



IDRC: P. Bennett

Human and Financial Resources

CORPORATE GOVERNANCE

The Board of Governors

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

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

Stewardship of the corporation

Board responsibilities

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

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

Strategic direction

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

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

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

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

Risk management

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

Succession planning

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

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

Information received by Board

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

to view program activities through a regional perspective.

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

Audit regime

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

Public policy objectives

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

Communications

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

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

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

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

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

Working with management

Board and management relations

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

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

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

Board independence

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

The Board meets three times a year. Every session includes an in-camera discussion and reports from Board committees. The Board has three standing committees: the Executive Committee, the Finance and Audit Committee, and the Human Resources Committee. Committee members are elected on the basis of their interests, expertise, and availability. The Board also establishes ad hoc committees to deal with particular issues, as the need arises.

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

Executive Committee

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

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

Finance and Audit Committee

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

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

- Ensuring that the Centre's information systems and management practices meet its needs and give the Board confidence in the integrity of the information produced; and
- Ensuring that the internal audit function is operating effectively.

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

Human Resources Committee

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

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

The Position of CEO

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

Functioning of the Board

Renewal of the Board

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

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

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

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

Education

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

Responsibility for corporate governance

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

The IDRC Board of Governors, 2002/03

GORDON S. SMITH, Chairman, Victoria, Canada (reappointed 15 August 2002)
Executive Director of the Centre for Global Studies at the University of Victoria and former Deputy Minister of Foreign Affairs

MARGARET CATLEY-CARLSON, Vice-Chairwoman, Wakefield, Canada (reappointed 24 September 2002)
Consultant, Chair, Director or Advisor to several organizations, and former President of the Population Council in New York

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

MERVAT BADAWI, Safat, Kuwait (reappointed 24 September 2002)
Director, Technical Department for the Arab Fund for Economic and Social Development

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

CHEE YOKE LING, Kuala Lumpur, Malaysia (appointed 30 May 2002)
Legal advisor to the Third World Network, Malaysia

MARY COYLE, Antigonish, Canada (appointed 24 September 2002)
Director, Coady International Institute, St. Francis Xavier University, Nova Scotia

GED DAVIS, London, United Kingdom (appointed 30 May 2002)
Vice-President, Global Business Environment, Shell International Ltd, and Head of Shell's Scenarios Team

MAURICE FOSTER, Ottawa, Canada (appointed 24 September 2002)
Former Member of Parliament

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

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

OCTAVIO GÓMEZ-DANTÉS, Mexico City, Mexico (reappointed 9 March 2003)
Director, Performance Evaluation, Ministry of Health, Mexico

LEN GOOD, Ottawa, Canada (reappointed 21 June 2002)
President of the Canadian International Development Agency

DAN MARTIN, San Francisco, United States
Senior Director, Environment, Gordon & Betty Moore Foundation

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

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

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

NORAH OLEMBO, Nairobi, Kenya (reappointed 10 December 2002)
Director, Kenya Industrial Property Office

JEAN-GUY PAQUET, Sainte-Foy, Canada (reappointed 24 September 2002)
President and Chief Executive Officer, National Optics Institute and former Chief Executive Officer of Laurentian Life Inc., Chairman, Canadian Space Agency

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

RODGER SCHWASS, Tara, Canada (reappointed 2 March 2003)
Professor Emeritus and Senior Scholar, Faculty of Environmental Studies, York University

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

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

Human Resources Management

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

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

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



IDRC

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supportive and encourages creativity, innovation, and team work;

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

manage their work and personal life balance; and

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

IDRC staff: full-time equivalents

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

Senior Management Committee

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

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

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

Members of SMC, 2002/03

MAUREEN O'NEIL, President

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

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

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

PETER COOPER, Director, Environment and Natural Resource Management

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

JORGE DA SILVA, Director, Finance and Administration

Chartered management accountant and former Director, Audit Services, IDRC

ROGER FINAN, Regional Director, Regional Office for South Asia

Chartered management accountant and former Director, Internal Audit, IDRC

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

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

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

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

RICHARD FUCHS, Director, Information and Communication Technologies for Development

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

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

Agricultural economist and former economist, Agriculture Canada

BRENT HERBERT-COPLEY, Director, Social and Economic Equity

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

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

(effective 15 January 2003); **Director, Human Resources**

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

ROHINTON MEDHORA, Vice-President, Program and Partnership Branch

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

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

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

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

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

ROBERT ROBERTSON, General Counsel

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

RALPH TAIT, Vice-President, Resources and Chief Financial Officer

(left the Centre on 15 January 2003)

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

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FINANCIAL MANAGEMENT DISCUSSION AND ANALYSIS

Income Statement Discussion

Revenues

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

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

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

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

A BRIEF FINANCIAL GLOSSARY

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

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

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

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

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

Expenses

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

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

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

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

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

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

Balance Sheet Discussion

Assets

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

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

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

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

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

Liabilities

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

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

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

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

Equity

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

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

Other Key Financial Targets Discussion

Outstanding commitments

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

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

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

Program allocations

(previously referred to as "program appropriations")

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

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

Outlook for the 2003/04 Fiscal Year

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

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

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

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

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

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

Five-year Historical Review

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

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

FINANCIAL STATEMENTS



IDRC: S. Colvey

RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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



Maureen O'Neil
President



Denys Vermette
Vice-President, Resources and
Chief Financial Officer

Ottawa, Canada
30 May 2003



AUDITOR'S REPORT

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

I have audited the balance sheet of the International Development Research Centre as at 31 March 2003 and the statements of operations and equity and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

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

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

Ottawa, Canada

30 May 2003

Balance Sheet

as at 31 March 2003
(in thousands of dollars)

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

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

Approved on behalf of the Board:



President



Vice President, Resources
and Chief Financial Officer

Statement of Operations and Equity

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

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

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

Statement of Cash Flows

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

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

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

Schedule of Expenses

as at 31 March 2003
(in thousands of dollars)

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

NOTES TO FINANCIAL STATEMENTS

(in thousands of dollars unless otherwise stated)

1. Authority and objective

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

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

2. Significant accounting policies

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

A) Government funding

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

B) Revenues

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

C) Grant payments

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

D) Capital assets and amortization

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

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

E) Investments

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

F) Foreign-currency translation

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

G) Provision for employee future benefits other than pension

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

H) Deferred rent

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

I) Pension costs

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

3. Cash and short-term investments

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

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

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

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

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

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

4. Accounts receivable and payable

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

5. Long-term investments

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

6. Capital assets

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

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

7. Pension plan

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

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

8. Deferred revenue

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

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

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

9. Deferred funding — capital assets

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

10. Resource-expansion activities

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

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

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

11. Parliamentary appropriation

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

12. Supplementary Parliamentary appropriations

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

13. Operating lease commitments

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

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

14. Contractual commitments — project related

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

15. Related party transactions

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

16. Contingencies

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

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