the Centre's business have been identified and that appropriate systems to manage these risks have been implemented;
- Ensuring that the Centre's information systems and management practices meet its needs and give the Board confidence in the integrity of the information produced; and

- ▶ Ensuring that the internal audit function is operating effectively.

In 2003, the Treasury Board of Canada released *Guidelines for Audit Committees in Crown Corporations and Other Public Enterprises*. The Finance and Audit Committee of the Board reviewed its operations and business processes in relation to the suggestions contained in the Treasury Board document. The committee agreed to use additional data to enhance the quality of reporting and to review more regularly the Committee's terms of reference and overall performance. These changes will be implemented in the coming year.

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

Human Resources Committee

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

Members: Sir Alister McIntyre (Chair), Margaret Catley-Carlson, Francine Matte, Tom McKay, Maureen O'Neil, Rodger Schwass

The position of CEO

Selecting the best individual to lead a corporation is where good governance begins. In accordance with the *IDRC Act*, the Board of Governors recommends the appointment of the President of IDRC to the Governor in Council. Ms Maureen O'Neil was reappointed as President of the Centre in April 2003 for a 5-year term.

The Board also evaluates the President's performance against objectives on an annual basis and establishes objectives for the coming year.

Functioning of the Board

Renewal of the Board

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

Board members are appointed for a term of 4 years and may be appointed for a second term. In 2003/04, two new governors were appointed to the Board.

Orientation

New Board members receive extensive background material on the Centre, including a briefing manual, and participate in orientation sessions. All Board members make at least one trip during their term to visit IDRC projects. This year, six governors traveled to Kenya and Tanzania, where they saw first-hand how IDRC works and the impact of the research it supports. The

Canadian High Commissioner to Tanzania, Janet Graham, accompanied the Board members.

Compensation

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

- ▶ Per diem for governors: \$390–\$420
- ▶ Annual retainer for committee chairs: \$4 600–\$5 400
- ▶ Annual retainer for the Chair: \$9 200–\$10 800

Responsibility for corporate governance

The objective of good governance is to promote a strong and viable institution that effectively fulfils its legislative mandate. The Board of Governors is responsible for the overall approach to governance issues in the Centre. Looking to its own governance practices and performance, a self-assessment survey of Board members was conducted under the leadership of the Chair. Survey results were used to generate a governance work plan. Work is now underway on a key item of the work plan – the development of a governance philosophy and framework.

The Chair of the Board has asked all governors to attend an education session on "Corporate Governance for Federal Crown Corporations," developed by a management-consulting firm in collaboration with the Treasury Board of Canada and the Privy Council Office. A number of governors have already attended the session and their feedback was very positive.

The IDRC Board of Governors, 2003/04

GORDON S. SMITH, Chairman, Victoria, Canada
Executive Director of the Centre for Global Studies at the University of Victoria and former Deputy Minister of Foreign Affairs

MARGARET CATLEY-CARLSON, Vice-Chairwoman, Wakefield, Canada
Consultant, Chair, Director or Advisor to several organizations, and former President of the Population Council in New York

MAUREEN O'NEIL, President, IDRC, Ottawa, Canada
Former President of the International Centre for Human Rights and Democratic Development and former President of The North-South Institute

MERVAT BADAWI, Safat, Kuwait
Director, Technical Department for the Arab Fund for Economic and Social Development

LALLA BEN BARKA, Addis Ababa, Ethiopia
Deputy Executive Secretary, United Nations Economic Commission for Africa

CHEE YOKE LING, Kuala Lumpur, Malaysia
Legal advisor to the Third World Network, Malaysia

MARY COYLE, Antigonish, Canada
 Director, Coady International Institute, St. Francis Xavier University, Nova Scotia

GED DAVIS, Geneva, Switzerland
 Managing Director, Centre for Strategic Insight, World Economic Forum

MAURICE FOSTER, Ottawa, Canada
 Former Member of Parliament

OCTAVIO GÓMEZ-DANTÉS, Mexico City, Mexico
 Director, Performance Evaluation, Ministry of Health, Mexico

LEN GOOD, Ottawa, Canada (*until 4 May 2003*)
 President of the Canadian International Development Agency

DAN MARTIN, Washington, United States
 Senior Managing Director, Critical Ecosystem, Partnership Fund

FRANCINE MATTE, Montréal, Canada
 Consultant in commercial and competition law, former Senior Counsel and coordinator of competition law practice with Stikeman Elliot

SIR ALISTER MCINTYRE, Kingston, Jamaica
 International Trade and Development consultant, former Chief Technical Advisor, CARICOM Regional Negotiating Machinery, and former Vice Chancellor, University of the West Indies

TOM MCKAY, Victoria, Canada
 Certified management accountant, consultant, and former Chief Administrative Officer for the City of Kitchener

NORAH OLEMBO, Nairobi, Kenya
 Chair of the Board, Biotechnology Trust Africa

JEAN-GUY PAQUET, Sainte-Foy, Canada
 President and Chief Executive Officer, National Optics Institute and former Chief Executive Officer of Laurentian Life Inc., Chairman, Canadian Space Agency

FRANCISCO SAGASTI, Lima, Peru
 President, FORO Nacional/Internacional and former Chief of Strategic Planning at the World Bank

RODGER SCHWASS, Tara, Canada
 Professor Emeritus and Senior Scholar, Faculty of Environmental Studies, York University

LINDA SHEPPARD WHALEN, St John's, Canada
 Chief Executive Officer, Centre for Long-term Environmental Action in Newfoundland

SHEKHAR SINGH, New Delhi, India (*appointed 27 May 2003*)
 Director, Centre for Equity Studies

PAUL THIBAUT, Gatineau, Canada (*appointed 5 June 2003 as an ex-officio member*)
 President of the Canadian International Development Agency

Board Meeting Attendance 2003/04

(out of a total of 3 meetings)

Mervat Badawi	3
Lalla Ben Barka	2
Margaret Catley-Carlson	3
Chee Yoke Ling	1
Mary Coyle	3
Ged Davis	1
Maurice Foster	3
Len Good (<i>ex-officio</i>) (<i>appointed to a different position on 4 May 2003, prior to the start of the meeting cycle</i>)	0
Octavio Gómez-Dantés	2
Dan Martin	3
Francine Matte	3
Sir Alister McIntyre	3
Tom McKay	3
Norah Olembo	3
Maureen O'Neil	3
Jean-Guy Paquet	3
Francisco Sagasti	3
Rodger Schwass	3
Linda Sheppard Whalen	3
Shekhar Singh (<i>appointed 27 May 2003</i>)	2
Gordon Smith	3
Paul Thibault (<i>ex-officio</i>) (<i>appointed 5 June 2003</i>)	1

Senior Management Committee

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

- Subject to the overall responsibility of the Board of Governors, to develop, foster, and communicate corporate interests and values; to anticipate events affecting the Centre; and to promote team work, adaptability to change, and collaboration among the different responsibility units;
- To assist the President in discharging her obligations to the Board of Governors and, in doing so, to formulate the main corporate objectives, policies, and programs that are submitted to the Board and embodied in the Strategy, the Corporate Program Framework, the annual Program of Work and Budget, the evaluation system, the Annual Report, and in specific policy papers as may be required; and
- To carry out such other specific functions as may be delegated to it by the Board of Governors or the President.

Members of SMC, 2003/04

MAUREEN O'NEIL, President

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

JOHANNE BERNIER, Director, Human Resources

(appointed 27 October 2003)

Human resources specialist and former Director of Resourcing and Recruitment, Human Resources Development Canada

FEDERICO BURONE, Director, Regional Office for Latin

America and the Caribbean

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

PETER COOPER, Director, Environment and Natural Resource Management

(until 2 November 2003)

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

JORGE DA SILVA, Director, Finance and Administration

Chartered management accountant and former Director, Audit Services, IDRC

ROGER FINAN, Regional Director, Regional Office for

South Asia

Chartered management accountant and former Director, Internal Audit, IDRC

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

Toxicologist and former Team Leader, Ecosystem Approaches to Human Health Program Initiative, IDRC

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

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

RICHARD FUCHS, Director, Information and Communication Technologies for Development

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

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

(until 2 February 2004)

Agricultural economist and former economist, Agriculture Canada

BRENT HERBERT-COPLEY, Director, Social and

Economic Equity

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

JEAN LABEL, Director, Environment and Natural Resource Management

(appointed 3 November 2003)

Environmental health specialist and former Team Leader for the Ecosystem Approach to Human Health Program Initiative

JUDITH LOCKETT, Acting Vice-President, Resources and Chief Financial Officer

(until 14 April 2003) / Director, Human

Resources *(left IDRC 30 September 2003)*

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

ROHINTON MEDHORA, Vice-President, Program and

Partnership Branch

Economist, and former Team Leader, Trade, Employment, and Competitiveness Program Initiative, IDRC

STEPHEN MCGURK, Regional Director, Regional Office for

Southeast and East Asia

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

LAUCHLAN MUNRO, Director, Policy and Planning

(appointed 2 February 2004)

Social sector economist, former Senior Policy Analyst in Policy and Planning Group and former Chief, Strategic Planning with UNICEF

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

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

ROBERT ROBERTSON, General Counsel

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

DENYS VERMETTE, Vice-President Resources and

Chief Financial Officer *(appointed 14 April 2003)*

Former Vice-President, Corporate Services and Director, Human Resources for the Canadian Nuclear Safety Commission

Human Resources Management

The corporate context

To pursue its mandate, in accordance with the *IDRC Act*, IDRC management is charged with enlisting the “talents of natural and social scientists and technologists in Canada and other countries.”

IDRC employees – skilled researchers, scientists, academics, managers, analysts, and administrative and professional staff – work at the Centre’s head office in Ottawa and in six regional offices around the world. Ottawa-hired and locally engaged staff, who originate from over 50 countries and speak more than 60 languages, complement one another in generating a research capacity that addresses the priorities of the developing regions of the world. In addition to its cultural and linguistic diversity, the Ottawa-based workforce is also representative of most designated employment equity groups, namely women, visible minorities, and aboriginal peoples.

IDRC’s President and her senior management team are keenly aware of the importance of fostering a healthy work environment and, perhaps more importantly, of the challenges in fostering

such an environment within an international context. Two years ago, they approved an employment philosophy for the Centre. The President continues to champion its underlying principles through

- ▶ An annual meeting of the Senior Management Committee (SMC), Human Resources Management Committee (HRMC), and other directors to examine the Centre's success in implementing its employment philosophy, to assess how key employee concerns are being addressed, and to determine the "next steps" to be taken to ensure that the employment philosophy becomes part of the culture of IDRC;
- ▶ Mandatory annual discussions on the implementation of the employment philosophy both at head office and in the regional offices; and
- ▶ Human resources policies, programs, and practices that are compliant with the principles of the employment philosophy.

The importance that the President and the senior management team have placed on the shared set of values articulated in the employment philosophy encourages employees to view IDRC as a "workplace of choice." The employment philosophy provides managers and employees with a source of common understandings, which is values-based. As such, it guides the ethical standards and behaviours of Centre staff.

Governance for human resources management

While the Centre's President is ultimately accountable for the overall management of human resources at IDRC, the Board of Governors, through its five-member Human Resources Committee, provides effective oversight. The President and senior managers report to and discuss human resources issues with the Human Resources Committee and the Board at regular intervals.

In discharging her responsibilities, the President operates within a governance structure referred to as the "advisory model." This structure provides the consultative and decision-making machinery, from initial concept to implementation, through which human resources policies, programs, and services are delivered. The structure includes the Human Resources Management Committee (HRMC), chaired by the Vice-President, Resources, and a subcommittee, the Advisory Committee on Regional Offices (ACRO), chaired by a Regional Director. Both of these committees are composed of managers and Staff Association representatives from head office and the regions. They advise the Senior Management Committee and the Board of Governors on human resources issues and initiatives. This committee structure ensures a high level of coordination of activities between regional offices and head office, thereby mitigating the overall risk associated with such activities.

Accomplishments and challenges

Human resources policies, programs, and practices underpin IDRC's determination to attract and retain the employees it needs to achieve its mandate. Much has been accomplished

over the years. The employment philosophy provides a foundation and governs the Centre's relationships and working climate. An increasingly complete human resources policy suite builds on this base. Particularly notable is the job classification and compensation principles and system that were fully implemented during the past year.

Policies supporting the health and well-being of employees also offer a significant competitive advantage. Benefits such as flexible work arrangements, telework support, childcare support linked to travel, compensatory leave, fitness, ergonomics, and travel health and immunization programs are examples. The staff of IDRC's Human Resources Division work closely with their clients to ensure that there is a full understanding of client

A multicultural workplace

Canadian Heritage's *Annual Report on the Operation of the Canadian Multiculturalism Act 2002–2003*, published in early 2004, reported that "The International Development Research Centre (IDRC) serves as an excellent example to Canadians and citizens of other countries of how people of different cultures and national origins can work together to address serious concerns that transcend borders and nationalities, and sometimes threaten the very existence of the greater global community."

It further notes that "the composition of its staff is multicultural, multinational and multilingual by design. Its employees originate in more than 50 countries and collectively speak more than 60 languages."

Bilingualism at work

Canadian Heritage's report on *Official Languages Interdepartmental Co-ordination 2002–2003* notes that "Language training (English or French) was included as a standard practice for the first time for Centre interns and holders of Professional Development Awards as a contribution the Centre makes to promoting bilingualism for the next generation of researchers and policy makers. Moreover, the IDRC continued to invest substantial resources to have its documents on the Internet accessible in both English and French, even when the design and development of the site are done outside Canada," as, for example, in the regional offices.

During 2003/04, 75 employees took IDRC-sponsored language training in one of Canada's official languages. As well, a small number of staff were registered in Spanish classes.

needs, and that the services provided are developed in consultation with the client. This collaborative approach to services in the areas of resourcing, compensation, and payroll are further examples of strong and pragmatic support to managers and employees.

Human Resources Division staff provide the frameworks and infrastructures to improve the Centre's work environment. Emerging and ongoing challenges need to be addressed, however. A key challenge is to continue to promote shared accountability for human resources management issues and, hence, to demonstrate accountability at all levels of the organization for the transparent and equitable application of human resources policies. The Human Resources Division continues to look for opportunities to consult with employees to ensure their concerns are addressed, especially where staff believe there has been inconsistent or unfair treatment. Benefits also need to be monitored regularly to ensure that IDRC remains competitive. A comprehensive and competency-based training and develop-

ment framework is also called for to support excellence in the management and delivery of programs.

To address these challenges, the Human Resources Division will develop a strategic human resources plan closely linked to the development of the Centre's new Corporate Strategy and Program Framework 2005–2010. Consultations are underway to identify priorities and related activities to ensure that required human resource policies, programs, and services are developed and managed. The results of activities outlined in the plan and all other human resources services will be monitored and assessed to ensure continuous improvements. By laying key foundation pieces, such as a competency-based approach to human resources management and enhancements to the accountability framework, as well as communications, and by adjusting existing policies and programs, IDRC will continue to meet human resources management and service delivery standards.

IDRC staff: full-time equivalents				
	2004/05	2003/04		2002/03
	Budget	Revised budget	Actual	Actual
Development research support				
Technical support	86	83	77	74
Program complements	38	36	37	37
Program management	25	26	26	28
	149	145	140	139
Administrative services				
Administration	132	128	128	118
Regional office management	87	84	83	78
	219	212	211	196
Total	368	357	351	335
Secondments			3	3
Secretariat/project staff			81	82

Financial Management Discussion and Analysis 2003/04

Income statement discussion

Revenues

(\$000)	2004/05	2003/04		2002/03	% change actual	
	Budget	Revised budget	Actual	Variance		Actual
Total revenue	136 850	127 484	126 318	(1 166)	138 031	-8.5%
Parliamentary appropriations	120 274	108 339	107 932	(407)	97 603	10.6%
Resource expansion	13 081	15 410	14 508	(902)	36 505	-60.3%
Recovery of indirect costs	1 046	1 000	1 162	162	1 218	-4.6%
Investment income	1 135	1 200	1 303	103	1 140	14.3%
Other income	1 314	1 535	1 413	(122)	1 565	-9.7%

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

The Centre receives different types of **Parliamentary appropriations**. The main appropriation represents the Centre's share of Canada's Official Development Assistance (ODA) envelope. The Centre also receives a Parliamentary appropriation to cover part of the compensation costs. From time to time, the Centre receives supplementary Parliamentary appropriations for specific projects. These funds are recorded as deferred revenue and recognized when related project expenses are incurred. This year's total Parliamentary appropriation revenues were \$0.4 million lower than budgeted. The growth in our share of the ODA envelope (\$1.5 million) was offset by a shortfall in the supplementary Parliamentary appropriation for the Institute for Connectivity in the Americas (ICA) (\$1.9 million). The variance on ICA is due to the postponement of a large project to 2004/05. The substantial year-over-year increase in Parliamentary appropriations is explained by the federal government's commitment to double international assistance by 2010. The 2003 budget plan committed to increasing IDRC's funding by 8% annually for 2003/04 and 2004/05, in recognition of its world-class reputation for supporting research aimed at funding innovative solutions to challenges facing developing countries.

Revenues from **resource expansion** relate specifically to research conducted or managed by the Centre on behalf of other organizations. The projects under these activities all fall within the Centre's mandate. The total revenue for resource expansion for the year was \$14.5 million, or \$0.9 million lower than budget (because of a slower than budgeted spending pattern). The 2002/03 actual revenue included the Micronutrient Initiative Inc., which has since become an independent entity. Next year's budget shows an anticipated decrease on revenues mainly because of the lower expected level of resource-expansion allocations.

The revenue from the **recovery of indirect costs** represents the fee that the Centre charges to manage resource-expansion activities. This year's revenue is slightly over budget (\$0.2 million) because of a higher rate of recovery. The budget for 2004/05 is slightly lower because of the expected decrease in resource-expansion revenues.

The Centre is authorized to invest surplus funds into interest-bearing securities. For 2003/04 the **investment income** amounts to \$1.3 million, slightly above budget because of a higher average balance of the portfolio throughout the year. For the next fiscal year, it is anticipated that our average investment portfolio will be lower as a result of an increase in our activities.

Other income includes revenues associated with subleasing of office space, hospitality and conference facilities, the sale of publications, and other miscellaneous items. Income from these sources was \$1.4 million, slightly below budget. This variance is due to a decrease in the sale of publications, the result of IDRC's policy to co-publish books with commercial publishers.

Expenses

(\$000)	2004/05	2003/04			2002/03	% change actual
	Budget	Revised budget	Actual	Variance	Actual	
Total expenses	140 461	128 047	123 170	(4 877)	139 938	-12.0%
Development research programs						
Centre programs	77 657	65 266	62 561	(2 705)	61 389	1.9%
Resource expansion	13 081	15 410	14 508	(902)	36 505	-60.3%
Development research support	23 426	22 104	21 632	(472)	20 152	7.3%
Administrative services	26 297	25 267	24 469	(798)	21 892	11.8%

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

The expenses under **development research programs** reflect the direct costs (mainly in the form of grants) of scientific and technical research projects either financed or administered by IDRC for both Centre programs and resource expansion. For 2003/04, Centre program spending was \$62.6 million. The \$2.7 million variance is mainly attributable to delays in spending for ICA and for various Centre programs research projects where not all the conditions included in project agreements were met. The significant increase in the 2004/05 budget is explained by the increased expenditure rate at which new projects will be disbursed. The expenses on resource expansion total \$14.5 million, or \$0.9 million lower than budget.

Development research support represents the costs of knowledge-intensive activities in support of development research programs, including the cost of technical support, program complements, and program management. Development research support expenses amounted to \$21.6 million, or \$0.5 million less than budgeted. These variances were primarily attributed to staffing gaps and a lower level of travel than originally anticipated. The \$1.3 million increase in development research support expenses for 2004/05 is attributed to salaries and benefits, travel, and professional services.

Administrative services provide a variety of policy, executive, administrative, and service functions that support the Centre's overall operations and corporate responsibilities, including the management costs of six regional offices. These expenditures amounted to \$24.5 million, with variances of \$0.8 million when compared to budget. Variances were attributed to lower communications costs, reduced amortization because of delays in the development of corporate information systems, and lower than expected use of professional services. The \$1.0 million increase in administrative services expenses for 2004/05 is attributed to salaries and benefits, professional services, and travel.

Balance sheet discussion

Assets

(\$000)	2003/04	2002/03	% change actual
	Actual	Actual	
Total assets	51 581	46 224	11.6%
Cash and short-term investments			
Unrestricted	24 321	17 261	40.9%
Restricted	16 941	13 413	26.3%
Accounts receivables and prepaid expenses	4 514	6 636	-31.9%
Long-term assets	5 805	8 914	-34.8%

The high level of **cash and short-term investments** results from the fact that the Centre receives funds well before they are spent. These funds are invested in short-term money market instruments.

Since certain funds are received for specific purposes, the Centre accounts for them as restricted cash and short-term investments. All other funds are considered unrestricted.

The \$7.1 million increase in the unrestricted cash is mainly explained by the reclassification from long-term investment to short-term investment of the \$3.0 million Government of Canada Bond and by the excess revenues over expenses of \$3.1 million at year-end.

As at 31 March 2004, the restricted cash and short-term investments total \$16.9 million, up \$3.5 million from last year. This increase is mainly due to higher deferred revenue for the supplementary appropriations.

Accounts receivable and prepaid expenses are incurred in the normal course of business. This year, they total \$4.5 million, down \$2.1 million from 31 March 2003 because of fewer accounts receivable on resource-expansion activities.

Long-term assets are composed of capital assets. As at 31 March 2004, they total \$5.8 million. The \$3.1 million decrease from March 2003 is mainly attributable to the reclassification of the Government of Canada Bond maturing 1 June 2004 to a short-term investment.

Liabilities

(\$000)	2003/04	2002/03	% change actual
	Actual	Actual	
Total liabilities	40 469	38 260	5.8%
Accounts payable and accrued liabilities	9 575	9 822	-2.5%
Deferred revenue	18 788	16 729	12.3%
Long-term liabilities	12 106	11 709	3.4%

Accounts payable and accrued liabilities are part of the regular operations of the Centre and represent such things as payments to suppliers, grants payable to recipients, and salaries and annual leave benefits owed to employees. At the end of March 2004, the accounts payable and accrued liabilities total \$9.6 million, down \$0.2 million from March 2003.

Deferred revenue includes the unspent portion of funds received or receivable from resource-expansion activities and the supplementary Parliamentary appropriations. The year-end closing balance is \$18.8 million, up \$2.1 million because of the increase in the deferred revenue for ICA.

Long-term liabilities include a provision for employee future benefits, deferred rent charges on the head office lease, and deferred revenue for capital assets purchased. At \$12.1 million, the long-term liabilities are \$0.4 million higher than last year, with the variance being mainly the result of increase in the deferred rent and employee future benefits.

Equity

(\$000)	2003/04			2002/03	% change actual
	Revised budget	Actual	Variance	Actual	
Equity	7 401	11 112	3 711	7 964	39.5%

The equity as at 31 March 2004 is \$11.1 million, up \$3.1 million from 31 March 2003 as a result of the net results of operations for the 2003/04 fiscal year. The year-end equity is \$3.7 million higher than budgeted. The combination of a higher Parliamentary appropriation and lower than budgeted expenses for Centre programs and administrative services explains this variance.

Other key financial targets discussion

Outstanding commitments on research projects

(\$000)	2003/04	2002/03	% change actual
	Actual	Actual	
Total outstanding commitments	88 354	83 663	5.6%
Centre programs	72 446	64 532	12.3%
Resource expansion	15 908	19 131	-16.8%

As at 31 March 2004, the Centre was committed to making payments on research projects of up to \$88.4 million. This commitment is subject to funds being provided by Parliament or external donor partners as well as to compliance, by recipients, with the terms and conditions of project agreements. The outstanding commitments significantly increased from last year's \$83.7 million because of the higher level of program allocations during the fiscal year.

Of the total outstanding commitments, \$72.4 million is for Centre programs funded through the Parliamentary appropriation, including two specific projects funded through supplementary Parliamentary appropriations allocated in previous years (\$2.5 million). In addition, \$15.9 million is for projects funded by other donors (resource expansion).

Program allocations

(previously referred to as "program appropriations")

(\$000)	2004/05	2003/04			2002/03	% change actual
	Budget	Revised budget	Actual	Variance	Actual	
Total program allocations	95 919	95 515	96 451	936	95 593	0.9%
Development research programs						
Centre programs	80 000	75 000	75 265	265	62 855	19.7%
Institute for Connectivity in the Americas	5 200	5 170	4 389	(781)	1 916	129.1%
Resource expansion	10 719	15 345	16 797	1 452	30 822	-45.5%

Program allocations represent the funds that are set aside for new projects within IDRC's development research program activities. The majority (76%) of the program allocations were committed during the 2003/04 fiscal year and will become expenses over the individual life of the approved projects. For the year ending 31 March 2004, total program allocations were \$96.5 million. The **Centre programs allocations** were slightly over budget and the **program allocations for the ICA** were under budget, as one project was postponed to 2004/05. The increase in our Parliamentary appropriation resulted in a year-over-year increase in Centre programs allocations. The program allocations on resource expansion were \$1.5 million over budget. This variance is mainly explained by the fact that a contract was signed for a higher value than originally expected. Last year's results included the Micronutrient Initiative Inc., which has since become an independent entity. The decrease in the 2004/05 resource-expansion allocations budget is mainly explained by the Centre's expectation to sign fewer contracts with external donors.

Outlook for the future

Fiscal year 2004/05

The 2003 budget had a positive impact on IDRC's funding for 2004/05. As a result of an 8% increase in 2003/04 and 2004/05, IDRC's government funding for the fiscal year 2004/05 coming from the ODA has been set at \$113.5 million, an increase of \$12.4 million from 2003/04. When adding the Treasury Board votes for compensation costs, the deferral of capital assets purchased, and the supplementary Parliamentary appropriations, the total **revenue from Parliamentary appropriations** for 2004/05 is set at \$120.3 million.

For 2004/05, the **Centre programs expenditures** are budgeted at \$77.7 million, an increase of \$12.4 million from 2003/04 to support research aimed at funding innovative solutions to challenges facing developing countries. The

growth in program expenditures is attributable to additional payments to be made on previous year commitments as well as projected higher disbursements on projects approved in 2004/05.

The 2004/05 expenditure budget for **research support and administrative services** is set at \$49.7 million, up \$2.4 million from the 2003/04 revised budget. The key factors contributing to the increase include incremental costs of additional full-time equivalents, increase in travel, incremental costs for corporate information system initiatives, and miscellaneous increases such as the implementation costs for the corporate assessment framework, corporate governance training, and inflationary pressures.

The **Centre program allocations** level has been established at \$80.0 million. This represents an increase from the \$75.0 million approved last year and is a result of the increase in our funding for fiscal year 2004/05. Early in 2004/05, and in light of new information, the Centre will review the possibility of increasing Centre program allocations. Should an increase be eventually approved by the Board of Governors, Centre programs expenses would also increase, which in turn would reduce the projected equity at the end of 2004/05.

In recent years, as the Centre's programing activities changed significantly, the forecasting of program expenditures has become a challenge. The Centre has devoted significant resources to strengthen IDRC's ability to forecast expenditures and equity. For 2004/05, the Centre has established quarterly expenditure targets for Centre programs expenses; these targets will be diligently monitored. The research support and administrative services expenses will be monitored on an ongoing basis and funds will be reallocated during the year to the highest priority area to maximize the use of available resources.

Fiscal year 2005/06

In the 2004 budget, the federal government reconfirmed its commitment to double the international assistance budget by 2010/11. More specifically, it announced an 8% increase in international assistance for 2005/06. An increase in the funding made available to IDRC would allow the Centre to increase its programing expenses even further. The increase in Centre program expenses would come from increased Centre program allocations. The research support and administrative services expenses will be adjusted for inflation and other factors deemed necessary to the operations of the Centre.

Five-year historical review

	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00
(\$000)	Budget			Actual		
Income statement						
Revenues						
Parliamentary appropriations	120 274	107 932	97 603	97 164	91 242	90 250
Resource expansion	13 081	14 508	36 505	47 515	39 796	43 313
Recovery of indirect costs	1 046	1 162	1 218	1 615	1 810	1 746
Investment income	1 135	1 303	1 140	779	1 223	387
Other income	1 314	1 413	1 565	1 202	1 237	1 410
Expenses						
Development research programs						
Centre programs	77 657	62 561	61 389	50 997	55 634	55 084
Resource expansion	13 081	14 508	36 505	47 515	39 796	43 313
Development research support	23 426	21 632	20 152	18 830	20 111	20 294
Administrative services	26 297	24 469	21 892	21 218	21 420	21 047
Net results of operations	(3 611)	3 148	(1 907)	9 715	(1 653)	(2 632)
Program allocations (previously referred to as "program appropriations")						
Development research programs						
Centre programs	80 000	75 265	62 855	54 957	43 565	46 860
Institute for Connectivity in the Americas	5 200	4 389	1 916	1 120	–	–
Resource expansion	10 719	16 797	30 822	65 938	58 373	57 140

	2003/04	2002/03	2001/02	2000/01	1999/00
(\$000)			Actual		
Balance sheet					
Assets					
Cash and short-term investments					
Unrestricted	24 321	17 261	16 413	8 211	8 417
Restricted	16 941	13 413	31 104	31 540	24 772
Accounts receivables and prepaid expenses	4 514	6 636	4 600	15 869	12 045
Long-term assets	5 805	8 914	8 482	8 802	9 744
Liabilities					
Accounts payable and accrued liabilities	9 575	9 822	7 166	9 942	9 233
Deferred revenue	18 788	16 729	32 779	43 679	32 787
Long-term liabilities	12 106	11 709	10 783	10 645	11 149
Equity	11 112	7 964	9 871	156	1 809
Outstanding commitments					
Centre programs	72 446	64 532	59 171	64 825	77 503
Resource expansion	15 908	19 131	56 652	45 148	51 246

Financial Statements

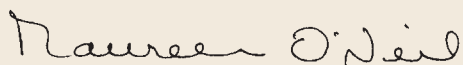
Responsibility for Financial Statements

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

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

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

The Auditor General of Canada conducts an independent examination in accordance with Canadian generally accepted auditing standards. Her audit includes appropriate tests and procedures to enable her to express an opinion on the financial statements. The external auditors have full and free access to the Finance and Audit Committee of the Board.



Maureen O'Neil
President

Ottawa, Canada
May 28, 2004



Denys Vermette
Vice-President, Resources and CFO



Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

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

I have audited the balance sheet of the International Development Research Centre as at 31 March 2004 and the statements of operations and equity and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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

Ottawa, Canada

28 May 2004

Balance Sheet

as at 31 March 2004
(in thousands of dollars)

	2004	2003
Assets		
Current		
Cash and short-term investments (Note 3)		
Unrestricted	24 321	17 261
Restricted	16 941	13 413
Accounts receivable (Note 4)	3 453	5 313
Prepaid expenses	1 061	1 323
	<u>45 776</u>	<u>37 310</u>
Long-term investments	–	2 983
Capital assets (Note 5)	5 805	5 931
	<u>51 581</u>	<u>46 224</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	9 575	9 822
Deferred revenue (Note 7)	11 308	12 559
	<u>20 883</u>	<u>22 381</u>
Deferred revenue – long-term (Note 7)	7 480	4 170
Deferred funding – capital assets (Note 8)	5 805	5 931
Employee future benefits (Note 6)	3 998	3 748
Deferred rent – head office	2 303	2 030
	<u>40 469</u>	<u>38 260</u>
Equity	<u>11 112</u>	<u>7 964</u>
	<u>51 581</u>	<u>46 224</u>

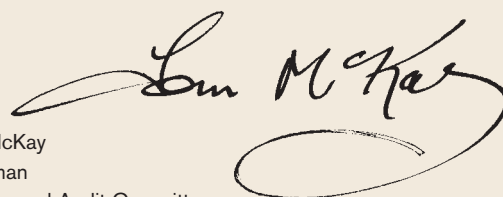
Commitments (Notes 12 and 13)

Contingencies (Note 15)

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



Gordon S. Smith
Chairman
Board of Governors



Tom McKay
Chairman
Finance and Audit Committee

Statement of Operations and Equity

for the year ended 31 March 2004
(in thousands of dollars)

	<u>2004</u>	<u>2003</u>
Revenues		
Resource expansion (Note 9)	14 508	36 505
Recovery of indirect costs (Note 9)	1 162	1 218
Investment income	1 303	1 140
Other income	<u>1 413</u>	<u>1 565</u>
	<u>18 386</u>	<u>40 428</u>
Expenses		
Development research programs		
Centre programs	62 561	61 389
Resource expansion	<u>14 508</u>	<u>36 505</u>
	77 069	97 894
Development research support		
Technical support	11 985	10 967
Program complements	4 895	4 551
Program management	<u>4 752</u>	<u>4 634</u>
	21 632	20 152
Administrative services		
Administration	19 542	17 072
Regional office management	<u>4 927</u>	<u>4 820</u>
	24 469	21 892
Total expenses (Schedule I)	<u>123 170</u>	<u>139 938</u>
Cost of operations before government funding	(104 784)	(99 510)
Parliamentary appropriation (Note 10)	102 106	92 629
Supplementary Parliamentary appropriations (Note 11)	3 528	2 807
Amortization of deferred funding – capital assets (Note 8)	<u>2 298</u>	<u>2 167</u>
	107 932	97 603
Net results of operations	3 148	(1 907)
Equity at beginning of the year	<u>7 964</u>	<u>9 871</u>
Equity at end of the year	<u>11 112</u>	<u>7 964</u>

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

Statement of Cash Flows

for the year ended 31 March 2004
(in thousands of dollars)

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities		
Net results of operations	3 148	(1 907)
Items not affecting cash		
Amortization of capital assets	2 298	2 167
Gain on disposal of capital assets	(9)	(12)
Change in provision for employee future benefits	250	221
Increase in deferred rent	<u>273</u>	<u>273</u>
	2 812	2 649
Net change in working capital other than cash and short-term investments	<u>624</u>	<u>(19 146)</u>
Net cash flows from (used in) operating activities	<u>6 584</u>	<u>(18 404)</u>
Cash flows from financing activities		
Increase in deferred revenue – long-term	3 310	3 716
Capital funding	2 172	2 599
Amortization of deferred funding – capital assets	<u>(2 298)</u>	<u>(2 167)</u>
Net cash flows from financing activities	<u>3 184</u>	<u>4 148</u>
Cash flows from investing activities		
Additions to capital assets	(2 163)	(2 587)
(Increase) decrease in restricted cash	(3 528)	17 691
Maturing of long-term investments	<u>2 983</u>	<u> </u>
Net cash flows (used in) from investing activities	<u>(2 708)</u>	<u>15 104</u>
Net increase in cash	7 060	848
Unrestricted cash and short-term investments, beginning of the year	<u>17 261</u>	<u>16 413</u>
Unrestricted cash and short-term investments, end of the year	<u>24 321</u>	<u>17 261</u>

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

Schedule of Expenses

for the year ended 31 March 2004
(in thousands of dollars)

Schedule I

	<u>2004</u>	<u>2003</u>
Grants	53 524	78 857
Salaries and benefits	36 283	31 374
Professional services	8 687	8 590
Travel	6 087	5 388
Accommodations	5 974	5 977
Training	2 900	1 737
Meetings and conferences	2 303	2 010
Amortization	2 298	2 167
Communication	1 434	1 347
Furniture, equipment, and maintenance	1 393	644
Office supplies and expenses	996	951
Miscellaneous	705	446
Books and periodicals	356	330
Insurance	230	120
Total expenses on Statement of operations and equity	<u>123 170</u>	<u>139 938</u>

Notes to Financial Statements

(in thousands of dollars unless otherwise stated)

1. Authority and objective

The International Development Research Centre (the Centre), a corporation without share capital, was established in 1970 by the Parliament of Canada through the *International Development Research Centre Act*. The Centre is funded mainly through an annual appropriation received from the Parliament of Canada. For purposes of the *Income Tax Act*, the Centre is a registered charitable organization.

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

2. Significant accounting policies

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

A) Government funding

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

B) Revenues

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

C) Grant payments

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

D) Capital assets and amortization

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

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

E) Investments

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

F) Foreign-currency translation

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

G) Employee future benefits

i) Pension costs

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

ii) Severance benefits

Generally, employees with more than five years of service are entitled to a severance benefit calculated on the basis of one week of salary per year of service. The liability for this benefit is recorded in the accounts as the benefits accrue to employees.

H) Deferred rent

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

3. Cash and short-term investments

	2004	2003
Cash	1 913	1 434
Short-term investments		
Canadian chartered banks	36 036	16 908
Commercial corporations	330	12 332
Government of Canada Bond	2 983	-
	<u>41 262</u>	<u>30 674</u>

The Centre is authorized to invest in interest-bearing securities such as issued by the above-noted entities. These funds are invested in short-term money market instruments which are rated R-1 (low) or better by the Dominion Bond Rating Service.

The average yield of the portfolio as at 31 March 2004 is 2.16% (2003: 3.07%) and the average term to maturity is 74 days (2003: 69 days). The fair market value of the investment portfolio as at 31 March 2004 approximates the net book value.

The Centre has various bank accounts, some of which have a line of credit associated with them. As at 31 March 2004, all balances in these line of credit accounts were nil.

Of the total cash and short-term investments, \$16 941 (2003: \$13 413) is restricted for specific research activities as follows:

	2004	2003
Institute for Connectivity in the Americas	11 815	8 913
Resource expansion	4 283	3 199
Endowment funds	471	509
Health support – Africa	360	792
Other	12	-
	<u>16 941</u>	<u>13 413</u>

4. Accounts receivable and payable

Accounts receivable and accounts payable are incurred in the normal course of business. All are due on demand and are noninterest bearing. The carrying amounts of each approximate fair value because of their short maturity. A large portion (25%) of accounts receivable is due from the Canadian International Development Agency (CIDA) and does not present a significant credit risk. Of the total accounts receivable, \$2 318 (2003: \$3 825) is on account of resource-expansion activities.

5. Capital assets

	Cost	Accumulated amortization	Net book value	
	2004	2004	2004	2003
Software	6 802	4 503	2 299	2 620
Computer equipment	7 787	5 775	2 012	1 866
Leasehold improvements	2 377	1 676	701	744
Office furniture and equipment	2 010	1 512	498	469
Vehicles	862	645	217	163
Telephone system	1 373	1 295	78	69
	<u>21 211</u>	<u>15 406</u>	<u>5 805</u>	<u>5 931</u>

Amortization expense for the year is \$2 298 (2003: \$2 167).

6. Employee future benefits

A) Pension benefits

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

	2004	2003
Contributions by the Centre	2 569	2 335
Contributions by employees	1 075	938
	<u>3 644</u>	<u>3 273</u>

B) Severance benefits

The Centre provides severance benefits to its employees. This benefit plan is not prefunded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Information about the plan is as follows:

	2004	2003
Accrued benefit, beginning of year	3 748	3 527
Expense for the year	711	434
Benefits paid during the year	(238)	(213)
Accrued benefit, end of year	<u>4 221</u>	<u>3 748</u>
Short-term portion	223	-
Long-term portion	<u>3 998</u>	<u>3 748</u>
	<u>4 221</u>	<u>3 748</u>

7. Deferred revenue

Deferred revenue includes the unspent portion of funds received, or receivable on resource-expansion activities, the unspent portion of the two supplementary Parliamentary appropriations (see Note 11), and other monies received in advance. Details of these balances are as follows:

	2004	2003
Current		
Resource expansion	6 600	7 025
Other	12	-
Supplementary Parliamentary appropriations		
Health Support – Africa	361	534
Institute for Connectivity in the Americas (ICA)	<u>4 335</u>	<u>5 000</u>
	<u>11 308</u>	<u>12 559</u>
Long-term		
Supplementary Parliamentary appropriations		
Health Support – Africa	-	257
Institute for Connectivity in the Americas (ICA)	<u>7 480</u>	<u>3 913</u>
	<u>7 480</u>	<u>4 170</u>

Of the total deferred resource-expansion funding, CIDA accounts for \$3 042 (2003: \$2 473) of which \$2 185 (2003: \$1 449) was received and \$857 (2003: \$1 024) is receivable at year end.

8. Deferred funding – capital assets

	2004	2003
Balance at beginning of year	5 931	5 499
Funding for capital assets purchased	2 172	2 599
Amortization	<u>(2 298)</u>	<u>(2 167)</u>
Balance at end of year	<u>5 805</u>	<u>5 931</u>

9. Resource-expansion activities

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

	2004	2003
CIDA	5 341	25 068
Other agencies	3 704	8 051
Other Government of Canada entities	<u>5 463</u>	<u>3 386</u>
	<u>14 508</u>	<u>36 505</u>

The Centre recovers indirect costs from the administration of resource-expansion activities. This year's total is \$1 162 (2003: \$1 218) of which \$413 (2003: \$495) was recovered from CIDA.

10. Parliamentary appropriation

	2004	2003
Parliamentary appropriation approved	104 278	95 228
Deferral for capital assets purchased (Note 8)	<u>(2 172)</u>	<u>(2 599)</u>
Parliamentary appropriation recognized in the statement of operations and equity	<u>102 106</u>	<u>92 629</u>

11. Supplementary Parliamentary appropriations

In March 1994, the Centre received a supplementary Parliamentary appropriation of \$15 million for a health support project in Africa. In September 2001, Parliament approved \$20 million for the Institute for Connectivity in the Americas. For the current fiscal year, the total revenue recognized from these two sources is \$3.5 million (2003: \$2.8 million).

12. Operating lease commitments

The Centre has entered into various lease arrangements for staff accommodation in various countries and for office premises and equipment in Canada and abroad. Those lease agreements expire at different dates up to 2009. The total minimum annual payments under various lease arrangements will be as follows:

2004/05	5 629
2005/06	6 701
2006/07	7 568
2007/08	4 499
2008/09	<u>280</u>
Total	<u>24 677</u>

13. Contractual commitments – project related

The Centre is committed to making payments of up to \$88.3 million (2003: \$ 83.7 million) during the next four years, subject to funds being provided by Parliament or external partners and subject to compliance by recipients with the terms and conditions of project agreements. Of this amount, the Centre is responsible for \$69.9 million (2003: \$64.5 million); the balance of \$18.4 million (2003: \$19.2 million) is to be provided by external partners.

14. Related party transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Centre is related in terms of common ownership to all Government of Canada created departments, agencies, and Crown corporations. The Centre enters into transactions with these entities in the normal course of business.

15. Contingencies

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

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

16. Comparative figures

Certain 2003 comparative amounts have been reclassified to conform to the financial statements presentation adopted in 2004.