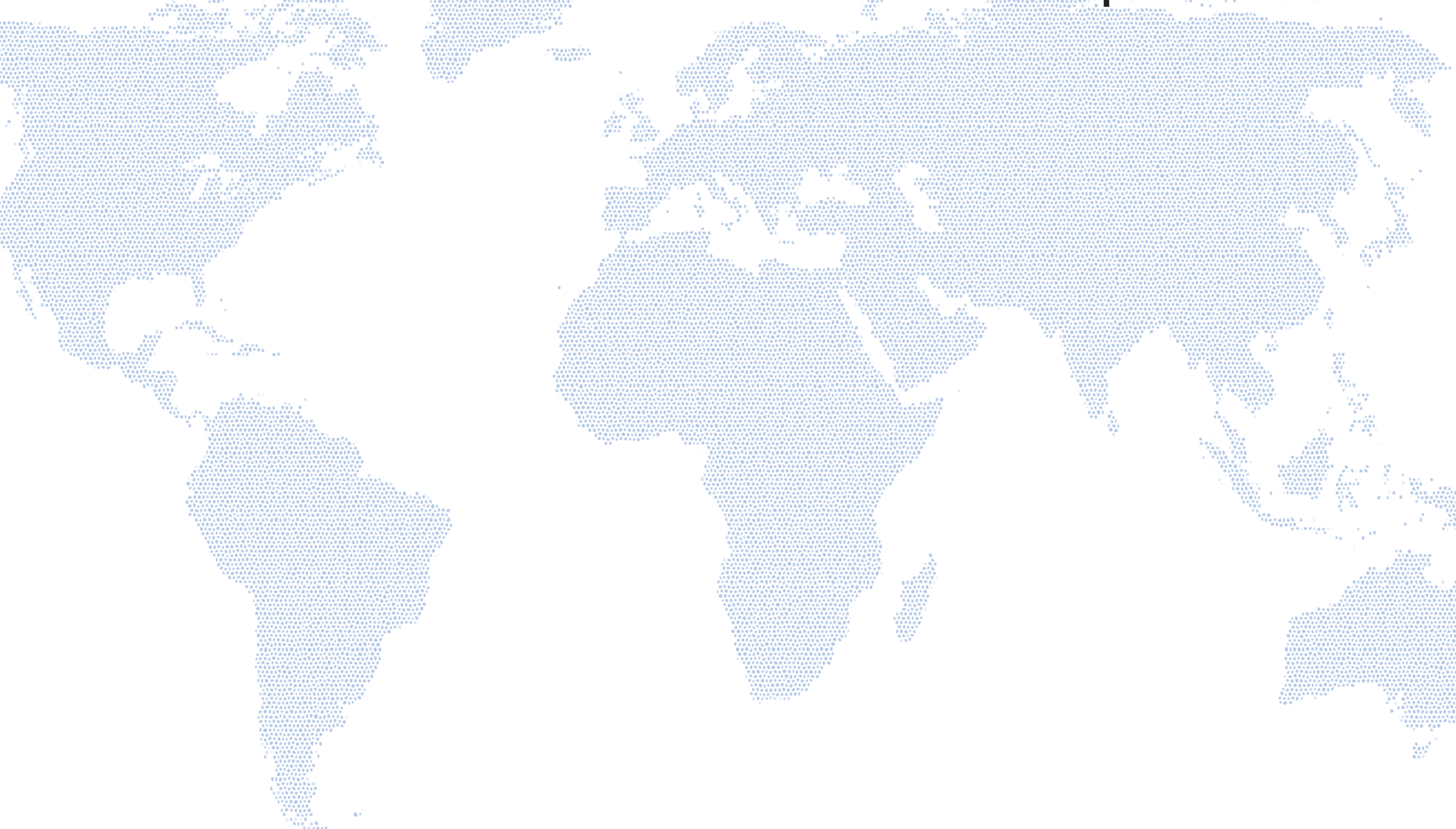
IDRC | CRDI

Canada's International Development Research Centre

Innovating for solutions




Annual Report 2014-2015



Canada

Innovating for solutions | 2014-2015

at March 31, 2015

$258.8 million in revenues

- $190.0 million from Parliament
- $66.8 million from donor contributions
- $2.0 million other revenue

4% of Canada's international assistance

$207.7 million for new projects

8 donor partners

733 projects

612 institutions supported, **104** Canadian

131 individual awards

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

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

Contents

COVER: ERNESTO RODRÍGUEZ / UNIVERSIDAD NACIONAL, PHAD / NGUYEN THI THANH HA, IDRC / PANOS: BRIAN SOKOL, JOSUÉ GOGE

Message from the Acting Chairperson

This has been a year of exceptional effort and achievement at IDRC, culminating in the launch of an inspirational strategic plan on April 1, 2015. Over the next five years, IDRC will scale up innovations that improve lives, build future leaders across the developing world, and foster new partnerships for greater impact. The strategy sets specific targets that will allow us to measure progress toward these goals. It also clearly demonstrates IDRC's continuing relevance, alignment with Canada's international development priorities, and value for money.

The Board is now starting to review the implementation plans that detail how the Centre will roll out this ambitious new road map. For example, we look forward to partnering with new and traditional allies capable of scaling up solutions. These include newer actors in international development, such as Southern philanthropic and funding agencies, and the Canadian and international private sector. Partnerships have gone from strength to strength this year, with IDRC signing nine new co-funding agreements with like-minded donors.

During a trip to Africa this year with fellow Governor Gordon Houlden and IDRC President Jean Lebel, it was inspiring to see for myself the knowledge and leadership that the Centre's investments generate. We met many former grantees who are now influential leaders in government, science, and business in their countries. In Cape Town, we visited the remarkable African Institute for Mathematical Sciences (AIMS). Canada is forging links with the next generation of African leaders through its commitment to helping AIMS grow. The fifth AIMS centre in Africa, which opened in Tanzania in October, is already producing highly motivated problem-solvers with the advanced mathematical skills so crucial to a modern economy. IDRC manages the contributions from both Canada and Britain to the AIMS expansion program.

IDRC had the agility this year to join the urgent global effort to prevent future outbreaks of the deadly Ebola virus. In March, the clinical trial of an Ebola vaccine developed in Canada began in Guinea, one of the West African countries hardest hit by the recent epidemic. IDRC manages the partnership of four Canadian agencies providing critical support for this important disease-control initiative.

This year also saw changes in how IDRC reports to Parliament. The Minister of International Development was designated as the Minister responsible for IDRC, replacing the Minister of Foreign Affairs in this capacity.

I would like to thank the Centre's expert staff for their dedication and hard work as they prepare to put the new *Strategic Plan* into action. The Board will miss the insights and good counsel of Xue Lan, who stepped down in February at the end of his second term. In March, we were delighted to welcome new Governors Scott Gilmore and Alanna Heath, who bring a wealth of expertise to our discussions. It is an exciting time to be associated with IDRC as we work toward the Centre's 50th anniversary in 2020, guided by our robust new strategy.

Monte Solberg

The Honourable Monte Solberg, P.C.
Acting Chairperson

Message from the President

IDRC is embarking on a new five-year plan with a sharp focus and a clear vision: Knowledge, innovation, and solutions to improve the lives of people in the developing world. Our three objectives build on IDRC strengths — to scale up solutions for large-scale positive change, support high-potential individuals and organizations to become development leaders, and broaden our partnership base. As IDRC's talented and dedicated staff begin working to bring this strategy to life, I am confident that we will deliver on its promise.

Phase 2 of the Canadian International Food Security Research Fund was launched with a focus on scaling up earlier successes. The 21 teams supported in the program's first five years identified more than 140 technologies and practices with the potential to benefit millions of people. These promising innovations include a single-dose vaccine to protect livestock from five major diseases that cause enormous losses in Africa. Internationally recognized vaccine expert Lorne Babiuk at the University of Alberta is co-leader of the Canadian and South African team now carrying out field trials of this new-generation vaccine. This is an exciting example of what large-scale change might look like. Vaccines that require no refrigeration or boosters could help secure the livelihoods of millions of smallholder farmers across the developing world.

I had the privilege of showcasing remarkable results from another project to His Excellency the Right Honourable David Johnston, Governor General of Canada, during his State visit to Colombia in December. Together with Canadian counterparts, Colombian experts tackling poverty and malnutrition in the southwestern Nariño region have developed hardy, high-yielding potatoes that contain twice as much protein and more iron and zinc than native varieties. Families are already seeing less stunting among their children, and farmers' profits have increased. This Canadian-Colombian collaboration is not only boosting health and incomes, but also building leaders in the food-security field. Similarly, the new Innovating for Maternal and Child Health in Africa program brings together leaders and future leaders on maternal, newborn, and child health whose work is set to make a difference in 14 African countries.

Our largest donor partnership, the Think Tank Initiative, enters its second phase this year with five organizations renewing their commitment to strengthen independent policy research institutions in developing countries. Predictable core funding is giving 43 think tanks in 20 countries the flexibility and stability to make a real impact with sustained work on critical issues. The Accra-based Institute of Economic Affairs, for example, led the drafting of a new electoral law that lays the groundwork for a more peaceful and stable democracy in Ghana — a single outcome with a huge, nationwide impact.

I would like to thank our governors for their engagement, guidance, and support, and Centre staff for all their contributions and hard work in the past year. I am truly optimistic about the opportunities ahead for IDRC to improve many more lives across the developing world, in bigger and more significant ways than ever. IDRC funds work that furthers development, advances global security and prosperity, and ultimately reduces dependence on aid. We want these benefits to reach as many people and places as possible, so are holding ourselves accountable with measurable targets. On behalf of all Canadians, IDRC is investing in solutions.

Jean Lebel, PhD
President

Innovating for solutions

Our mandate

The *IDRC Act* (1970) directs the International Development Research Centre "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." To fulfill our mandate, IDRC invests in knowledge, innovation, and solutions, accelerating development research on its way to big impact. We do this by enabling leaders in government, research, and business in the developing world — strengthening societies and building important relationships for Canada.

Our business model

In carrying out our mandate, we

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

RIDEAU HALL / SGT. RONALD DUCHESNE

On a State visit to Colombia accompanying His Excellency the Right Honourable David Johnston, Governor General of Canada, IDRC President Jean Lebel (right) presents a Canadian-funded food-security project to Their Excellencies and (beside Lebel) the Honourable Michelle Rempel, Minister of State for Western Economic Diversification.

Our objectives

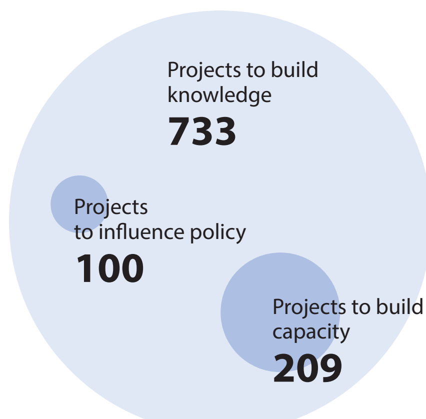
In April 2015, IDRC launched a new *Strategic Plan 2015-2020*: *Investing in solutions*. It focuses the Centre on investing in knowledge and innovation for large-scale positive change, building the leaders for today and tomorrow, and being the partner of choice for greater impact.

This past year, however, was the fifth and final year of operation under IDRC's *Strategic Framework 2010-2015*, which was structured around three goals:

- To build new knowledge, including new fields of knowledge
- To build capacity to carry out research, especially in developing countries
- To enable our grantees to influence policy and practice.

While pursuing these goals, IDRC has also closely followed the evolution of Canadian policy, contributing to major Canadian government initiatives, as well as delivering on international assistance priorities.

Our work



Summary of operations

Corporate profile

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

This year was the fifth and final under our *Strategic Framework 2010-2015*. This guiding document sets directions to ensure that our programming responds to Canadian priorities, as well as to evolving needs in developing countries.

Program consolidation

A number of the prospectus-based programs, approved by IDRC's Board of Governors in 2010 and 2011, completed their work and consolidated research results this past year. In the Agriculture and Environment program area, the Environmental Economics program was integrated into ongoing climate change programming. A new program focusing on the links between food, environment, and health will consolidate and advance the work of the Ecosystems and Human Health and Non-Communicable Disease Prevention programs.

AGA KHAN FOUNDATION / LUCAS CUERVO MOURA

Management undertook a restructuring of IDRC's program architecture to better position the Centre to implement its new *Strategic Plan*. Changes included merging two health programs and launching a new program focusing on the links between food, environment, and health.

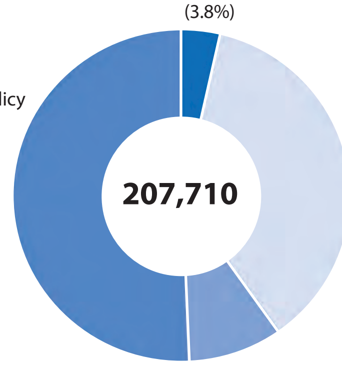
In addition, the Canadian Partnerships and Fellowships and Awards programs were folded into the Science and Innovation program area.

Management also undertook a restructuring in the health area, merging the Governance for Equity in Health Systems and the Global Health Research Initiative teams.

This restructuring better positions IDRC to implement its new *Strategic Plan*, approved by the Board in November 2014.

Allocations by program area

2014-2015 ($000)



* Research complements included a number of small funds: Forward-Planning, Special Initiatives, Regional Activity, Evaluation, and Communications.

IDRC offices and allocations by region

IDRC supports research in all of Canada's development countries of focus, as well as in other countries. Our head office is in Ottawa. In 2014-2015, we maintained four regional offices across the developing world.

Global

Allocations ($000): **13,290** (6.4% of total)
Projects: **354**

Sub-Saharan Africa

Allocations ($000): **109,065** (52.5% of total)
Projects: **73**

Asia

Allocations ($000): **46,896** (22.6% of total)
Projects: **137**

Latin America and the Caribbean

Allocations ($000): **31,964** (15.4% of total)
Projects: **116**

Middle East and North Africa

Allocations ($000): **6,495** (3.1% of total)
Projects: **53**

Our funding

During the past year, total revenues from Parliament amounted to $190.0 million. This represented 73.4% of our 2014-2015 revenues and 4% of Canada's international assistance.

As of March 31, 2015, IDRC was involved with 8 partners in 22 donor agreements worth $340.9 million. During 2014-2015, IDRC signed 9 co-funding agreements worth $98.4 million. In addition, IDRC supplemented one agreement and received corporate sponsorships to support the 3rd International Open Data Conference 2015, totalling $0.2 million. IDRC engaged with two new donors this year: the MasterCard Foundation and the Azrieli Foundation.

Canadian organizations play a large role in partnership arrangements, accounting for 26% of the donor contribution agreements. Working with Canadian partners allows IDRC to contribute to government priorities (see page 20).

Key financial highlights For the year ended 31 March 2015 (in thousands of dollars)	2013–2014	2014–2015	
	Actual	**Actual**	**Revised budget**
Revenues			
Parliamentary appropriation [a]	202 944	190 024	188 024
Donor contributions	58 163	66 809	66 685
Investment and other income	853	2 013	756
	261 960	258 846	255 465
Expenses			
Development research programming	236 704	233 952	235 586
Corporate and administrative services	20 809	20 968	20 366
	257 513	254 920	255 952
Net results of operations	4 447	3 926	(487)
Equity			
Unrestricted	214	4 114	890
Internally restricted	1 117	1 123	1 117
Net investments in capital assets	10 688	9 518	9 525
Reserved	4 580	5 770	4 580
Expense ratio [b]	92/8	92/8	92/8
Program allocations			
Funded by Parliamentary appropriation	96 279	86 868	84 503
Funded by donor contributions	62 032	120 844	126 170
	158 311	207 712	210 673

Notes related to the 2014-2015 actuals.

[a] The Parliamentary appropriation represents 73.4% of total revenues.
[b] The expenses for development research programming represent 91.8% of total expenses.

For further information on these key financial highlights, please refer to Management's Discussion and Analysis on page 30.

Sharing knowledge for development

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

IDRC believes that publicly funded research should be freely and openly available. In keeping with this belief, IDRC's new Open Access Policy takes effect in July 2015. The policy is consistent with the broader movement toward open access, supported by research funders and governments, including the Government of Canada, as a way to increase transparency, accountability, and efficiency.

Our digital library helps developing-country researchers engage in the international dialogue on important development issues and increases the impact of their research. This repository of knowledge provides free and global access to more than 50,000 documents. In addition, the IDRC Development Research Information System (IDRIS+) offers access to all of IDRC's project descriptions.

IDRC also provides free full-text digital editions of the books it co-publishes in collaboration with presses around the world. We added nine titles to our collection in 2014-2015.

Program results 2014-2015

AGRICULTURE AND ENVIRONMENT

2014-2015 was a year of change and renewal in IDRC's Agriculture and Environment program area. Programming initiated in 2010 concluded and a new five-year program area implementation plan was approved by the Board of Governors in March 2015. The program area's redesigned architecture better positions us to deliver knowledge, innovations, and solutions in agriculture, climate change, and health.

Looking forward, partnerships with the private sector and other funders will be integral to achieving large-scale positive change in the lives of the poor.

The **Agriculture and Food Security** program reported on results of the first phase of the **Canadian International Food Security Research Fund (CIFSRF)**, a five-year $62 million partnership with the Government of Canada. Twenty-one research projects linked Canadian and developing-country experts to develop and test 144 innovations that have benefited more than 383,000 farmers in Africa, Asia, and Latin America and the Caribbean. Results included enhanced yields, nutrition, and food security. Technical advances included the development of new livestock vaccines, the testing of new cultivars and farming practices that boost nutrition while increasing productivity and farmers' incomes, and the introduction of tools and practices that reduce drudgery and empower women farmers. Phase 2 of the Fund, now underway, focuses on scaling up market-ready innovations for greater global food security impact. Ten new projects were approved in 2014-2015 and more are under review.

Also notable this year was the approval of the first five projects under the **Cultivate Africa's Future (CultiAF)** program, a four-year $15 million research partnership between IDRC and the Australian International Food Security Research Centre of the Australian Centre for International Agricultural Research. Launched in 2013, CultiAF aims to combat hunger in sub-Saharan Africa by harnessing the potential for innovation among the region's smallholder farmers.

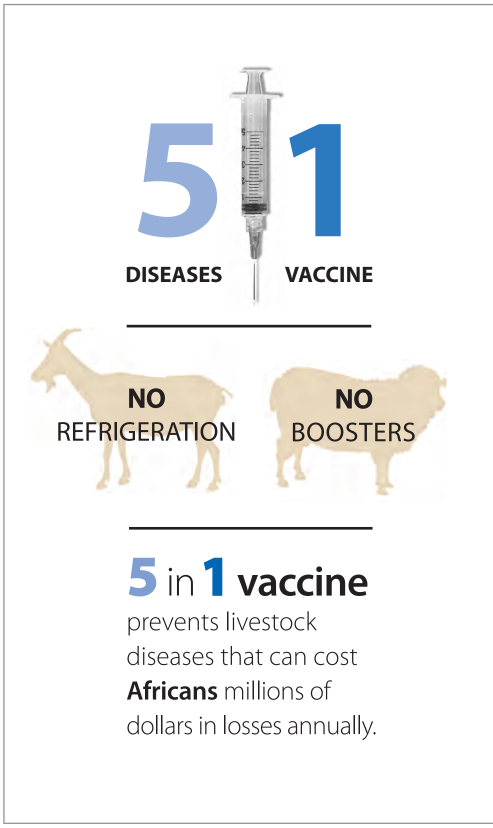
After more than 18 years, the **Ecosystems and Human Health** program drew to a close in 2014. An external review of the past five years work concluded that IDRC had effectively helped establish a new field of transdisciplinary research in environment and health. Some 17 institutions around the world now offer 42 specialized courses and more than 10 graduate programs to the next generation of leaders in this field. Strong impacts on policy and practice were also noted. For example, the **Ecohealth Emerging Infectious Diseases Research Initiative (Eco EID)**, a six-year $9 million partnership jointly funded by Canada and Australia, supported 17 research teams in 20 field sites in China and Southeast Asia. Teams tested strategies for responding to the emergence of infectious diseases, including avian flu, liver flukes, severe dengue, and others. Their work has shaped policies that reduce disease transmission and improve food safety management. In northeastern Thailand, for example, national health authorities collaborated with researchers to introduce a new intervention model to address liver fluke infections (a parasite transmitted to humans through raw or undercooked fish and associated with a fatal form of liver cancer). Adopting an ecohealth approach, the team combined medical treatment of infected humans and animals, intensive community health education, and ecosystem monitoring aimed at breaking the parasite's life cycle and stopping new infections. The result: a 50% drop in human infections in test areas, and a decrease from 70% to less than 1% in infection among the host fish species. Thai authorities are adopting the approach across the country's northeast.

Five years of **Climate Change and Water** programming were also validated by external review. For example, the program identified more than 450 adaptation measures and technologies that have been tested with IDRC support. A compendium of these innovations will be available online to practitioners in 2015. As part of its capacity-building efforts, the program supported the training of 126 young researchers. The program's support to the Climate Technology Initiative Private Financing Advisory Network, a multilateral public-private partnership that connects climate change adaptation projects with private sector financing, yielded preliminary results this year. Ten investor-ready projects in Africa are now negotiating deals, showing that reducing vulnerability to climate change can also be profitable.

Below, we highlight recent results that are being scaled up — by communities, universities, governments, and the private sector — for a greater impact on communities and their livelihoods.

In sub-Saharan Africa: Protecting livestock through vaccine innovation

Globally, three-quarters of a billion poor farmers depend on livestock and related products for sustenance and income. In the developed world, animal vaccination is routine. But in sub-Saharan Africa, livestock and livelihoods are put at risk by the high cost of vaccination, and the lack of refrigeration in rural areas to keep vaccines stable. African farmers suffer enormous economic losses as a result.



IDRC/PANOS: BRIAN SOKOL

Following successful trials of a five-in-one, heat-stable livestock vaccine funded through Phase 1 of CIFSRF, new research began this year on how to scale up and give more farmers across Africa access to vaccines. The Canadian-South African team will now carry out field trials of a four-disease combination vaccine in South Africa and a five-disease dose in Kenya. Research will also explore vaccine development to protect pigs against African swine fever.

Earlier trials focused on two variants of a single-dose vaccine that can protect cattle against up to five diseases, including lumpy-skin disease, Rift Valley fever, sheep pox, goat pox, and *peste des petits ruminants*. Combining protection against multiple viruses in a single vaccine dose not requiring refrigeration is a potential game changer in Africa: it allows suppliers to streamline production, marketing, and distribution to better reach small-scale farmers in rural areas.

In Colombia: New potato cultivars boost nutrition and yields

In Colombia's Nariño province, rural families on small farms depend on potatoes as their main source of cash and sustenance. Late blight, a devastating potato disease, threatens both incomes and food security. Working with farmers supported through CIFSRF Phase 1, Canadian and Colombian researchers developed three new potato cultivars, adapted from local varieties, which are more nutritious and have higher yields and greater disease resistance than the main variety of commercially grown potatoes. One new variety generated up to 18% more revenue per hectare, while another had more than twice as much protein and was more than twice as resistant to late blight as the commercial cultivar. All are higher in zinc and iron. Children under five who consumed the improved varieties showed less stunting and 10.6% less iron deficiency.

Seeds from the new varieties have been distributed to 650 farmers for the next planting season. The potato improvement program of Colombia's National University now considers nutritional quality a basic criterion in developing new cultivars. The collaboration, which involved Canada's McGill University and the University of New Brunswick, also led to the launch of South America's first master's degree program in food and nutritional security.

In Mexico: Lifting rural families out of poverty

In September 2014, Mexico launched the Productive Territories initiative. This bold new effort to tackle rural poverty is based in part on lessons generated by a long-standing IDRC research partner, the Latin American Center for Rural Development (RIMISP). The pilot project is expected to increase the earnings of 10,000 rural recipients in five states.

This latest measure under Mexico's "Prospera" anti-poverty program aims to increase the productivity of its beneficiaries.

This is a departure from earlier government support that consisted mainly of cash transfers for food, education, and health needs. The pilot project focuses on boosting poor rural households' income from farming and other activities by linking them with government programs that foster economic and agricultural production.

The initiative draws on findings from IDRC-supported research by RIMISP that looked at areas of Latin America where progress was being made simultaneously on economic growth, poverty reduction, and equality. This work enabled RIMISP to identify factors most likely to generate the kind of growth that can lift rural populations out of poverty.

Together with the International Fund for Agricultural Development, IDRC supports rural dialogue groups in four countries, including Mexico, where poverty is concentrated in rural and indigenous areas. More than 30 Mexican leaders from government, universities, the private sector, and civil society have been working to develop and champion concrete proposals to address rural poverty. The Productive Territories project is one of their important achievements.

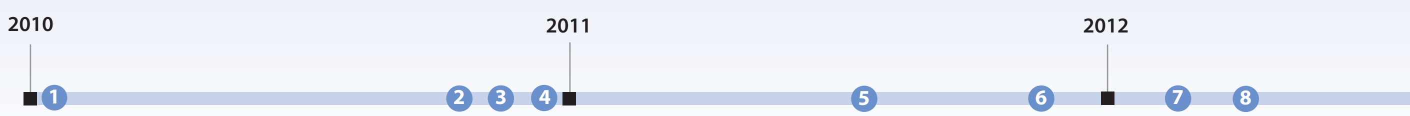
In China and Southeast Asia: Reducing the threat of bird flu

Homestead poultry production can enrich family diets and generate extra income for small-scale farmers. But outbreaks of avian influenza in the early 2000s prompted a restructuring of poultry production in China, Indonesia, Thailand, and Vietnam. Policies introduced in 2003 encouraged farmers to consolidate production in designated zones. The aim was to help them scale up, while limiting the spread of disease. Research supported through Eco EID, however, found that these clusters actually increased the risk of infectious disease by intensifying production near residential areas.

State veterinarians, however, had little understanding of the health of poultry flocks and farm conditions in these new clusters. Poorly managed, the poultry production clusters increased water and air pollution, attracting pests and generating odour that fostered conflict with surrounding communities.

Working with producers and government officials in each country, the research team has helped tailor strategies to prevent future disease outbreaks and improve farm management. Tensions have been reduced through meetings and training workshops, and by bringing livestock officials and farmers together to jointly develop systems to improve biosecurity on poultry farms. These strategies will benefit some 20,000 poultry farmers in China, improve the farming of more than 500,000 chickens in Thailand, and shape the structure of the poultry industry throughout Vietnam. Findings have also been shared with the Laos Department of Livestock and Fisheries, and the United Nations Sub-Working Group on Diseases at the Human-Animal Interface.

5 years in review | Agriculture and Environment



1. **Canadian International Food Security Research Fund** (CIFSRF) selects first projects for funding. Co-funded with Foreign Affairs, Trade and Development Canada (DFATD). **$62M over 5 years**.
2. IDRC joins the **Global Alliance for Chronic Diseases** (GACD), a partnership of health research funders. Global call for research on hypertension launched in Beijing.
3. Minister of Environment announces the **African Adaptation Research Centres** initiative. Funding provided by Government of Canada as part of Canada's commitment to fast-start financing under the Copenhagen Accord. **$10M over 3 years, for 7 centres**.
4. Regional consortium set up to fight **vector-borne diseases** such as Chagas, malaria, and dengue in Latin America and the Caribbean. **$4M over 4 years in 17 countries**.
5. IDRC launches 5-year **Non-Communicable Disease Prevention** program to address major development challenges associated with the rapid rise in non-communicable diseases in low- and middle-income countries.
6. Prime Minister of Canada announces support for **CIFSRF Phase 2**.
7. IDRC supports the **American University of Beirut's School of Public Health** to reshape public health education, research, and policy to meet the changing needs of the Arab World. Initial research focus: reproductive health, tobacco control, environmental health linked to agriculture. **$5.5M over 5 years**.
8. **Climate Change Adaptation in Africa** (CCAA) program funded by IDRC and the UK Department for International Development (DFID) wraps up after 6 years. From 2006-2012, researchers in **33 African countries** produced a wealth of new knowledge on climate change adaptation through **41 projects**. **$16.3M and £25.3M**.
9. Minister of Environment announces two new initiatives to address threats to water resources resulting from a changing climate in **Asia and Latin America and the Caribbean**. **$20M over 3 years**.

In Central America: Scaling up solutions in the fight against Chagas disease

Results of a Chagas disease control project initiated eight years ago in Guatemala are being scaled up. The disease is acquired in childhood and can cause fatal heart disease later in life. It is transmitted by insects that live in the cracks and corners of mud-brick houses, common in poor rural areas.

Research demonstrated that cost-effective control of the infestation is possible by sealing walls and floors with a plaster made of local materials. This intervention was rolled out to more than 5,000 families in Guatemala, El Salvador, and Honduras, protecting an estimated 15,000 children.

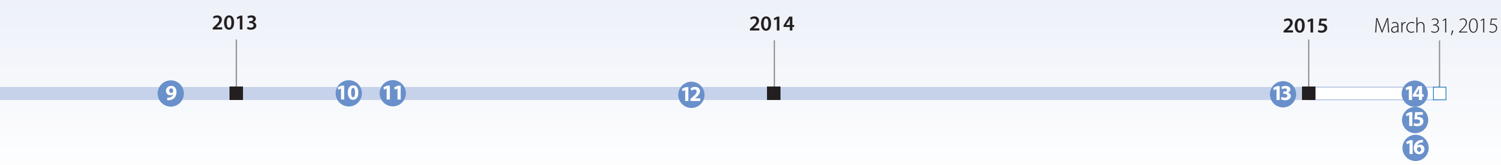
The approach is now being mainstreamed by national governments, the Pan American Health Organization, and international organizations such as the Japanese International Cooperation Agency and World Vision, and is making regional elimination of disease transmission feasible.

In Punjab: Protecting food, energy, and livelihoods through water-efficient agriculture

The small northern state of Punjab today grows more than half of India's grain, including nearly 20% of its wheat and 12% of its rice. But this remarkable achievement is at risk from water scarcity. Groundwater levels are falling across 90% of the state. While climate change is part of the bigger picture, the most immediate threat is from rapid depletion of underground aquifers, driven by energy- and water-intensive agriculture.

Ongoing research by Punjab Agricultural University and Columbia University has helped farmers use weather information and low-cost innovations to reduce their water and energy use. One promising technology is a locally produced soil moisture sensor that lets farmers know when to irrigate and seed. In trials, farmers testing the sensors averaged water and energy savings of more than 20%. Used together with direct seeding methods, rice farmers were able to improve water efficiency by 34%. With IDRC support, research is now scaling up to include more than 5,000 farmers in five districts, using 9,000 sensors. The state government is investing in a further 15,000 sensors statewide.

The team is also working with industry to test alternatives to water-intensive crops such as rice. Through cooperative agreements, the food corporation Field Fresh is contracting for supplies of fruits and vegetables that consume less water than grains. As research concludes in late 2015, the team is assessing the likelihood of a prolonged mega-drought in the region, and how Punjab might prepare through crop diversification and changes in irrigation practice and energy pricing. The evidence will help guide the state through a much-needed transformation of water and energy use.



- IDRC supports consortium of **7 research centres in China, Indonesia, Thailand, and Vietnam** to address benefits and emerging health threats from rapidly changing agricultural practices. **$5M over 5 years**.
- **Collaborative Adaptation Research Initiative in Africa and Asia** is launched with DFID to build the resilience of vulnerable populations and their livelihoods in climate change hot spots: semi-arid regions, deltas, and glacier and snow-pack dependent river basins. **$70M over 7 years**.

10. Parliamentary Secretary to the Minister of International Cooperation announces **$62M** in funding for **CIFSRF Phase 2**. **Total CIFSRF funding: $124M** .

11. IDRC joins with the Australian Centre for International Agricultural Research to launch **Cultivate Africa's Future** (CultiAF), a competitive grants program to combat hunger in sub-Saharan Africa. **$15M partnership over 4 years**.

12. IDRC partners with **GACD** on call for research on diabetes.

13. **CultiAF** approves **5 projects** in Eastern and Southern Africa to address food security problems.

14. IDRC, Canadian Institutes of Health Research, DFATD, and Public Health Agency of Canada announce support for a **clinical trial** in Guinea of experimental **Ebola vaccine** developed by PHAC.

15. **CIFSRF's Phase 1** completed. The results of **21 Canadian/developing-country** research projects in **22 countries** have reached more than **383,000 men and women**. Farmers adopted **144 technologies, methodologies, and practices** to improve agricultural productivity, nutrition, and food security.

16. **Ecohealth Emerging Infectious Diseases Research Initiative**, jointly funded by Canada and Australia, concludes. **17 research teams in 20 field sites** in China and Southeast Asia tested strategies for responding to the emergence of infectious diseases and helped shape disease-control policy. **$9M over 6 years**.

SOCIAL AND ECONOMIC POLICY

Sound public policies can help reduce poverty and promote more sustainable growth. But to be effective, policies must be grounded in evidence and supported by the citizens they are meant to serve. IDRC's Social and Economic Policy program area helps developing countries build the skills and knowledge they need for sound public policymaking — strengthening independent policy research; building accountability in health and other social systems; promoting inclusive and sustainable growth; and laying the groundwork for security and justice.

As we began to focus energies on our next five-year plan, 2014-2015 saw new investment and consolidation in the Centre's Social and Economic Policy programming, with a greater emphasis on maternal and child health and the launch of a new phase of support for developing-world think tanks.

Since 2008, IDRC has managed the **Think Tank Initiative** (TTI), a major funding partnership that is building strong and independent policy research institutions in the developing world.

This year marked the successful conclusion of Phase 1 and the launch, in October 2014, of a second phase. From spearheading education reforms in Guatemala, to sparking debate on the management of oil revenues in Nigeria, and addressing the wage and employment gaps faced by women in Pakistan — these think tanks have made a real impact on the ground. With global discussions underway about follow-on commitments to the 2015 Millennium Development Goals, think tanks came together this year through the Southern Voice network to ensure that developing-country perspectives and priorities are on the agenda. By putting forward solid data and analyses derived from Southern research, these think tanks have a unique role to play in setting a new global framework for international development.

Thanks to commitments from The William and Flora Hewlett Foundation, the UK Department for International Development (DFID), the Bill & Melinda Gates Foundation, IDRC, and the Norwegian government, roughly $100 million in new funding will support Phase 2, bringing total Think Tank Initiative funding to more than $200 million. This year, 43 research organizations were selected for five-year grants, which will run until 2019.

The health of mothers, newborns, and children is a top Canadian aid priority and a growing focus for IDRC. Our long-standing support for research on governance and equity in health systems has demonstrated the life-saving value of investing in primary health care. This is reflected in the design of an initiative launched this year — **Innovating for Maternal and Child Health in Africa**. This new effort, a partnership with Foreign Affairs, Trade and Development Canada and the Canadian Institutes of Health Research, will invest $36 million over seven years to harness knowledge to improve the health of women and children in sub-Saharan Africa. Twenty research teams, linking African and Canadian researchers and African decision-makers, will develop practical, cost-effective solutions to health system challenges in 14 sub-Saharan African countries. The initiative reflects Canada's sustained commitment to improving maternal and child health and curtailing preventable deaths.

Conflict, violence, and pervasive insecurity undermine prospects for development in many countries. Through our **Governance, Security, and Justice** program, we support projects that seek to identify core causes of violence and provide evidence-based solutions. In South Asia, for example, the research collective Zubaan, a network of activists and scholars, is spearheading efforts to confront gender-based violence and the culture of impunity. Their work is influencing legal reforms that will make life safer for women. In India, team members contributed to shaping two recent legislative breakthroughs: an amendment to the penal code that broadens the definition of rape, and a new law that protects women from sexual harassment in the workplace.

Promoting growth that benefits the poor is an ongoing IDRC focus, one in which the private sector is key to making positive change. Entrepreneurship offers a way out of poverty for many, especially women and youth, who are often excluded from the formal labour market. To empower women in small business, IDRC recently announced a $560,000 grant to a project that will give 500 women-owned businesses in India greater access to global markets. WEConnect International helps women entrepreneurs succeed in global value chains by registering and certifying them, and linking them to overseas buyers. This pilot scheme will strengthen and scale up its global brokering model with a searchable database that will eventually promote women entrepreneurs from 17 other countries.

Below are some examples of how IDRC grantees are making a tangible difference in the lives of the poor by building the evidence base for sound social and economic policies.

In urban Pakistan: Probing the links between gender and violence

While Pakistan enjoys a thriving civil society, for city-dwellers daily life is undermined by many forms of violence, including communal conflict, gang activity, gender-based violence, and the indignities of grinding poverty. While much attention has focused on young men as the agents and victims of violence in urban Pakistan, less is known about the experiences of young women.

MUZAFFAR BUKHARI

POVERTY FUELS VIOLENCE IN CITIES

>50% of **people** live in **cities**. **15** research teams are working to make **40** cities (pop **>123**M) in Africa, Asia, and Latin America **safer** and **more equitable**.

To address this gap, a research team led by the Karachi-based Institute of Business Administration is looking at how gender roles contribute to different types of violence. Focusing on youth in working-class areas of Karachi and the twin cities of Rawalpindi and Islamabad, they are assessing how these roles can entrap men and women, and possible solutions.

Researchers found that both men and women associate masculinity with providing for the family, upholding morals and traditions, and making decisions. Combined with a belief that condones the use of violence to maintain authority, these expectations can be a trigger for men who suffer financially or feel undermined.

Understanding these views is a first step to identifying solutions. Research suggests, for example, that women's economic status is a significant predictor of abuse. Being able to work and study outside the home can change women's acceptance of domestic violence as "normal" and help them build protective social networks.

GEM: Understanding the mindset of entrepreneurs

Entrepreneurship can drive growth, and offers a window of opportunity for women, youth, and other disadvantaged groups. The Global Entrepreneurship Monitor (GEM) is the world's largest study of entrepreneurship. IDRC's funding has helped broaden GEM's scope to reflect developing-country realities, and brought Canada back into the GEM research community. Today, more than 100 national teams provide regular country reports on what makes entrepreneurs tick, and how their challenges, successes, and aspirations compare with those in other countries.

This year saw the launch and media coverage of GEM Canada's first national report since 2003. Led by the Centre for Innovation Studies, an Alberta-based think tank, the report found Canada to be a leader in early stage entrepreneurial activity, with 12.2% of the working-age population involved in new businesses — a virtual tie with the United States, and well ahead of other G7 countries.

Canadian expertise is also helping to build capacity in French-speaking countries of West and North Africa, with IDRC support. Researchers at Université du Québec à Trois-Rivières are linking with other Canadian, African, and Swiss researchers in an effort to better understand and support entrepreneurship in four French-speaking countries: Cameroon, Burkina Faso, Morocco, and Senegal. Through GEM's regional and international connections, these four countries will gain a platform for comparing their business conditions within Africa and beyond.

With rising youth unemployment one of the biggest challenges facing the continent, recent GEM support in Africa focuses on communicating findings from extensive research on youth entrepreneurship. In 2013, GEM country teams from nine African countries collected data from more than 18,000 individuals, capturing their attitudes and aspirations, and gauging the extent of youth engagement in entrepreneurial activities. These country teams are taking their data to the next level: they are developing policy briefs to inform interventions that support budding youth entrepreneurs, and preparing a regional report that compares findings across countries to inform regional policies and plans.

In Latin America: Helping households graduate from poverty

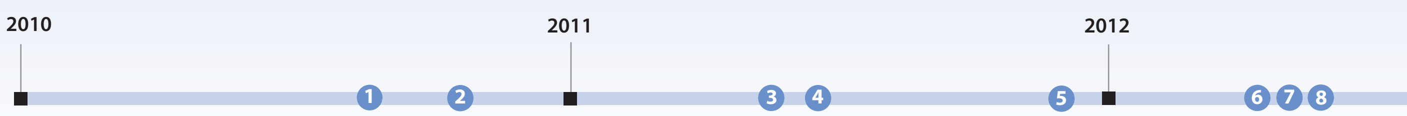
Despite recent progress, more than one-quarter of Latin America's population lives in poverty. More than one in 10 — 66 million people — are extremely poor, with large segments of the population socially and economically disadvantaged. To address this challenge, non-profit organizations have tested strategies designed to help the poor become more self-sufficient, building their capacity to cope with adversity without falling back into extreme poverty. Working with governments, the Graduation Program — a new collaboration between IDRC, Fundación Capital, and the Ford Foundation — will help governments in the region assess, fine-tune, and scale up successful approaches that help households graduate from poverty.

The graduation strategy focuses on building the productive, financial, human, and social assets of the poor. Pilot projects have offered various forms of support, such as savings and financial literacy programs and livelihoods training. But non-profit organizations have limited capacity to scale up such solutions. The Graduation Program focuses on how successful innovations can be applied more widely in Latin America by incorporating them into public policies. The project will shed light on cost effectiveness, and how to standardize, simplify, and facilitate the rollout of new measures. It will help the governments of Brazil, Colombia, El Salvador, Mexico, and Paraguay implement their own graduation strategies so that large numbers of the extreme poor are able to weather crises and prosper.

In East Africa: Building resilience to conflict and crises

Today, about half the world's population living below the international poverty line reside in conflict- and violence-affected states. The poor also suffer from multiple, overlapping shocks, including drought and other natural disasters. In parts of East Africa, for example, the confluence of mili-

5 years in review | Social and Economic Policy



1. **Think Tank Initiative**, a multi-funder program supporting **23 institutions in Africa**, expands to include **12 Latin American and 16 South Asian think tanks**. The goal: promote evidence-based decision-making that improves people's lives.

2 Two new programs launched:
- **Governance, Security, and Justice** seeks to strengthen the legitimacy and accountability of public authorities.
- **Supporting Inclusive Growth** focuses on increasing economic opportunities for the poor.

3. **ASEAN-Canada Research Partnership** announced to deepen relations through research and policy dialogue. This is IDRC's contribution to the ASEAN-Canada Plan of Action 2010-2015. **$1M over 3 years**.

4. **Governance for Equity in Health Systems** program established to prevent and treat illness through fairer, more responsive health systems.

5. Following the Arab Spring, IDRC supports the **Arab Reform Initiative** (ARI). A network of independent research and policy institutes, ARI works to develop and test practical reforms to support sustainable democratic transformation in the Arab world. **$1.6M over 3 years**.

6. With IDRC support, the **Arab Council for Social Sciences** launches fellowships for early career researchers to improve policy dialogue in the Arab world. **$601,000 over 6 years**.

7. **Southern Voice network**, made up of Think Tank Initiative grantees, formed to contribute to post-2015 development agenda.

8. IDRC and UK Department for International Development (DFID) co-fund the **Safe and Inclusive Cities** program to reduce urban violence. **$11M over 5 years**.

9. ***World Development Report 2013*** highlights IDRC-supported research in Mexico and India on the persistence of informal jobs.

tia groups, religious radicalization, urban violence, civil war, and climate-related disasters compound the misery of the displaced and impoverished.

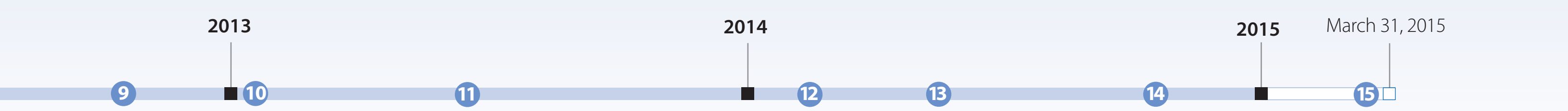
This year, IDRC launched the first of a planned network of resilience innovation hubs, aimed at finding pathways to greater stability and security in some of the world's most fragile regions. This hub will work with think tanks, civil society, private sector organizations, humanitarian agencies, and governments in East Africa to develop promising solutions that can be scaled up to reduce violence, conflict, and vulnerability to humanitarian crises.

In Bangladesh: Aiming for growth and better jobs

Bangladesh's garment and textile sector employs four million people and accounts for nearly 80% of the country's exports. But employment can't keep pace with the country's booming youth population and ongoing migration from rural to urban areas. There are also widespread concerns about wages and working conditions, especially for low-skilled women, in the wake of tragedies such as the collapse of the Rana Plaza factory building. How can Bangladesh look beyond its base in low-wage, labour-intensive industries and step up the ladder to more and better jobs?

To inform policies that will shape future employment opportunities, IDRC is supporting the South Asian Network on Economic Modeling. The network has formed a reference group of policymakers, academics, and journalists to analyze and raise awareness about key labour-related issues, and feed into Bangladesh's national development plan for 2016-2020. Experts who gathered in early 2014 pointed to the need to promote alternatives to agriculture in rural areas and scale up and diversify the export orientation of Bangladeshi industry. They also noted the important role that labour migration will likely play in absorbing a growing workforce. A greater focus on education and training will be needed to help workers move from semi-skilled and unskilled jobs into more knowledge-intensive sectors.

Women have particular barriers to overcome, despite recent improvements in girls' education, immunization, and access to credit. New research launched this year will explore factors — such as limited access to education and information, early marriage, poor financial skills, or a lack of savings — that shape women's prospects for economic empowerment from an early age. By revisiting those who received earlier interventions, it will examine how women have overcome certain barriers and identify those that remain.



10. **Global Entrepreneurship Monitor** (GEM) expands to **30 more developing countries**.
    - Canada returns to the **GEM initiative**. Led by the Centre for Innovation Studies, **11 institutions** across the country collaborated in producing the first Canadian national report since 2003. **$275,000 over 3 years**.

11. DFID, The William and Flora Hewlett Foundation, and IDRC launch **Growth and Economic Opportunities for Women (GrOW)** to generate new evidence on women's economic empowerment and economic growth. **$17M over 5 years**.

12. Minister of Health announces **Innovating for Maternal and Child Health in Africa** program, co-funded by IDRC, Department of Foreign Affairs, Trade and Development, and the Canadian Institutes of Health Research to support **20 research teams in 14 countries. $36M over 7 years**.

13. **Nigeria Evidence-based Health Systems Initiative** completes activities. Funded by IDRC, DFATD, and the Government of Nigeria, the program reduced infant and maternal mortality and increased immunization uptake. It also informed Nigeria's 2014 Federal Health Information Policy. **$19M over 6 years**.

14. Second phase of **Think Tank Initiative** begins with funding from the Hewlett Foundation, DFID, the Bill & Melinda Gates Foundation, and Norwegian government. Grants awarded to **43 think tanks in 20 countries. $100M over 5 years**.

15. First collaboration with **MasterCard Foundation** funds exploratory work on **youth employment in Africa**. **US$250,000 over 7 months**.

SCIENCE AND INNOVATION

Science, technology, and innovation are key economic drivers, providing countries with the means to address social and environmental problems and reduce poverty. IDRC's Science and Innovation program supported research and capacity building to help developing countries produce, adapt, and use science and innovation for their own development.

In the final year of the Centre's 2010-2015 strategic framework, a number of new technology-focused partnership initiatives got under way. Among them are an international collaboration on neuroscience that will unite Canadian, Israeli, and developing-world experts, and a joint Canada-UK initiative focused on the growth and influence of digital technologies in Asia and sub-Saharan Africa.

In January 2015, the **Canada-Israel Health Research** program, funded by IDRC, the Canadian Institutes of Health Research, and the Israel Science Foundation, announced its first call for proposals. This inaugural round of funding supports Canadian and Israeli researchers in creating world-class biomedical research teams to focus on neuroscience. A component of each supported project will build the capacity of scientists from low- and middle-income countries. In 2015-2016, a total of $7 million will be allocated to as many as six projects.

A new partnership between IDRC and the United Kingdom's Department for International Development (DFID) — Information and Networks in Asia and Sub-Saharan Africa (INASSA) — is deepening the work of large research networks established through IDRC's **Information and Networks** program. The new initiative will extend their reach into low-income countries and broaden their explorations in areas such as broadband connectivity and open data approaches to education, governance, and science. IDRC and DFID established INASSA with a joint investment of $14.7 million over four years. The program will build an evidence base that highlights the links between the growing use of digital information networks and economic growth, democratic reform, and increased educational opportunities in developing countries.

Looking forward, a new five-year implementation plan for Technology and Innovation, under development this year, will be presented to IDRC's Board of Governors in November 2015. The renewed program will help developing countries leverage science and advanced technologies to drive innovation and sustainable growth.

The highlights below from 2014-2015 illustrate IDRC's contributions to building the leadership and policy frameworks needed for science-based development.

Putting open data at the heart of governance and development

Digital technologies have unleashed a revolution in public access to and use of data. The move to open data has, in different contexts, improved governance, strengthened citizens' rights, spurred innovation, and identified solutions to myriad problems around the world. But many areas of the developing world lag behind.

Building on earlier IDRC support to open data research networks, a new partnership this year with the World Bank and Foreign Affairs, Trade and Development Canada (DFATD) will help to scale up proven approaches and improve coordination among open data initiatives so that they benefit developing-country citizens. The resulting **Open Data for Development** program (OD4D) forms part of the Government of Canada's 2014-2016 Action Plan on Open Government. At the 3rd International Open Data Conference in Ottawa in May 2015, more than 1,000 international experts and advocates from government, civil society, and the private sector explored solutions to issues of open data-enabled development, democracy, and economic growth. The conference was organized by the Government of Canada (through IDRC, DFATD, and the Treasury Board of Canada Secretariat) and the World Bank.

Over the next three years, the program will fund a variety of follow-up and field-building activities to enhance open data leadership.

In Africa: Fifth AIMS centre opens

In 2008, the African Institute for Mathematical Sciences (AIMS) launched the Next Einstein Initiative (NEI) to build a critical mass of scientific problem-solvers capable of driving progress across the continent. Subsequently, Prime Minister Stephen Harper announced Canada's commitment of $20 million. Each year, 250 of Africa's top students take part in a rigorous 10-month graduate-level course that leads to a master's degree in mathematical science. AIMS-NEI seeks to open 10 centres of excellence by 2023. IDRC manages the funding contributions from Canada and Britain, which total $51 million.

The program's graduates are making a difference. As Liberia struggled to contain an unprecedented outbreak of Ebola this year, former AIMS scholar Martial Ndeffo was on the case. The epidemiologist from Cameroon worked with Liberia's Ministry of Health as it made essential — and ultimately life-saving — calculations on how to halt the spread of the disease. Ndeffo, a research associate with Yale School of Public Health, contributed to mathematical modelling that helped to identify disease transmission patterns and the likely success of various responses.

AFRICAN INSTITUTE FOR MATHEMATICAL SCIENCES

AIMS HAS GRADUATED

748

MATHEMATICAL SCIENTISTS

31% of them **women**, from **42 African** countries.

AIMS / KOFI BINEY

This year, the fifth AIMS centre of excellence for postgraduate training and research opened its doors in Tanzania. The network also includes centres in South Africa, Senegal, Ghana, and Cameroon. To date, 748 scholars from 42 African countries have graduated — 31% are women. Some 60% of AIMS graduates have remained in Africa, while most of those currently abroad are applying their skills in areas of obvious value to the continent.

Canada and Chile: Partnering for national innovation

Government policies that support science and innovation are an important foundation for prosperity and progress. This year, IDRC partnered with Canadian and Chilean national innovation councils to establish a new platform for collaboration that will strengthen scientific advice to governments.

In December, Canada's Science, Technology and Innovation Council and Chile's National Innovation Council for Competitiveness, together with IDRC, signed a Memorandum of Understanding. The agreement — signed in the presence of Chilean President Michelle Bachelet and His Excellency the Right Honourable David Johnston, Governor General of Canada — commits the parties to work together to strengthen the quality of advice they bring to their governments; increase collaboration between governments, the private sector, and research and educational centres; and identify best practices for innovation councils around the world.

The initiative builds on a 2008 agreement between Canada and Chile to enhance cooperation in science, technology, and innovation. Among its efforts, the new platform will convene the first global meeting of innovation advisory councils.

In Burma: Harnessing digital technologies for growth and governance

Despite greater openness and promising reforms in recent years, Burma remains one of the world's least developed countries. It faces many challenges to achieving growth, social progress, the rule of law, and peace and reconciliation following decades of authoritarian rule. Digital technologies can play an important role in helping Burma strengthen both its governance and economy.

Following early explorations on how best to support Burma's emergence, IDRC is engaging more directly with institutions and actors on the ground. As the government pursues greater digital connectedness to enhance prosperity, IDRC this year helped to equip parliamentarians and civil society to participate effectively in policy development processes that will pave the way.

In July, IDRC and DFID backed the Asian think tank LIRNE*asia* and Myanmar ICT Development Organization in hosting a training workshop for Burmese members of Parliament, covering topics in ICTs and governance. Eighteen members of Parliament from six political parties took part, including the ruling party and the official opposition. Participants gained insights into the significance of ICTs, the role of social media in citizen engagement, and how digital tools are being used by poor micro-entrepreneurs in Burma. A second course tailored to the needs of civil society groups, academics, and media focused on how they can play an effective role in policy debates, advancing ideas and evidence to support ICT access for all.

IDRC also launched a Burmese-language edition of *Information Lives of the Poor: Fighting Poverty with Technology* this year. The book — part of the Centre's long-standing *in_focus* series — sheds light on the catalyzing role mobile technology has played in reducing poverty in Africa, Asia, and Latin America.

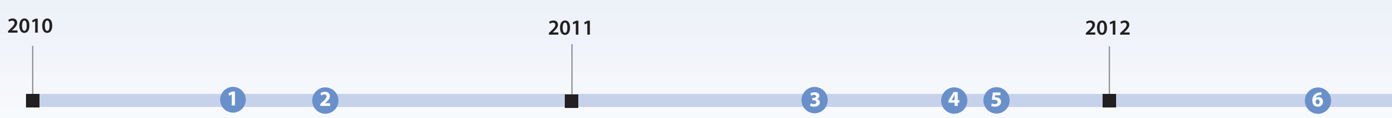
In Egypt and South Africa: Shaping telecommunications policies

The rapid spread of mobile technology in the developing world has been phenomenal. But as more government and commercial services move online, recent studies suggest that investing in broadband Internet access adds to the bottom line, boosting both GDP and household income. As they lay the policy groundwork for greater Internet access and other telecommunications advances, a number of countries have looked to IDRC research partners for expertise.

Work by IDRC grantee Open African Innovation Research and Training (Open A.I.R.) informed Egypt's new Strategy on Open Source Software. Open A.I.R. demonstrated how open source solutions could improve access to knowledge and innovation in various sectors, and accelerate growth among local technology-based industries, including Egypt's music industry. As a result of the strategy, Egypt's Ministry of Communication and Information Technology is encouraging the use of open source software, in addition to proprietary software.

Recently, the Government of South Africa adopted a new broadband policy — South Africa Connect: Creating Opportunities, Ensuring Inclusion. The policy, designed with expert advice from IDRC grantee Research ICT

5 years in review | Science and Innovation



1. **Development Innovation Fund** launched by Government of Canada to tackle persistent health challenges in developing countries. IDRC manages the fund in collaboration with the Canadian Institutes of Health Research (CIHR) and Grand Challenges Canada (GCC), created to implement the project. **$225M over 5 years**.
2. Prime Minister of Canada announces funding for the **African Institute for Mathematical Sciences** (AIMS) Next Einstein Initiative, implemented by IDRC to build a critical mass of scientific and technical talent in Africa. **$20M**.
3. **International Research Initiative on Adaptation to Climate Change** (IRIACC) funds its first projects on how best to protect people, communities, and vital economic sectors from climate change impacts. IRIACC funded by IDRC, CIHR, the Natural Sciences and Engineering Research Council of Canada, and the Social Sciences and Humanities Research Council of Canada (SSHRC). **$12.5M over 5 years**.
4. A new **AIMS** centre opens in **Senegal**.
5. **GCC** awards **30 grants** to innovators to develop diagnostic tools, treatments, and preventive care strategies, and launches the **Saving Brains** initiative.
6. IDRC funds launch of **Cyber Stewards Network** at the Munk School of Global Affairs, University of Toronto, to protect human rights online. **$2.3M over 2.5 years**.
7. A third **AIMS** centre opens in **Ghana**.
8. Through its **Stars in Global Health** program, **GCC** funds **51 projects in 18 countries** to find unique and affordable ideas to address disease in developing countries.
9. **Open Data Research Network** established to connect researchers from across the world exploring the implementation and impact of open data initiatives. A joint project of IDRC and the **World Wide Web Foundation**. **$2M over 2.5 years**.

Africa, aims to provide universal, affordable access to broadband services. Following on this success, Research ICT Africa will contribute to policy reform in Kenya, South Africa, and Nigeria with new IDRC funding approved this year. Efforts will focus on sustaining progress in Africa toward more inclusive broadband access and the widespread social, economic, and political gains it can bring.

IPaSS: Harnessing Canadian leaders to build sustainable societies

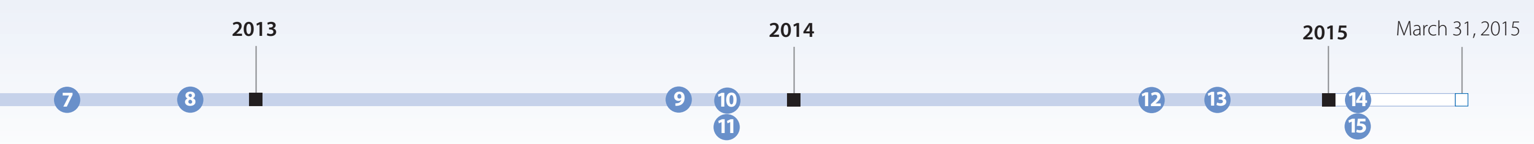
Countries North and South increasingly face the same complex challenges and opportunities, as our fates intersect through globalization, the impacts of climate change, and the digital revolution. Partnerships that link Canadian and developing-world partners can bring new insights to bear on the social, economic, environmental, and cultural risks and openings these changes are bringing.

This year, IDRC and the Social Sciences and Humanities Research Council of Canada launched **International Partnerships for Sustainable Societies** (IPaSS), a seven-year $10-million joint initiative. Through IPaSS, Canadian researchers link with peers and non-academic partners, such as policymakers and community organizations, in Africa and Asia to jointly tackle economic and social issues.

In South Africa, efforts focus on sexual violence, and how girls can be empowered with community support as agents of change. Another project links six Canadian universities with researchers and policymakers from seven cities in Africa, Asia, and the Caribbean to jointly promote urban food security and inclusive growth.

In Southeast Asia, Thai and Canadian partners are focusing on how to make cities more resilient to climate change. And East African and Canadian researchers are working to pinpoint ways of designing community-based conservation alliances so that they sustain both livelihoods and biodiversity.

These collaborations will generate new data and insights to inform pathways to more just, inclusive, and sustainable development.



10. **AIMS** celebrates its 10th anniversary. A fourth AIMS centre opens in **Cameroon**. UK Department for International Development (DFID) commits funding of up to **$29M over 5 years** to establish two new centres.

11. **Information and Networks in Asia and Sub-Saharan Africa** program launches with IDRC and DFID support. The goal: broaden developing countries' explorations in broadband connectivity and open data approaches to education, governance, and science. **$18.5 million over 4 years**.

12. IDRC and SSHRC fund four new projects by Canadian/developing-country research teams under the **International Partnerships for Sustainable Societies**. **$10M over 7 years**.

13. **AIMS** opens its fifth centre in **Tanzania**. To date, AIMS centres have graduated **748 scholars** from **42 African countries — 31% are women**.

14. IDRC, Foreign Affairs, Trade and Development Canada, and the World Bank sign an agreement merging the **Partnership for Open Data** and the **Open Data for Development** (OD4D) program funded by IDRC and DFID to expand the reach, impact, and coordination of open data for development. The new OD4D program forms part of the Government of Canada's 2014-2016 Action Plan on Open Government. **$6M over 2 years**.

15. IDRC, CIHR, and the Israel Science Foundation announce a first call for proposals under the **Canada-Israel Health Research** program to create world-class biomedical teams focused on neuroscience research.

Mobilizing Canadian innovation

Canadian organizations are playing an important role in supporting IDRC's mission — as partners who apply their expert knowledge and funding to tackle urgent global problems together with developing-country institutions. Here are a few examples.

New ventures with private sector partners

Increasingly, the Centre is leveraging the expertise and appetite for innovation that private sector partners can bring, as funders, event sponsors, and field partners in research. Working with business organizations, the Centre and its grantees can extend the reach and impact of new solutions.

We are exploring ways to collaborate on a number of fronts, including climate change and inclusive growth, and expect to conclude new partnerships with Canadian business organizations in 2015.

In laying the foundation for greater collaboration, this year the Centre connected with Business for Social Responsibility, a global organization of more than 250 multinational corporations working to advance sustainability in business practice. We are exploring ways to collaborate on a number of fronts, including climate change and inclusive growth, and expect to conclude new partnerships with Canadian business organizations in 2015.

Private sector approaches are increasingly being applied in the field, in the context of IDRC projects. Through CIFSRF Phase 1, for example, researchers from the University of Guelph, together with Indian and Sri Lankan partners, applied the natural compound known as hexanal — a Canadian-led discovery — with South Asian nanotechnology techniques to develop a number of products that prolong the shelf life of tender fruits. By spraying mangoes with hexanal, farmers earned up to 15% more, getting more and better-quality fruit to market later in the season, when prices are higher. In a second phase approved this year, the team will extend its research to other fruits such as papayas, bananas, and oranges, scaling up with Caribbean and African partners and exploring ways to commercialize products. Orders from across Asia and Africa have already been received. Soft-fruit producers and consumers in Canada also stand to benefit from these innovations.

UN / MARK GARTEN

Scholarship honours education champion

This year, we joined with Nova Scotia's University of King's College to launch the **Malala Yousafzai Canada Scholarship**, in honour of the Nobel Prize-winning champion of girls' education. The scholarship fund will allow female students from the developing world to complete four years of study at the Halifax university.

HIV/AIDS: Equipping Africa to lead on prevention

As of 2013, 35 million people were living with HIV/AIDS — more than 70% of them in Africa. Canada has been a global leader in the quest for a safe, effective, and affordable HIV vaccine through the Canadian HIV Vaccine Initiative, a five-year collaboration between the Government of Canada and the Bill & Melinda Gates Foundation. But one of the greatest challenges is ensuring that potential vaccines and other preventive measures are subject to rigorous clinical trials, with solid regulatory and ethical oversight.

Using an 'African-led, Canadian-enabled' partnership model, projects were designed to meet the needs of African researchers and institutions and draw on the capacities of all those involved.

Equipping African medical research teams to meet this challenge has been the main goal of the **HIV/AIDS Prevention Trials Capacity Building Grants**, funded by Foreign Affairs, Trade and Development Canada and IDRC, and managed by the Global Health Research Initiative, a partnership of Canadian government agencies. Phase II of this initiative concluded this year.

Over the past five years, $16.7 million was invested to equip nine teams — linking researchers mainly from African and Canadian institutions, including 11 Canadian universities and research centres — to strengthen trials of HIV prevention interventions in 23 countries across the continent. Using an "African-led, Canadian-enabled" partnership model, projects were designed to meet the needs of African researchers and institutions and draw on the capacities of all those involved.

In total, more than 2,500 people were trained in areas such as research ethics, clinical laboratory practice, project management, and community-based research. Over the course of the project, the Kenya AIDS Vaccine Initiative established an East African centre of excellence that has become a world-renowned clinical research hub. Efforts have reached beyond those directly involved in medical research to ensure broader understanding and acceptance of evidence-based approaches to tackling HIV/AIDS. In Botswana, for instance, 25 parliamentarians learned how to interpret research findings, to improve their health-related decision-making. Their training was documented in an article in the journal *Science*, so that others can learn from the experience. In other efforts to widen the circle of knowledge, 55 peer-reviewed articles have been published and participants have made 71 conference presentations.

Though this round of collaboration has concluded, the initiative will have lasting results. All projects succeeded in leveraging their experience and partnerships to gain new funding to continue their work, exceeding the funding originally invested through Phase II. These new capacities will be applied in future HIV prevention research, and to clinical trials for other poverty-related diseases, such as malaria and tuberculosis.

In Guinea: A Canadian partnership to fight Ebola

This year marked the worst-ever outbreak of the deadly Ebola virus. To date, more than 27,000 cases have been reported in Guinea, Liberia, and Sierra Leone, the three most-affected countries. While numbers have dropped sharply since the peak of infection in 2014, the world health community is responding to ensure countries at risk are better prepared for the next outbreak — in part, it is hoped, by developing a preventive vaccine.

WORLD BANK / DOMINIC CHAVEZ

Managed by IDRC, the Canadian partnership will help build the capacity of Guinean research teams and support field monitoring of the trials by West African and international experts.

One of two potential vaccines being tested is VSV-EBOV, which was originally developed by the Public Health Agency of Canada (PHAC). In March 2015, IDRC, the Canadian Institutes of Health Research, Foreign Affairs, Trade and Development Canada, and PHAC announced their joint support for **clinical trials of the Canadian-made vaccine in Guinea**. The Canadian effort is part of a larger global response, coordinated by the World Health Organization, to test vaccines that have shown promise through earlier stage trials. Since September 2014, the two most advanced Ebola vaccines have been evaluated in about 15 countries in Africa, Europe, and North America.

Managed by IDRC, the Canadian partnership will help build the capacity of Guinean research teams and support field monitoring of the trials by West African and international experts. Canadian scientists will also oversee the results of the clinical trials to validate the safety and efficacy of the VSV-EBOV vaccine and provide scientific advice to the international consortium conducting trials in Guinea.

UN / LOGAN ABASSI

IRIACC: Linking Canadian and global experts to tackle climate change

The effects of climate change — including global warming, extreme weather, sea level rise, and their many consequences — are being felt across the planet, fuelling concerns in countries rich and poor about how to adapt. Since 2011, the **International Research Initiative on Adaptation to Climate Change** (IRIACC) has brought Canadian scientists together with peers in the developing world to share data and insights to help nations prepare.

IRIACC, a joint initiative of IDRC, CIHR, the Natural Sciences and Engineering Research Council of Canada and SSHRC, awarded five teams of international partners a total of $12.5 million to undertake five years of collaborative study. Their efforts are helping to build a critical wealth of knowledge on options for adapting in a range of global contexts.

> The International Research Initiative on Adaptation to Climate Change has brought Canadian scientists together with peers in the developing world to share data and insights.

For example, low-lying coastal cities worldwide are trying to prepare for the effects of rising sea levels. Through the Coastal Cities at Risk project, scientists at the University of Western Ontario have co-led an international effort, looking at the challenges and options facing Bangkok, Lagos, Manila, and Vancouver — four coastal megacities that may have lessons for others.

Another IRIACC project, involving Canadian-Caribbean collaboration, has also addressed issues of coastal resilience. The team has used small automated aerial vehicles and other tools to help communities understand risks to coastal areas — for instance, through flood-risk mapping — and explore insurance options. These techniques have proven cost-effective and scalable for use in risk mapping and adaptation in other coastal areas.

Looking forward: 2015-2020

Investing in solutions

In 2014-2015 we prepared IDRC's *Strategic Plan 2015-2020: Investing in solutions*. The plan, approved by the Board of Governors in November 2014, came into effect on April 1, 2015.

This plan spells changes for IDRC. Perhaps most significantly, the Centre will focus its programming in fewer areas, while pursuing its work in more ambitious ways, so as to reach more people.

More than ever, the plan aligns the Centre's ambitions with Canadian priorities, as well as the needs articulated in developing regions. This will ensure that Canada's contributions around the world are recognized, especially as we work alongside the private sector to find, test, and deliver solutions.

Knowledge, innovation, and solutions to improve the lives of people in the developing world

IDRC's *Strategic Plan 2015-2020* sets out three strategic objectives:

- **Invest in knowledge and innovation for large-scale positive change:** IDRC supports the generation of knowledge and innovation for positive change. The Centre will seek to enhance the well-being of larger numbers of people through these investments, accelerating development research on its way to big impact. This will contribute to improvements in areas such as food security; maternal, newborn, and child health; employment for women and youth; and technology and innovation.
- **Build the leaders for today and tomorrow:** Enabling leaders in government, research, and business in the developing world strengthens societies, and builds important relationships for Canada. The Centre will increase its focus on emerging leaders who can contribute in areas such as sustainable economic growth and governance.
- **Be the partner of choice for greater impact:** Partnerships and networks are key to development impact. With a focus on broadening the Centre's growing partnership base and brokering new relationships, IDRC will foster collaborations that generate powerful ideas, integrate expertise from the private sector, and multiply resources devoted to development solutions.

Agenda for action

IDRC will take action in six significant ways to ensure that the Centre is best positioned to make its mark.

Focus the Centre's programming: IDRC will focus its programming to help Canada meet its foreign affairs and development goals, and where the greatest opportunities for impact exist in relation to the Centre's strategic objectives. These areas will be:

- Agriculture and Environment, which aims to deliver evidence-based innovations and solutions in agriculture, climate change, and health;
- Social and Economic Policy, which aims to secure the future of children and youth, stimulate sustainable economic growth, advance gender equality, and strengthen governance, institutions, and practices; and
- Technology and Innovation, which helps developing countries leverage science and advanced technologies, to drive innovation and sustainable growth.

Work alongside the private sector: IDRC believes the private sector has a key role to play both in innovation and in the delivery of solutions. Across its programming, IDRC will build relationships that bring new and traditional players together to achieve results, and pursue opportunities for solutions to be applied at scale.

Communicate strategically: IDRC will increase the visibility and recognition domestically and internationally of Canada's development contributions, informing Canadians about the significant outcomes of the Centre's investments. This will also help position the Centre as a partner of choice.

Leverage the Centre's international presence: IDRC's global staff, who work closely with Canada's missions abroad, will continue to contribute substantially to the relevance and effectiveness of the Centre's programming. This will particularly be the case when connecting solutions with local actors, identifying and supporting emerging leaders, and fostering partnerships across sectors.

Be smart with resources: IDRC will continue to plan responsibly and find efficiencies as it focuses its programming and advances Canada's foreign affairs and development objectives. The Centre will remain prudent with resources and agile in its processes, maximizing the use of resources for delivery of impact.

Invest in staff development: IDRC will invest strategically in the professional development of its employees. This will allow the Centre to mobilize the talent it needs to reach its ambitious objectives.

Recognizing leaders in innovation and development

Fraser Taylor

Harsha de Silva

MCGILL UNIVERSITY/JUAN OSORIO

Vikram Bhatt

Parnali Dhar Chowdhury

Martha Nubia Bello

Many of our past and present grantees were recognized in 2014-2015 for the significant advances they have made in their fields, emerging as knowledge leaders and bringing solutions to society. IDRC is proud to have supported the work of these leading individuals and institutions in Canada and the developing world.

Fraser Taylor, director of the Geomatics and Cartographic Research Centre at Carleton University, won the prestigious Killam Prize for introducing the world to enhanced multimedia mapping, or "cybercartography." IDRC supported Taylor's early work on growth centres, spatial development, and rural development.

Leading South Asian economist **Harsha de Silva** was appointed Deputy Minister of Policy Planning and Economic Affairs in the Sri Lankan government. De Silva was an intellectual linchpin of research conducted across South Asia by long-time IDRC partner LIRNE*asia* on how information and communication technologies can improve the lives of the poor.

IDRC grantees the Toronto-based **Citizen Lab** and Brazil's **Igarapé Institute** were among 10 recipients of New Digital Age grants. Both organizations were honoured for their use of technology to counter global challenges, including government-sponsored censorship, disaster relief, and crime fighting.

McGill University architecture professor and former IDRC grantee **Vikram Bhatt** won the UBC Margolese National Design for Living Prize. Bhatt received the award for his work on minimum-cost housing and for more recent work on urban agriculture.

IDRC-supported researchers **Pablo Imbach** from Costa Rica and **Jaime Miranda** from Peru were included in the list of scientific leaders, "The Future of Latin American Science." The list, compiled by LatinAmericanScience.org and *Que Pasa* magazine, recognizes 30 Latin American scientists under the age of 40 whose work shows great promise.

Parnali Dhar Chowdhury, a University of Manitoba PhD candidate and IDRC awardee, received the Sanofi Pasteur Award for Communicable Disease Epidemiology for her work testing a community-based approach to prevent and control dengue fever in Bangladesh.

The **Sociedad Peruana de Derecho Ambiental** (SPDA) received the Danielle Mitterrand 2014 Prize. SPDA was recognized for its work on ensuring access to biological resources and protecting indigenous knowledge from unlawful use. IDRC currently supports a collaborative project between SPDA and other partners to increase the effectiveness of organic farming in the Peruvian Andes.

Professor **Jean-Pierre Olivier de Sardan** was awarded the Ester Boserup Prize for his significant contributions to the understanding of social change and development in African societies. De Sardan led IDRC-supported research in Niger.

Two IDRC-supported researchers were nominated for the "Best 30 Leaders in Colombia 2014": **Juan Camilo Cárdenas** for his work applying innovative economic methods to solve environmental problems through community collaboration, and **Martha Nubia Bello** for promoting the importance of historic memory in Colombia through the "Basta Ya!" report.

Corporate governance

The Board of Governors

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

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

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

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

Key Board responsibilities

Key responsibilities of IDRC's Board are to

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

Board committees

The Board normally meets three times a year. There are also four standing committees of the Board. Committee composition, as of March 31, 2015, is as follows:

Executive Committee
The Honourable Monte Solberg (Acting Board Chairperson and Committee Chairperson); Sarah Fountain Smith; Gordon Houlden; Jean Lebel; Cindy Termorshuizen

Finance and Audit Committee
Cindy Termorshuizen (Committee Chairperson); Nadir Patel; The Honourable Monte Solberg

Governance Committee
The Honourable Monte Solberg (Committee Chairperson); Sarah Fountain Smith; Nadir Patel

Human Resources Committee
Gordon Houlden (Committee Chairperson); Sarah Fountain Smith; Jean Lebel

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

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

The IDRC Board of Governors

April 2014 – March 2015

THE HONOURABLE MONTE SOLBERG, P.C.
Vice-Chairperson and Acting Chairperson, Calgary, Alberta
Principal, New West Public Affairs Inc.
(Acting Chairperson from January 3, 2014)

JEAN LEBEL
President, IDRC, Ottawa, Ontario
Former IDRC Vice-President, Programs and Partnerships

SARAH FOUNTAIN SMITH
Ottawa, Ontario
Director General, International Organizations, Human Rights and Democracy Bureau
Foreign Affairs, Trade and Development Canada

SCOTT GILMORE
Ottawa, Ontario
Columnist, Maclean's magazine and
President, Anchor Chain
(Appointed March 26, 2015)

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

ALANNA HEATH
Toronto, Ontario
Vice President, Government Affairs and
Partner, Barrick Gold Corporation
(Appointed March 26, 2015)

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

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

CINDY TERMORSHUIZEN
Ottawa, Canada
Foreign Affairs, Trade and Development Canada

XUE LAN
Beijing, People's Republic of China
Dean, School of Public Policy and Management,
Tsinghua University
(term ended February 2, 2015)

Centre Executives

(as at March 31, 2015)

JEAN LEBEL, President

JOANNE CHARETTE, Vice-President, Corporate Strategy and Communications

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

STEPHEN MCGURK, Acting Vice-President, Programs and Partnerships

TRENT HOOLE, Corporate Secretary and General Counsel

Managing and measuring our performance

Stewardship and accountability

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

We published our first data files compatible with the International Aid Transparency Initiative (IATI) standard, joining a large community of donor agencies committed to regularly publishing aid information. In doing so, we are contributing to the Government of Canada's Open Data initiative that aims to enhance public access to government data.

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

- IDRC publishes quarterly financial statements on its website.
- IDRC's financial statements are audited annually by the Office of the Auditor General of Canada.
- IDRC is subject to both the *Access to Information Act* and the *Privacy Act*. Six requests were received under the *Access to Information Act* in 2014-2015. None were received under the *Privacy Act*.
- IDRC is also subject to the *Canadian Environmental Assessment Act*, 2012. Pursuant to IDRC's obligations under that *Act*, in 2014-2015 IDRC did not carry out or provide financial assistance to projects that it determined would be likely to cause significant adverse environmental effects.
- IDRC publishes travel and hospitality expenses for its senior executives on its website.
- IDRC held its annual public meeting in November 2014.
- In accordance with legislative requirements, IDRC submitted reports on its application of the *Canadian Multiculturalism Act*, the *Employment Equity Act,* and the *Official Languages Act*.
- IDRC's Senior Officer submitted her annual report on the *Public Servants Disclosure Protection Act*.
- IDRC contributes to the Government's report under the *Official Development Assistance Accountability Act*.

Internal audit

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

For more information on risk, see Management's Discussion and Analysis, page 31.

Program support

Co-funding partnerships

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

This year Canadian organizations accounted for 26% of active donor contribution agreements.

As of March 31, 2015, IDRC was involved with 8 partners in 22 donor contribution agreements worth $340.9 million. During 2014-2015, IDRC signed 9 co-funding agreements with a total donor contribution of $98.4 million. For example, the UK Department for International Development, The William and Flora Hewlett Foundation, and the Norwegian Agency for Development Cooperation (Norad) are contributing $60.6 million to the Think Tank Initiative Phase 2.* In addition, IDRC supplemented one agreement and received corporate sponsorships for the 3rd International Open Data Conference 2015, totalling $0.2 million. (See also Management's Discussion and Analysis, page 35.)

New donor contribution agreements signed in 2014-2015 include:

- Think Tank Initiative Phase 2 with the Norwegian Agency for Development Cooperation ($8.5 million)

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* Earlier agreements to the Think Tank Initiative Phase 2 were signed in 2013-14 — The William and Flora Hewlett Foundation contributed $21.3 million and the Bill & Melinda Gates Foundation contributed $5.3 million. Total co-funding for TTI Phase 2 is $87.2 million.

- Think Tank Initiative Phase 2 with The William and Flora Hewlett Foundation ($17.2 million)
- Think Tank Initiative Phase 2 with the UK Department for International Development ($34.9 million)
- The Open Data for Development Partnership with the World Bank Group ($1.6 million)
- The Open Data for Development Partnership with Foreign Affairs, Trade and Development Canada ($1.0 million)
- Employing Africa's Youth with the MasterCard Foundation ($0.3 million)
- The Livestock Vaccine Innovation Fund with the Bill & Melinda Gates Foundation ($31.9 million)
- The Clinical Trials for Ebola Vaccine with Foreign Affairs, Trade and Development Canada ($3.0 million)

During the year, the Canadian Institutes of Health Research agreed to transfer $2 million of its appropriation to IDRC in support of the Clinical Trials for Ebola Vaccine program.

Evaluation

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

IDRC launched a series of external program reviews during the year. External program reviews are independent evaluations of IDRC's work. They are summative evaluations that focus on the performance of a program. The reviews, commissioned once every five years, are primarily used for accountability to our Board for program implementation, delivery of program results, and to improve program effectiveness. The reviews are also part of IDRC's accountability to the Canadian public for the expenditure of public funds.

External reviews were completed for IDRC's Climate Change and Water and Ecosystems and Human Health programs. Five other programs also underwent external review.

In addition to external program reviews, IDRC completed nine evaluations during the year. This includes an evaluation of the Ecohealth Emerging Infectious Diseases Research Initiative (Eco EID Initiative) in Southeast Asia and China co-funded by IDRC, Foreign Affairs, Trade and Development Canada, and Australia's Department of Foreign Affairs and Trade. The Nigeria Evidence-based Health Systems Initiative, a collaborative project between the Government of Nigeria, IDRC, and DFATD, was also evaluated. The Think Tank Initiative conducted a strategic review of its capacity development support to assist in developing a vision for its Phase 2 programming. Also of note, IDRC began an evaluation of the Development Innovation Fund–Health. The evaluation will wrap up in the fall of 2015. Evaluations of IDRC programming are publicly available through our Digital Library.

Human resources

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

In 2014-2015, in preparation for the launch of its new five-year *Strategic Plan* and to maintain efficient use of its resources in a context of frozen Parliamentary appropriation, IDRC proceeded with organizational adjustments. Human Resources efforts focused on the three broad directions of the Human Resources Plan:

Enhance the Centre's capacity to lead and manage
The "Taking Strategy to Action" module of the Managers' Development Program was reviewed and improved based on feedback obtained during the launch of the module the previous year. In addition, an "engagement process" was designed to guide access to coaching services for IDRC managers. Improvements were made to the Performance Review and Assessment System. The HR policy framework addressed security and emergency issues, including a new section on the safety of employees on official travel.

Find and grow talent globally
IDRC continued to enhance its career Web presence and implemented new recruiting strategies using social media and outreach material. Multiple professional development activities were organized based on individual, team, and divisional needs. The Centre maintains a good balance between promoting IDRC staff and bringing in new talent from outside the organization. The Centre continued to offer internal language training to its diverse workforce.

Provide a stimulating and supportive workplace
The Centre facilitated the integration of new employees by offering formal orientation activities. IDRC's wellness services continued to organize stimulating events and activities for employees in Ottawa and in regional offices aimed at reinforcing healthy lifestyles and work habits. To develop the 2015-2020 Human Resources Implementation

Plan, 12 consultation sessions were held to gain a better understanding of what employees and management felt were the main organizational and working environment challenges and competency gaps.

Communications

IDRC's *Communications Strategy 2010-2015* established three objectives: building awareness of the Centre, promoting the uptake of IDRC-funded research results, and improving the ability of staff and grantees to communicate those results. These remained our priorities in 2014-2015.

Events are a key means of raising awareness of IDRC, particularly in Canada. This past year we organized or participated in 18 public events in Canada and around the world. Among them:

- An in-house presentation featured the winner of the 2014 Killam Prize in Social Sciences, Carleton University's Fraser Taylor. Taylor is a former IDRC grantee.
- For the 35th World Food Day, the Centre organized a panel discussion with CARE Canada on growing worldwide food security.
- Food security was also the focus of an international dialogue at the University of Alberta in which a number of IDRC-funded researchers shared their research findings. IDRC President Jean Lebel delivered a keynote address.
- Solutions resulting from IDRC-supported research, as well as the importance of partnerships in scaling up the impact of this work, were highlighted at the annual public meeting in November.
- Youth employment was the focus of a conference organized in collaboration with Aga Khan Foundation Canada and the University of Ottawa's School of International Development and Global Studies.
- Also with Aga Khan Foundation Canada, IDRC, in partnership with the Humanitarian Coalition and the Canadian Research Institute on Humanitarian Crisis and Aid, hosted the second Canadian Humanitarian Conference. The conference set the stage for a national conversation showcasing Canadian expertise in humanitarian response and related fields.

These and other events attracted an audience of more than 400 people and an online audience of 1,700.

To build awareness and promote the uptake of IDRC-funded research results, IDRC also engaged with official Canadian delegations. Among these was the participation of IDRC President Jean Lebel in a delegation accompanying His Excellency the Right Honourable David Johnston, Governor General of Canada, on State visits to Chile and Colombia during which the work of IDRC-funded researchers was highlighted. Canada and Chile also undertook to strengthen the ability of national innovation councils to provide advice to governments on science, technology, and innovation. A Memorandum of Understanding — signed by Howard Alper, Chair of the Government of Canada's Science, Technology and Innovation Council, Gonzalo Rivas Gómez, President of Chile's National Innovation Council for Competitiveness, and IDRC President Jean Lebel — commits the two countries to fostering the capabilities of advisory councils that help governments promote economic growth and social development.

A major focus this year was expanding our use of social media as a key component to raise awareness about IDRC, disseminate research results, and support traditional communications efforts. We did this through campaigns, an increased use of visuals and infographics, and theme days. As a result, our Twitter followers increased by some 160%. Facebook friends doubled to more than 10,000, and YouTube viewers increased by 39%. Subscribers to our e-newsletter, *IDRC Bulletin CRDI*, also increased substantially.

To build staff capacity to communicate, we offered Writing for the Web training sessions as well as Clear Communications writing workshops. A mentoring program was set up to provide further coaching to staff.

IDRC's publishing program remains a key tool for sharing research results. This year nine new books were co-published with presses around the world. All IDRC books are open access and available free of charge on our website.

Information management and technology

IDRC's Information Management and Technology Division champions and facilitates good information management practices, ensures the integrity of information and access to institutional information, and introduces and promotes the use of information technologies.

This year, we worked at improving IDRC's digital environment and efficiency. The IDRC Digital Library received additional research outputs and the content management system's infrastructure was updated. IMTD consolidated services and infrastructure to improve efficiencies and office-to-office connectivity. For example, the four regional offices reduced their physical records.

In anticipation of upgrading our financial and grant management systems, prefeasibility studies were carried out during the second quarter of 2014-2015. In the last quarter of the financial year, the system replacement project was initiated to simplify backroom technology and reduce its associated costs.

Management's discussion and analysis

This Management's Discussion and Analysis (MD&A) provides a narrative discussion of the financial results and operational changes for the financial year ended on 31 March 2015. This discussion should be read with the Financial Statements and accompanying notes provided on pages 46-63, which were prepared in accordance with International Financial Reporting Standards (IFRS). All monetary amounts are presented in Canadian dollars unless otherwise specified.

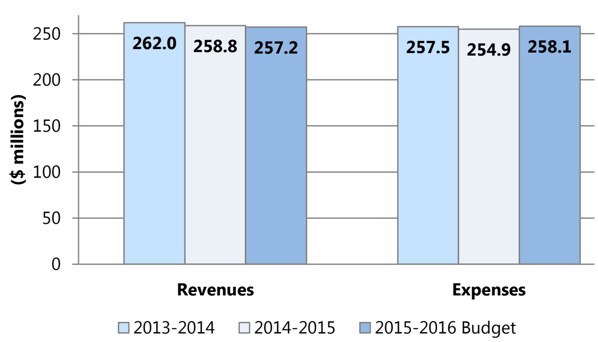
In assessing what information is to be included in the MD&A, management applied the materiality principle as guidance for disclosure. Management considers information material if it is considered probable that its omission and misstatement would influence decisions that users make on the basis of the financial information.

SUMMARY OF RESULTS

At the end of March 2015, the financial situation of the Centre remained strong. The Centre was able to maximize development research programming expenses, while maintaining administrative expenses at an effective level. Revenues from donor contributions are increasing and all assets and liabilities are diligently managed. Boosted by donor contribution revenues, the Centre's funding allocations to new research projects were exceptionally high (see Figure 12).

Figure 1 presents an illustrated overview of the current year variances — a detailed analysis of such variances is provided under the revenues and expenses portion of this discussion.

FIGURE 1: REVENUES AND EXPENSES OVERVIEW



Revenues

Revenue decreased slightly by 1.2% to $258.8 million from $262.0 million in 2013-2014. Here is the summary:

The overall decrease is mainly due to the reduction in the Parliamentary appropriation attributable to the third and final year of the implementation of the Government's Budget 2012: Economic Action Plan and to a scheduled reduction of the appropriation funding for the Development Innovation fund (DIF). Details on page 35.

Expenses

Expenses decreased by 1.0% to $254.9 million from $257.5 million in 2013-2014. Details on page 37.

Corporate and administrative services expenses have remained stable at 8.2% of total 2014-2015 expenses. Details on page 39.

Equity

At 31 March 2015, unrestricted equity increased by $3.9 million to $4.1 million, from $0.2 million at 31 March 2014. This increase is mainly due to timing differences between revenues and expenses, a situation that effectively resolved itself early in the first quarter of 2015-2016. Details on page 44.

Outstanding commitments

Outstanding commitments funded by the Parliamentary appropriation amounted to $127.4 million, a decrease of 7.8% during the year. Outstanding commitments funded by donor contributions increased by 66.2% as a result of the ramping up of a number of large programs. Details on page 42.

2014-2015 REVISED BUDGET

The 2014-2015 original budget summary in Table 1 was presented in the *2013-2014 Annual Report*. The original budget was revised at mid-year to reflect the most current information available. The decrease in budgeted revenues was mainly due to revised estimates in donor contributions. The expenses budget was also adjusted to reflect changes in donor contributions.

TABLE 1: OVERVIEW OF MAJOR 2014-2015 REVENUE AND EXPENSE CATEGORIES

($000)	Original budget	Revised budget	Actual	Variance with revised budget
Revenues				
Parliamentary appropriation	188 020	188 024	190 024	2 000
Donor contributions	69 799	66 685	66 809	124
Other income	418	756	2 013	1 257
	258 237	**255 465**	**258 846**	**3 381**
Expenses				
Development research programming	239 209	235 586	233 952	(1 634)
Corporate and administrative services	20 712	20 366	20 968	602
	259 921	**255 952**	**254 920**	**(1 032)**
Net results of operations	**(1 684)**	**(487)**	**3 926**	**4 413**

CORPORATE DEVELOPMENTS

Developments relating to IDRC's Board of Governors

During the first quarter, Sarah Fountain Smith and Cindy Termorshuizen, both of Ottawa, Canada, were re-appointed by the Governor in Council to serve as IDRC governors for an additional one-year term. During the last quarter, Xue Lan of Beijing, China, left the Board of Governors at the end of his second term as a governor. Scott Gilmore of Ottawa, Canada, and Alanna Heath of Toronto, Canada, were appointed to the Board to serve as IDRC governors for three-year terms.

Changes in key personnel

The following changes occurred within the ranks of IDRC's key senior management:

- Annette Nicholson, Vice-President, Corporate Strategy and Regional Management, left the Centre in the second quarter; and
- Joanne Charette was appointed to the position of Vice-President, Corporate Strategy and Communications in the third quarter.

Other developments

During the fourth quarter, the Governor in Council designated the Minister for International Development as the Minister responsible for IDRC in accordance with the *International Development Research Centre Act*, replacing the Minister of Foreign Affairs in this capacity. The nature of IDRC's accountabilities to the designated Minister and to Parliament does not change.

CORPORATE RISK

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

The areas of highest risk faced by the Centre at 31 March 2015 are listed on page 32.

Key risk	Risk level	Risk response strategies and actions
Financial risk Partnerships are key to development impact. They provide ideas, expertise, and resources, in the form of donor contributions. There is the risk of decreased donor contributions if the Centre fails to deliver on its strategic objectives and planned partnering. This also includes the risk related to the Centre's Parliamentary appropriation level which is assessed over a 3-to-5 year period.	Medium	The Centre has created a 5-year Partnership Implementation Plan to reflect its *Strategic Plan 2015-2020: Investing in Solutions*. This implementation plan includes specific partnering-related objectives that aim to increase resources, develop new and innovative ways of partnering, and improve the effectiveness of current partnering practices. In 2014-2015, IDRC signed 9 co-funding agreements and supplemented one agreement for a total donor contribution of $98.6 million. In 2015-2016, IDRC expects to sign 9 additional donor contributions worth $69 million. Senior management continues to communicate and engage with key decision-makers in the Canadian federal government, including International Assistance Envelope partners. Additionally, the Centre is exploring possible collaborative projects and programs with other federal agencies. For example, the Ebola Phase II Clinical Trials program with Foreign Affairs, Trade and Development Canada (DFATD) and the Canadian Institutes of Health Research, was formalized in 2014-2015.
Strategic risk As the Centre embarks on a new strategic plan for 2015-2020, it is a time of excitement and opportunities. With the new plan there is also an element of risk. More specifically, there is the risk of not being able to implement the new plan as designed in the first year, which would create a cascading effect over the next four years, impacting execution and realization of strategic objectives.	Medium	To operationalize the *Strategic Plan 2015-2020*, seven implementations plans for program areas and other Centre divisions are being prepared in 2015-2016: Agriculture & Environment program; Social & Economic Policy program; Technology & Innovation program; Donor Partnerships; Communications; Human Resources; and Information Management and Technology. These implementation plans will outline key milestones and expected results over the five-year *Strategic Plan* period. IDRC's priorities for 2015-2016 will focus on launching and financing programs, as well as putting in place the processes and mechanisms needed to support the implementation and monitoring of performance against the *Strategic Plan*. Such monitoring will provide opportunities for senior managers to ensure key decisions are aligned with the strategic objectives and the *Strategic Plan's* "Agenda for Action."

Key risk	Risk level	Risk response strategies and actions
OPERATIONAL RISK **Security** IDRC's global staff contributes substantially to the relevance and effectiveness of programming. Operating in complex and challenging environments can put employees' health, safety, and security at risk.	High	The Centre closely monitors and manages security situations in its regional office locations, as well as in countries where the Centre is programming, through intelligence gathering, procedures, and preparedness plans. This is managed through the Travel Advisory Group and Security and Emergency Planning Team. The Centre also provides safety and security training and provides health services before, during, and after official travel to all employees.
Efficiencies It is important that the Centre remains prudent with resources and agile in its processes, maximizing the use of resources for delivery impact. However, there is the risk that the efficiency and effectiveness of IDRC operations are disrupted due to external factors such as cyber security incidents and natural disasters and internal factors such as staff and systems not supporting strategic objectives and internal organizational changes.	Low	Management has performed Business Impact and Threat and Risk Assessments and regularly updates Business Continuity and Resumptions Plans for all IDRC offices. The Centre closely monitors the political, social, technological, environmental, and economic situations in countries where programming is occurring, as well as where regional offices are located. This intelligence is used to inform operations. Some administrative services will be centralized. Supporting information technology infrastructure will be simplified over the next year to improve efficiency of operations.
Reputational risk A key factor influencing the successful implementation of IDRC's vision, "Knowledge, innovation, and solutions to improve the lives of people in the developing world," is working alongside the Government of Canada, as well as with like-minded donors and institutions adhering to good governance principles. There is the risk that damage to IDRC's brand and reputation could impact partnering and therefore, the realization of this vision.	Medium	The Centre is currently working on a 5-year Communications Implementation Plan to reflect the direction of the *Strategic Plan 2015-2020*. The key objectives will be to increase the visibility and recognition domestically and internationally of Canada's development contributions, and to inform Canadians about the significant outcomes of the Centre's investments. The Board and senior management continue to communicate and engage with the Government of Canada to ensure programs are aligned with federal priorities. The Centre's commitment and contribution can be evidenced in key documents such as the *Annual Report, Strategic Plan 2015-2020*, the seven implementation plans and the *Annual Priorities, Plans and Budget* document. Senior management has put in place a project selection and appraisal system that serves to detect project risk and, if applicable, implement risk mitigation measures.

REVENUES

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

TABLE 2: REVENUE DISTRIBUTION

	2013-2014 Actual	2014-2015 Actual
Parliamentary appropriation	77.5 %	73.4 %
Donor contributions	22.2 %	25.8 %
Investment and other income	0.3 %	0.8 %

TABLE 3: REVENUES

	2013-2014	2014-2015				2015-2016
($000)	Actual	Revised budget	Actual	Variance	% change actual [a]	Budget
Parliamentary appropriation	202 944	188 024	190 024	2 000	(6.4%)	183 478
Donor contributions	58 163	66 685	66 809	124	14.9 %	73 223
Investment and other income	853	756	2 013	1 257	136.0 %	504
Total revenues	**261 960**	**255 465**	**258 846**	**3 381**	**(1.2%)**	**257 205**

[a] % change actual in 2014-2015 over 2013-2014.

Parliamentary appropriation revenue

The Parliamentary appropriation allows the Centre to deliver its mandate. The Centre's funding is part of Canada's International Assistance Envelope (IAE). The Parliamentary appropriation decreased by 6.4% to $190.0 million from $202.9 million in 2013-2014. The reduction was due primarily to a decrease in the Development Innovation Fund portion of the appropriation ($45.0 million in 2014-2015 versus $52.0 million in 2013-2014) and to the final reduction step of $7.7 million to reach the cumulative reduction of $23.0 million mandated in the Government's Budget 2012: Economic Action Plan expense reduction initiative.

The actual Parliamentary appropriation was $2.0 million higher than budgeted. In the last quarter of the year, Parliament approved a transfer of appropriation from the Canadian Institutes of Health Research to support the project entitled Phase II Clinical Trials of an Experimental Ebola Vaccine: A Canadian Research Response.

TABLE 4: USE OF THE PARLIAMENTARY APPROPRIATION RECEIVED

($000)	2013-2014 Actual	2014-2015 Actual	2015-2016 Budget
Total expenses	**257 513**	**254 920**	**258 060**
Minus:			
Donor-funded expenses	58 163	66 809	73 223
	199 350	188 111	184 837
Replenishment of financial reserve	3 874	1 190	-
Used for purchase of property, equipment, and intangibles	2 442	656	1 229
Total funding requirement	**205 666**	**189 957**	**186 066**
Parliamentary appropriation received	202 416	190 024	183 478
Unused (shortfall) appropriation	**(3 250)**	**67**	**(2 588)**

The total funding requirement for the 2014-2015 year was almost the same as the Parliamentary appropriation received. The shortfall planned for 2015-2016 will be funded by the unrestricted equity.

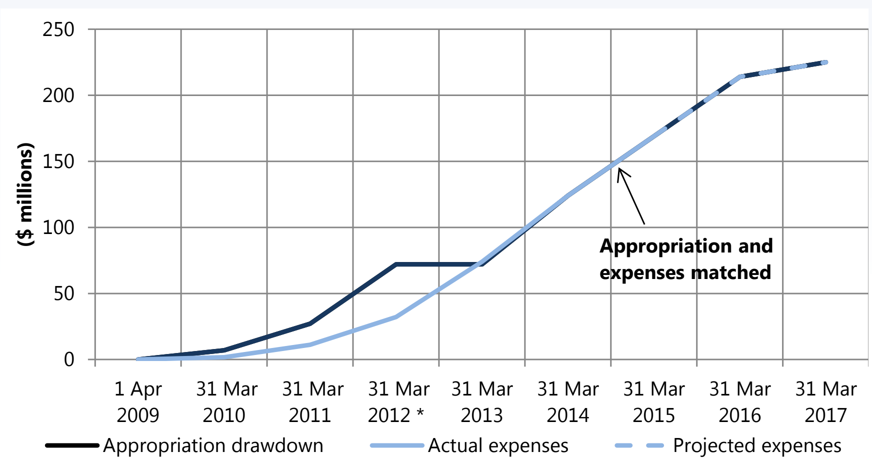
Development Innovation Fund–Health (DIF–Health)

The federal budget tabled in February 2008 created the Development Innovation Fund to bring together Canadian and developing-country scientists, and the private sector, to tackle persistent health challenges facing poor countries. The DIF is overseen by a three-institution consortium that includes the Centre — the others being the Canadian Institutes of Health Research and Grand Challenges Canada, the latter leading the field implementation. The Centre has so far received and expended $169.0 of the $225.0 million fund since the DIF's inception (see Figure 2).

As of 31 March 2015, DIF-Health has supported 648 research projects. The largest number of projects are smaller scale and aimed at developing proof of concept ideas under the Stars in Global Health program. The remainder (138), supported with multi-year grants, aim to develop new approaches and treatments, such as peer-support mechanisms for individuals with mental illness in rural settings.

Grand Challenges Canada has successfully raised complementary funding from Foreign Affairs, Trade and Development Canada. The Centre is working closely with the department to ensure that cost allocations between the two contributions are acceptable so that DIF-Health resources are only used for direct and allowable DIF-Health expenses.

FIGURE 2: CUMULATIVE APPROPRIATION AND EXPENSES



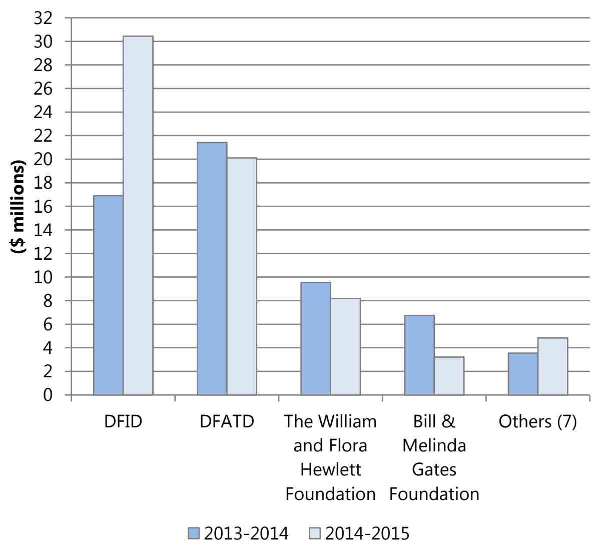
* In 2011-2012, $0.9 million was transferred to the Canadian Institutes of Health Research.

Donor contribution revenues

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

Anticipating a ramping up of a number of large co-funded programs, the 2014-2015 approved budget anticipated an increase in revenue relative to the previous year. As expected, donor contribution revenues increased by 14.9% to $66.8 million from $58.2 million in 2013-2014. The increase in donor contribution revenues was largely linked to the implementation of the second phase of the Think Tank Initiative and of the second phase of the Canadian International Food Security Research Fund after successful completion of the first phases of these programs in 2014-2015. The Centre was able to secure a second funding agreement in 2014-2015 with the Norwegian Agency for Development Cooperation (Norad) for the Think Tank Initiative. The donors who contributed the most funding, in dollar terms, are shown in Figure 3.

FIGURE 3: REVENUES FROM DONOR CONTRIBUTIONS[a]



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

DFATD: Foreign Affairs, Trade and Development Canada
DFID: Department for International Development (UK)

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

The recovery rate of administrative costs is set between 10% and 12% of direct project costs, depending on the specific modalities of each donor contribution agreement. A slightly different scale applies to agreements signed with Canadian government departments. Management has concluded that, during the year, donors paid a fair and proportionate share of total indirect project expenses.

Investment and other income

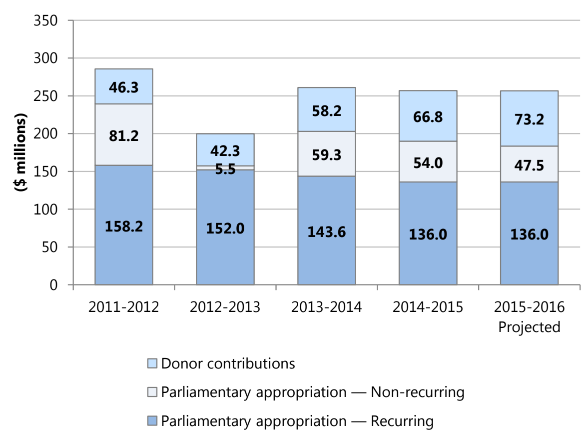
From time to time, the Centre temporarily invests, consistent with its investment policy, excess working capital in high-quality money market instruments. It also earns other income from interest on the balance of its bank accounts, from conference management activities, from sales of publications (or of copyrights), and from the subletting of office space (for instance, to the Australian Centre for International Agricultural Research in Nairobi). In 2014-2015, other income also included currency exchange gains on the US dollar received from donor contributions and held for future US dollar disbursements ($1.0 million, which accounts for most of the increase from the previous year).

In 2014-2015, income from investment and other sources represented 0.8% or $2.0 million of the Centre's revenues as compared to $0.9 million in 2013-2014.

Revenue outlook

The Centre's appropriation from Parliament (also referred to as the reference level) is anticipated to be $183.5 million in 2015-2016, a net decrease of $6.5 million from 2014-2015. The decrease relates mainly to the end of the five-year non-recurring portion of the appropriation for the African Institute for Mathematical Sciences (AIMS) in March 2015. The changes in Parliamentary appropriation are reflected in the recurring and non-recurring approved annual reference level amounts (see Figure 4).

FIGURE 4: PARLIAMENTARY APPROPRIATION AND DONOR CONTRIBUTION REVENUE



The implementation of programs with large donor contributions will continue during 2015-2016, increasing donor contribution revenues. Management also anticipates that the majority (95.2%) of the projected $73.2 million in donor contribution revenue will come from agreements signed and ongoing at 31 March 2015. Five donors (the UK Department for International Development, Foreign Affairs, Trade and Development Canada, The William and Flora Hewlett Foundation, the Bill & Melinda Gates Foundation, and the Norwegian Agency for Development Cooperation) will contribute the most (94.9%). The balance of donor contribution revenue will come from agreements signed with other donors, such as the Australian Centre for International Agricultural Research, the MasterCard Foundation, and the World Bank.

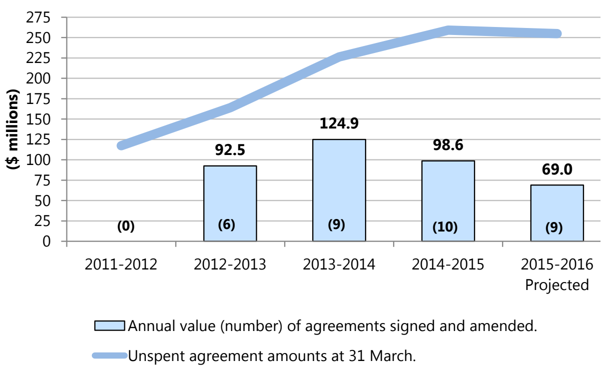
Co-funding partnerships are fluid and take time to negotiate. Since 2012-2013, there has been a consistent increase in donor contribution revenues. The number and value of agreements signed has been fairly steady and the unspent amount has continued to rise — this latter trend is key to sustain future contribution revenues. Between 2010 and 2015, the total value of signed agreements was

$332 million and involved 13 different co-funding partners and some sponsorships. Management foresees the value of new contribution agreements signed in 2015-2016 to be approximately $69 million (see Figure 5).

A similar trend is expected to continue over the next five years as part of the Centre's *Strategic Plan 2015-2020* that made partnering a central feature of its programming. The 2015-2020 target is set at $450 million worth of new agreements. The target, if realized, means that donor contribution revenues will continue to increase during the next five years.

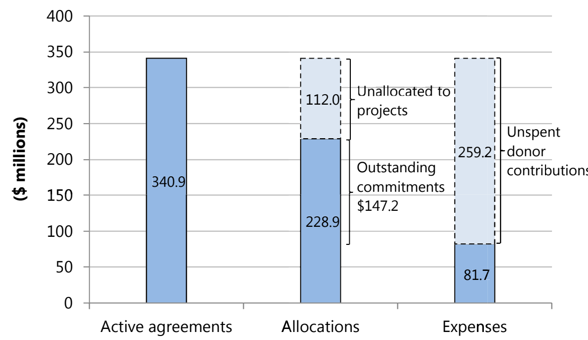
Of the $340.9 million in active agreements at 31 March 2015, $112.0 million remains to be allocated to specific research projects (see Figure 6); $259.2 million will be spent over the life of the agreements.

FIGURE 5: PROFILE OF DONOR CONTRIBUTIONS



* No new contribution agreements were signed in 2011-2012

FIGURE 6: DONOR FUNDING AS AT 31 MARCH 2015



EXPENSES

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

TABLE 5: EXPENSES

	2013-2014	2014-2015				2015-2016
($000)	Actual	Revised budget	Actual	Variance	% change actual [a]	Budget
Development research programming						
Research projects funded by Parliamentary appropriation	144 383	135 583	135 039	(544)	(6.5%)	131 355
Research projects funded by donor contributions	48 176	55 368	55 968	600	16.2 %	61 193
Enhancing research capabilities	34 960	35 482	33 999	(1 483)	(2.7%)	36 695
Research complements	9 185	9 153	8 946	(207)	(2.6%)	9 064
	236 704	**235 586**	**233 952**	**(1 634)**	**(1.2%)**	**238 307**
Corporate and administrative services	**20 809**	**20 366**	**20 968**	**602**	**0.8 %**	**19 753**
Total expenses	**257 513**	**255 952**	**254 920**	**(1 032)**	**(1.0%)**	**258 060**

[a] % change actual in 2014-2015 over 2013-2014.

Development research programming expenses

The expenses for development research programming decreased by 1.2% in 2014-2015 to $234.0 million, down from $236.7 million in 2013-2014.

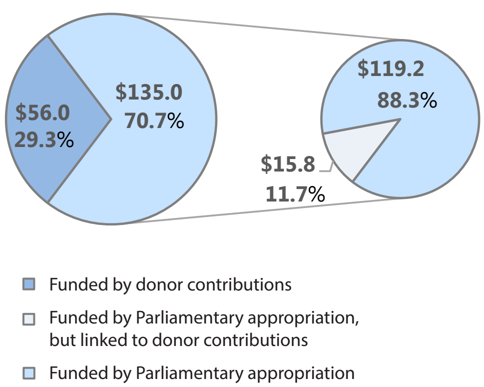
Research projects reflect the direct costs of scientific and technical research projects funded by the Centre as part of its ongoing programs. Most of these projects are carried out by independent institutional recipients with the aid of grants. Others — less than 5% — are carried out or brokered internally. Projects also include work and activities undertaken by individuals through individual training grants, scholarships, fellowships, internships, and individual research and research-related grants. In 2014-2015, research project expenses funded by Parliamentary appropriation decreased by 6.5% to $135.0 million from $144.4 million in 2013-2014, $0.5 million lower than budgeted (see Table 5). While most of the year-over-year decrease in the actual research project expenses was anticipated for 2014-2015, a smaller portion of the decrease was due to delays in the allocation and subsequent commitment of projects that happened too late in the year for expenses to incur. Table 6 provides an overview of the year-over-year change in project expenses per program area.

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

Program Area	2013-2014 [a] Actual	2014-2015 Actual
Agriculture and Environment	51 650	44 577
Global Health Policy	51 975	57 811
Social and Economic Policy	48 664	42 647
Science and Innovation	21 230	30 566
Special Initiatives	19 040	15 406
Total	**192 559**	**191 007**

[a] For consistency of presentation, certain expenses were reclassified to reflect a small change in the program management structure, effective in 2014-2015.

FIGURE 7: DEVELOPMENT RESEARCH PROJECT EXPENSES IN 2014-2015 ($ millions)



The co-funding modality links the expense patterns of contributions from both the Centre and donors. While the majority of research project expenses are funded by Parliamentary appropriation, a significant portion (29.3% or $56.0 million) is funded by donor contributions. Donor contributions are always made in a co-funding modality with the Centre, which required a Centre contribution of $15.8 million, or 11.7% of all Parliament-funded research project expenses. Thus, in co-funded research projects, every dollar from IDRC's Parliamentary appropriation was matched by 3.5 donor dollars.

Donors also contributed to enhancing research capabilities and to research complements. Their contribution is funded both directly and indirectly through the co-funding agreement's administrative cost recovery. Total donor contributions to enhancing research capabilities and to research complements are estimated at $8.7 million for 2014-2015. In addition to its direct contributions, the Centre makes important in-kind contributions to the co-funded enhancement of research capabilities and to research complements. Our estimate of the total Centre contributions to co-funded activities amounts to approximately $6.0 million.

Enhancing research capabilities and research complements represent important Centre activities in the developing regions of the world. As outlined in the *IDRC Act*, the advisory and knowledge brokerage functions of the Centre are central to its business and to overall corporate performance.

Enhancing research capabilities expenses were foreseen to increase by less than $0.5 million from the previous year. Actual expenses were $1.5 million lower than budget. This budget variance reflects, among other things, less travel than originally planned and fewer professional services used, mostly in connection with co-funded projects and programs.

Research-complement expenses were projected to remain stable but ended up $0.2 million lower than the previous year.

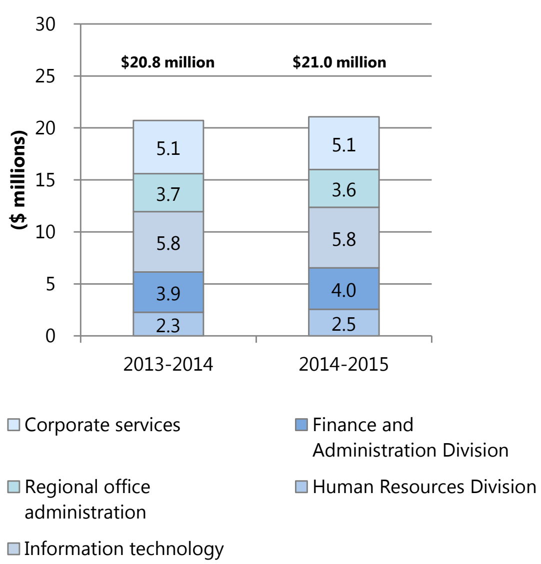
Enhancing research capabilities and research-complement activities funded solely by Parliamentary appropriation are subject to the Government's 2014-2015 and 2015-2016 operating budget freeze announced in the 2013 Speech from the Throne.

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

Corporate and administrative service expenses

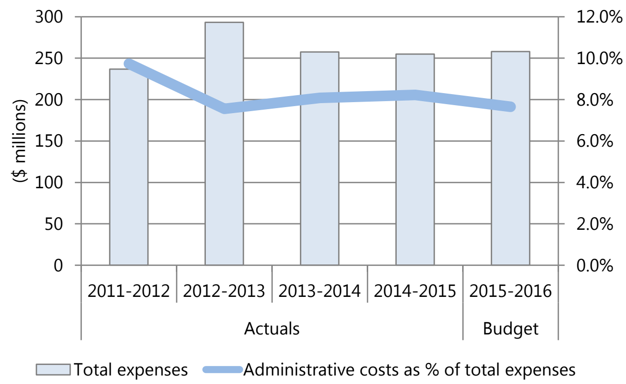
Corporate and administrative services units provide a variety of policy, executive, administrative, and service functions that support the Centre's overall operations and the meeting of corporate responsibilities. These expenses increased slightly by 0.8% to $21.0 million from $20.8 million in 2013-2014, $0.6 million higher than budgeted (see Table 5). The variance with the budget is explained by one-time expenses in salaries and benefits relating to administrative changes aimed at reducing costs in the longer term — specifically, workforce adjustment payments subsequent to the roll out of shared resources services in regional offices that commenced slightly ahead of schedule in February 2015. Spending by function remained relatively stable year-over-year (see Figure 8).

FIGURE 8: CORPORATE AND ADMINISTRATIVE SERVICES EXPENSES



As shown in Figure 9, corporate and administrative services decreased from 9.7% of total expenses in 2011-2012 to 8.2% in 2014-2015, demonstrable results of the Centre's effort to reduce administrative costs relative to total spending.

FIGURE 9: CORPORATE AND ADMINISTRATIVE SERVICES EXPENSES



IDRC's contribution to Government of Canada cost containment measures

The 2014-2015 financial year was the third and final year for the implementation of the Government's Budget 2012: Economic Action Plan. The Centre has achieved its mandated reduction target of $23.0 million over three years (2012-2015): $8.5 million through rationalizing IT infrastructure and services; increased efficiencies in providing corporate services; streamlining program delivery and reducing the size of the Board of Governors; $5.2 million through consolidating business from six to four regional offices; and $9.3 million through reducing programing activities in the areas of social innovation, health systems, non-communicable diseases, and information networks.

Human resources management and staffing measures

The 2015-2016 staff complement will stand at 379.5 full-time equivalents (FTEs), a reduction of 13.5 FTEs from 2014-2015. The Centre will continue to monitor the competitiveness of salaries and benefits for Centre employees to maintain an appropriate balance between our ability to attract new talent and the resulting cost of doing so.

Expenses outlook

As part of its *Strategic Plan 2015-2020*, Centre management will continue to find ways to be smart with resources in 2015-2016 — for example, with the scheduled replacement of its existing Enterprise Resources Planning (ERP) system and implementation of an internal, multi-office shared resource services model. Management expects the cost of appropriation-funded development research programming to remain at the current level through to 2016-2017. Any increase in expenses in the foreseeable future will be linked to donor contributions.

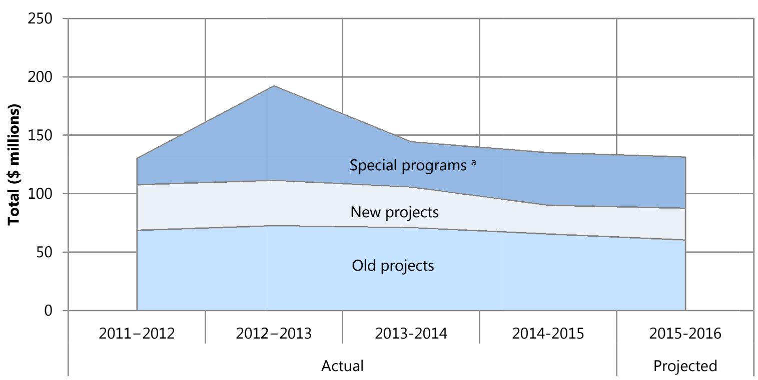
The 2015-2016 financial year is the first year of the Centre's next five-year strategic period. The corporate and administrative services focus will be on continuous improvement and efficiency within the context of limited resources. As such, the Centre, while focusing its programming to help Canada meet its foreign policy and development goals, will remain prudent with its resources and agile in its processes. Total expenses will reach $258.1 million during 2015-2016, an increase of 1.2% from $254.9 million in 2014-2015.

Development research programming expenses are expected to increase by 1.9% to $238.3 million as compared to actual expenses of $234.0 million in 2014-2015. This increase in expenses is the result of large research projects funded by donor contributions that will be fully operational in 2015-2016.

The corporate and administrative services budget is expected to decrease from $21.0 million to $19.8 million as management reduces expenses while maintaining an efficient and competent administrative function. The full benefit of the various cost-saving projects initiated in late 2014-2015 will be realized in 2016-2017.

The 2015-2016 Parliamentary appropriation-funded expenses from projects approved in prior years (i.e., expenses on "old" projects), excluding special programs, will reach $60.4 million in 2015-2016 (see Figure 10). This amount represents approximately 69% of the funding available for projects during the year. Funding available for new research projects will increase from $24.7 million in 2014-2015 to $27.1 million in 2015-2016 as a result of a decrease in activities to enhance research capabilities.

FIGURE 10: PARLIAMENTARY APPROPRIATION-FUNDED PROGRAM EXPENSES

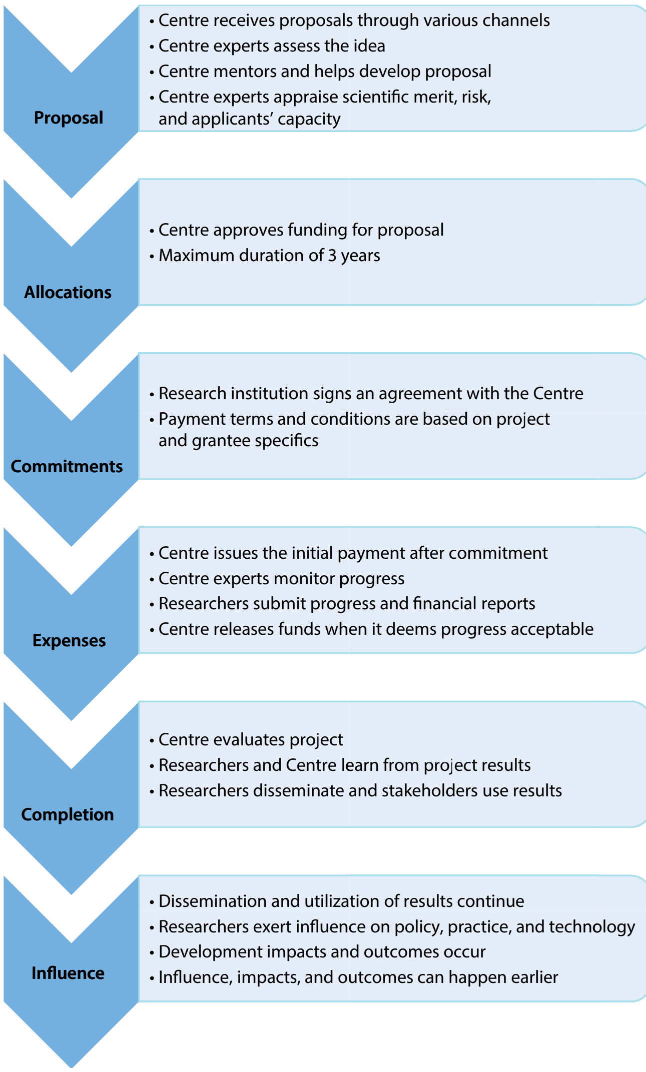


[a] Special programs are funded from the non-recurring portion of the Centre's Parliamentary appropriation. In years prior to and including 2012-2013, special programs included the Development Innovation Fund (DIF) and Canada's fast-start financing (under the Copenhagen Accord), while the expenses for the following years only include the DIF.

OTHER KEY FINANCIAL INDICATORS

As part of its mandate, the Centre provides financial support to researchers and innovators in developing countries and carries out certain research activities internally. The timing of the key life-cycle events (see Figure 11) directly influences the level of future development research expenses. As such, the Centre carefully monitors project-related financial indicators, such as allocations and outstanding commitments, to ensure early detection of trends inconsistent with forecasted budgetary targets.

FIGURE 11: FINANCIAL LIFE CYCLE OF RESEARCH PROJECTS



Program allocations funded by Parliamentary appropriation

Program allocations (see Figure 12) funded by the Parliamentary appropriation decreased by 9.8% to $86.9 million in 2014-2015 from $96.3 million in 2013-2014 due to the reduction in the appropriation and the resulting ongoing project-spending pattern.

The 2015-2016 program allocations funded by the Parliamentary appropriation are expected to be $93.0 million, up from $86.9 million in 2014-2015 (see Figure 12 and the expenses outlook section for explanation).

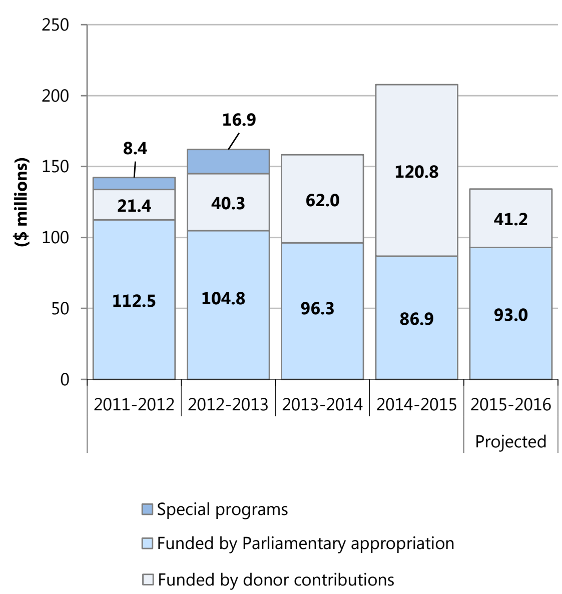
In 2015-2016, the amount of allocations available for programming not linked to donor contributions stands at $72.4 million or about 78% of the allocations funded by the Parliamentary appropriation.

Program allocations funded by donor contributions

Program allocations funded by donor contributions increased by 94.8% to $120.8 million in 2014-2015 ($5.3 million lower than budget) from $62.0 million in 2013-2014, reflecting the implementation of two large co-funded programs — the Think Tank Initiative and the Canadian International Food Security Research Fund. Some 89% of the $120.8 million program allocations made in 2014-2015 was committed during the financial year; expenses began within the year on these committed projects and will continue over their lifespan.

In 2015-2016, the Centre plans to allocate $34.1 million from signed donor contribution agreements and $7.1 million from agreements expected to be signed in 2015-2016, for a total of $41.2 million. This significant decrease from the previous year is mostly the result of a longer implementation period for new donor contribution agreements signed in 2015-2016 (i.e., spreading the related allocations over a longer period).

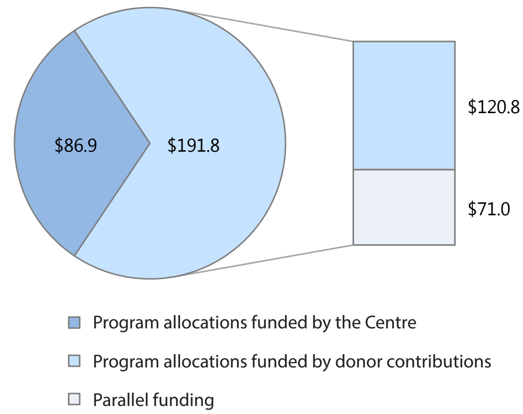
FIGURE 12: PROGRAM ALLOCATIONS



Parallel funding allocations

From time to time, like-minded organizations provide additional funding directly to a recipient in support of projects initiated or co-initiated by the Centre. The allocation of parallel funding comes as a result of either our efforts, the recipient's, or both, and has a significant impact on project activities. The allocation of parallel funding demonstrates success by the Centre's employees and recipients in leveraging resources in support of development research, increasing project activities that would otherwise not have been supported. Parallel funding differs from donor contributions as the Centre does not manage these funds and they are not accounted for as revenue. In 2014-2015, each dollar allocated by the Centre on project activities was more than doubled by parallel funding and donor contributions; a total of nearly $71.0 million was allocated in parallel, bringing the total new project value to $278.7 million.

FIGURE 13: PROGRAM ALLOCATIONS FUNDED BY OTHERS IN PARALLEL ($ millions)



Outstanding commitments on research projects

As at 31 March 2015, the Centre is committed to payments of up to $315.3 million for development research programming activities over the next five years. Commitments are subject to funds being provided by Parliament ($182.0 million) and by donor partners ($133.3 million) and, with few exceptions, to recipients' compliance with the terms and conditions of their grant agreements. The increase in outstanding commitments funded by donor contributions is the result of the high level of allocations made in 2014-2015. Outstanding commitments related to the Development Innovation Fund decreased to $54.7 million from $98.6 million in 2013-2014, as a result of the Fund having reached a steady pace of programming (see Figure 2). The remaining outstanding commitments funded by Parliamentary appropriation decreased by 7.8% to $127.3 million from $138.1 million in 2013-2014.

Despite the Centre's plan to grow the value of new donor contribution agreements, it is expected that outstanding commitments from donor contributions will decrease in 2015-2016 (see Figure 14). As mentioned earlier in this analysis, allocations from donor contributions to new projects will slow in 2015-2016, meaning that the growth of outstanding commitments will also slow down. Management expects the growth in outstanding commitments from donor contributions to resume in 2016-2017. Outstanding commitments related to the DIF will also decrease.

TABLE 7: OUTSTANDING COMMITMENTS ON RESEARCH PROJECTS

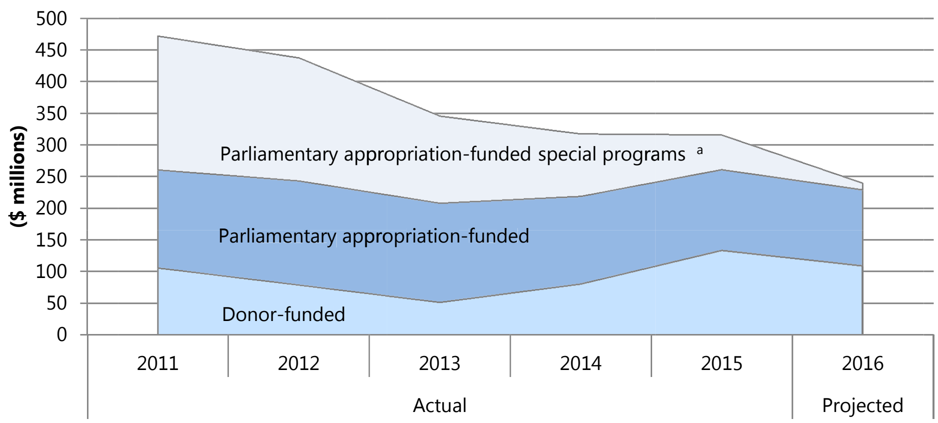
($000)	2013-2014 Actual	2014-2015 Actual	% change actual [a]
Funded by Parliamentary appropriation	138 088	127 361	(7,8%)
Funded by Parliamentary appropriation – DIF	98 622	54 692	(44,5%)
Funded by donor contributions [b]	80 209	133 293	66,2 %
Total outstanding commitments	**316 919**	**315 346**	**(0,5%)**

[a] % change actual in 2014-2015 over 2013-2014.

[b] Outstanding commitments on research project funded by donor contributions reached $147.2 million when including the recovery of administrative costs.

While the total amount of outstanding commitments fluctuates from year to year as a result of new donor contribution agreements and special programs, the level of outstanding commitments funded by Parliamentary appropriation remains relatively stable over time. Consistent with sound financial management practices, the Centre continuously monitors the level of outstanding commitments funded by Parliamentary appropriation to ensure it remains proportionate to the level of the recurring annual appropriation. The amount of outstanding commitments funded by Parliament currently represents 93.7% of the annual recurring Parliamentary appropriation. Historically, this portion of the outstanding commitments fall in a narrow band below and above 95%, which is deemed acceptable for the sustainability of annual research project expenses.

FIGURE 14: OUTSTANDING COMMITMENTS ON RESEARCH PROJECTS (AT 31 MARCH)



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

STATEMENT OF FINANCIAL POSITION DISCUSSION

TABLE 8: ASSETS AND LIABILITIES

($000)	2013-2014 Actual	2014-2015 Actual	% change actual [a]
Current assets	61 622	75 547	22.6 %
Non-current assets	10 688	9 518	(10.9%)
Total assets	**72 310**	**85 065**	**17.6 %**
Current liabilities	50 028	57 036	14.0 %
Non-current liabilities	5 683	7 504	32.0 %
Total liabilities	**55 711**	**64 540**	**15.8 %**

[a] % change actual in 2014-2015 over 2013-2014.

For definitions of current and non-current assets and liabilities refer to the Notes to the Financial Statements, page 48.

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

Assets and liabilities linked to several donor contributions agreements signed over the past few years increased in 2014-2015. Total assets increased 17.6% to $85.1 million from $72.3 million in 2013-2014. The increase in current assets is directly related to the increase in donor-funded activities, for which we have received more advanced payments as described below.

Total liabilities increased by 15.8% to $64.5 million from $55.7 million. The increase in liabilities, both current and non-current, is mainly due to higher deferred revenue for the programs and projects funded by donor contributions that increased by $9.1 million in 2014-2015. As indicated in the Financial Statements, a small portion (6.4%) of the Centre's liabilities relates to future employee benefits. Those liabilities are assessed by an actuary (see Notes 4h and 12 of the Financial Statements). The largest future benefit liability, totalling $4.4 million, is the balance of the abolished voluntary departure severance benefit that decreases gradually as employees who did not opt for an immediate cash-out in 2013 draw them down. In general, future employee benefit liabilities are small and under control, with little year-over-year variance.

TABLE 9: EQUITY

($000)	2013-2014 Actual	2014-2015 Revised budget	2014-2015 Actual	2014-2015 Variance	2015-2016 Budget	% change actual [a]
Unrestricted	214	890	4 114	3 224	363	n/a
Internally restricted	1 117	1 117	1 123	6	1 118	0.5 %
Net investments in capital assets	10 688	9 525	9 518	(7)	9 226	(10.9%)
Reserved	4 580	4 580	5 770	1 190	4 580	26.0 %
Total equity	**16 599**	**16 112**	**20 525**	**4 413**	**15 287**	23.7 %

[a] % change actual in 2014-2015 over 2013-2014.

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

The internally **restricted** equity is the portion of the Parliamentary appropriation and other revenues restricted by management to fund operational (i.e., non-programming) initiatives, or for materially large programs that need to be administratively segregated from other Centre programs. Non-Parliamentary revenue could also be restricted by virtue of a contract. During 2014-2015, restricted equity remained stable at $1.1 million. This amount is earmarked to be combined with endowed funds that together ensure sufficient investment interest income to enable the annual John G. Bene Fellowship Award in Social Forestry, in perpetuity. The restricted amount is increased for interest earned and reduced for research awards expenses. Internally restricted equity funds cannot be transferred between special-purpose envelopes or to the unrestricted class.

The **net investment in capital assets** of $9.5 million segregates the portion of the equity representing the Centre's net investments in capital assets. That portion of the accumulated surplus funds the future amortization and depreciation expenses for capital assets. Its asset counterpart is not cash but matches the value of property, equipment, and intangible assets as stated in the statement of financial position.

The Centre maintained its **reserved equity** at $5.8 million at 31 March 2015. The reserved equity sets aside 3% of the recurring portion of the annual Parliamentary appropriation (of $136.0 million) to buffer fluctuations in program spending beyond budgeted levels. The reserve was used during 2014-2015 to mitigate variances in net results but was fully re-established by year-end. The closure amount also includes $1.7 million for the 2015-2016 ERP replacement initiative and for the replacement of the website software platform. The reserve equity is important for several reasons: to protect against the evolving funding modality and nature of the programming; to offset the variability of the timing of programming expenses, which is dependent on the performance of recipients; and to reduce the potential impact of small variations in the rate of development research programming expenses on total expenses. The Board of Governors has approved the Centre's policy for managing equity.

The **unrestricted** equity represents the residual balance of equity after the allotments to internally restricted and reserved equity. Unrestricted equity has increased to $4.1 million from $0.2 million in 2013-2014. The increase is mainly due to the timing differences between Parliamentary appropriation requests and research programming expenses and to lower than originally planned travel and fewer professional services under development research programming expenses.

Financial position outlook

Total equity is projected to decrease to $15.3 million at the end of 2015-2016, with the restricted equity remaining stable through the end of the year. The change in net investment in capital assets (by $0.3 million) is a result of the depreciation of property, equipment, and intangible assets and the addition to intangible and other capital assets. The reserved equity will remain at a reasonable level to meet the objectives outlined above. Finally, the availability of unrestricted equity takes into account the project expenditure cycle. Thus, unrestricted equity should fall close to zero by 30 June 2015 (after covering the project payments that slipped from the end of 2014-2015) and to $0.4 million by 31 March 2016.

HISTORICAL REVIEW

($000)	Actual 2011-2012	Actual 2012-2013	Actual 2013-2014	2014-2015	Budget 2015-2016
Statement of comprehensive income					
Revenues					
Parliamentary appropriation	239 441	157 455	202 944	190 024	183 478
Donor contributions	46 337	42 304	58 163	66 809	73 223
Investment and other income	2 023	1 743	853	2 013	504
Revenues	287 801	201 502	261 960	258 846	257 205
Expenses					
Development research programming					
Research projects funded by Parliamentary appropriation	128 891	192 178	144 383	135 039	131 355
Research projects funded by donor contributions	36 885	34 069	48 176	55 968	61 193
Enhancing research capabilities	38 501	35 798	34 960	33 999	36 695
Research complements	9 482	8 992	9 185	8 946	9 064
Development research programming	213 759	271 037	236 704	233 952	238 307
Corporate and administrative services	23 049	22 147	20 809	20 968	19 753
Results of operations before restructuring costs	50 993	(91 682)	4 447	3 926	(855)
Restructuring costs	5 186	-	-	-	-
Net results of operations	45 807	(91 682)	4 447	3 926	(855)
Other key financial indicators					
Program allocations					
Development research programming					
Funded by recurring Parliamentary appropriation	112 462	104 756	96 279	86 868	93 000
Funded by non-recurring Parliamentary appropriation	8 428	16 911	-	-	-
Funded by donor contributions	21 366	40 335	62 032	120 844	41 176
Outstanding commitments					
Funded by Parliamentary appropriation	359 646	294 376	236 710	182 053	130 597
Funded by donor contributions	78 050	51 022	80 209	133 293	108 458
Statement of financial position					
Assets					
Cash and cash equivalents	9 494	581	43 364	49 613	
Investments – current	92 199	50 795	12 502	10 968	
Accounts receivable and prepaid expenses	31 891	3 728	5 756	14 966	
Investments – non-current	11 157	-	-	-	
Property and equipment	8 359	7 423	7 553	6 855	
Intangible assets	3 006	2 852	3 135	2 663	
Liabilities					
Accounts payable and accrued liabilities	19 237	25 094	25 383	25 315	
Provision for restructuring	5 047	292	-	-	
Deferred revenue – current	21 694	22 862	24 645	31 721	
Deferred revenue – non-current	2 011	615	1 387	3 381	
Employee benefits	4 283	4 364	4 296	4 123	
Equity					
Unrestricted	10 996	-	214	4 114	363
Internally restricted	74 996	1 171	1 117	1 123	1 118
Net investments in capital assets	11 365	10 275	10 688	9 518	9 226
Reserved	6 477	706	4 580	5 770	4 580

FINANCIAL STATEMENTS

Management Responsibility for Financial Statements

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

Management maintains books of accounts, information systems, and financial and management controls that are designed to provide reasonable assurance as to the reliability of financial information. Management also asserts that the Centre's assets are safeguarded, that resources are managed economically and efficiently in the attainment of corporate objectives, and that operations are carried out in accordance with the *International Development Research Centre Act* and by-law of the Centre.

The Centre's Internal Auditor has the responsibility for reviewing the Centre's systems procedures and practices. The Auditor General of Canada conducts an independent audit of the annual financial statements in accordance with Canadian generally accepted auditing standards. His audit includes appropriate tests and procedures to enable him to express an opinion on the financial statements. The external auditors have full and free access to the Finance and Audit Committee of the Board.

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

Jean Lebel, PhD
President

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

Ottawa, Canada
13 July 2015

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the International Development Research Centre, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the International Development Research Centre as at 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

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

Lissa Lamarche, CPA, CA
Principal
for the Auditor General of Canada

13 July 2015
Ottawa, Canada

Statement of Financial Position

(in thousands of Canadian dollars)
as at

	31 March 2015	31 March 2014
Assets		
Current		
Cash and cash equivalents (Note 5)	49 613	43 364
Investments (Note 6)	10 968	12 502
Accounts receivable and prepaid expenses (Note 7)	14 966	5 756
	75 547	61 622
Non-current		
Property and equipment (Note 8)	6 855	7 553
Intangible assets (Note 9)	2 663	3 135
	85 065	**72 310**
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 10)	25 315	25 383
Deferred revenue (Note 11)	31 721	24 645
	57 036	50 028
Non-current		
Deferred revenue (Note 11)	3 381	1 387
Employee benefits (Note 12)	4 123	4 296
	64 540	55 711
Equity		
Unrestricted	4 114	214
Internally restricted	1 123	1 117
Net investments in capital assets (Notes 8 and 9)	9 518	10 688
Reserved	5 770	4 580
	20 525	16 599
	85 065	**72 310**

Commitments (Note 15)
Contingencies (Note 16)

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

These financial statements were approved for issuance by the Board of Governors on 13 July 2015.

The Honourable Monte Solberg, P.C.
Acting Chairperson
Board of Governors

Jean Lebel, PhD
President

Statement of Comprehensive Income

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

	2015	2014
Revenues		
Donor contributions (Note 13)	66 809	58 163
Investment and other income	2 013	853
	68 822	59 016
Expenses		
Development research programming (Note 20)		
Research projects		
Funded by Parliamentary appropriation	135 039	144 383
Funded by donor contributions	55 968	48 176
Capacity building		
Enhancing research capabilities	33 999	34 960
Research complements	8 946	9 185
	233 952	236 704
Corporate and administrative services (Note 20)		
Corporate services	17 337	17 050
Regional office administration	3 631	3 759
	20 968	20 809
Total expenses	**254 920**	**257 513**
Cost of operations before Parliamentary appropriation	(186 098)	(198 497)
Parliamentary appropriation (Note 14)	190 024	202 944
Net results of operations	**3 926**	**4 447**

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

Statement of Changes in Equity

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

	2015	2014
Unrestricted equity		
Beginning of year	214	—
Net results of operations	3 926	4 447
Transfers to other classes of equity	(26)	(4 233)
Balance end of year	4 114	214
Internally restricted equity		
Beginning of year	1 117	1 171
Net increase (decrease)	6	(54)
Balance end of year	1 123	1 117
Net investments in capital assets		
Beginning of year	10 688	10 275
Net (decrease) increase	(1 170)	413
Balance end of year	9 518	10 688
Reserved equity		
Beginning of year	4 580	706
Net increase	1 190	3 874
Balance end of year	5 770	4 580
Equity, end of year	**20 525**	**16 599**

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

Statement of Cash Flows

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

	2015	2014
Operating activities		
Net results of operations	3 926	4 447
Items not affecting cash		
Amortization and depreciation of property and equipment and intangible assets	1 849	1 684
Amortization of bond premium	—	96
(Gain) Loss on disposal of property and equipment	(31)	416
Employee benefits	(173)	(68)
	1 645	2 128
Change in non-cash operating items		
Accounts receivable and prepaid expenses	(9 210)	(2 028)
Accounts payable and accrued liabilities	(68)	(4)
Deferred revenue	9 070	2 555
	(208)	523
Cash flows from operating activities	**5 363**	**7 098**
Investing activities		
Purchase of investments	(25 831)	(34 664)
Maturity of investments	27 365	72 861
Acquisition of property and equipment and intangible assets	(656)	(2 442)
Net proceeds (costs) of disposition of property and equipment	8	(70)
Cash flows from investing activities	**886**	**35 685**
Increase in cash and cash equivalents	**6 249**	**42 783**
Cash and cash equivalents, beginning of year	**43 364**	**581**
Cash and cash equivalents, end of year	**49 613**	**43 364**
Composition of cash and cash equivalents		
Cash	49 613	43 364
Cash equivalents	—	—
	49 613	**43 364**

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

Notes to the Financial Statements

For the year ended 31 March 2015

1. Corporate information

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

2. Authority and objective

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

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

3. Basis of preparation

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

4. Summary of significant accounting policies

The significant accounting policies of the Centre are:

a. Revenue recognition

i) Parliamentary appropriation

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

ii) Donor contributions

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

b. Grant payments

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

c. Property and equipment, and depreciation

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

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

Asset category	**Useful life**
Computer equipment	5 years
Office furniture and equipment	5 years
Vehicles	3 to 7 years
Communication systems	5 years
Leasehold improvements	Remaining term of lease

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

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

An assessment is made at each reporting date as to whether an asset or a group of assets contained in this category is impaired. Any adjustment to the carrying value of the asset is recorded in the statement of comprehensive income. At 31 March 2015, the Centre had no impairment of property and equipment.

d. Intangible assets and amortization

The Centre's intangible assets consist of internally developed software that is not an integral part of any hardware. The software is initially recorded at cost, which includes the cost of material, direct labour, and any other costs directly attributable to bringing the asset(s) to a working state for its intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The amortization period and method for intangible assets are reviewed at least at each financial year-end. Amortization is calculated using the straight-line method. The estimated useful life of the asset classes ranges from 3 to 10 years.

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

An assessment is made at each reporting date as to whether an intangible or a group of intangible assets is impaired. Any adjustment to the carrying value of the asset is recorded in the statement of comprehensive income. At 31 March 2015, the Centre had no impairment of intangible assets.

e. Leases

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

f. Financial instruments

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

The classifications are as follows:

i) Financial instruments

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

ii) Cash and cash equivalents

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

iii) Investments

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

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

iv) Impairment of financial assets

An assessment is made at each reporting date as to whether a financial asset or group of financial assets is impaired. Any adjustment to the carrying value of the financial asset is recorded in the statement of comprehensive income. At 31 March 2015, the Centre had no impairment of financial assets.

v) Embedded derivatives

Embedded derivatives are required to be separated and measured at fair value if certain conditions are met. Management reviews contracts on an ongoing basis to determine whether the Centre has embedded derivatives requiring separate accounting treatment. At 31 March 2015, the Centre had no embedded derivatives.

g. Foreign currency translation

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

h. Employee benefits

i) Pension benefits – head office

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

ii) Pension benefits – regional offices

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

iii) Other benefit plans

Severance benefit

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

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

Sick leave benefit

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

i. Equity

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

i) Internally restricted equity

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

ii) Net investments in capital assets

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

iii) Reserved equity

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

j. Use of judgments, estimates, and assumptions

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

i) Significant judgments

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

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

k. Application of new and revised accounting standards

A number of new amendments and improvements were issued by the International Accounting Standards Board (IASB) effective for reporting periods beginning on or after 1 January 2014. These were not relevant to the Centre.

l. Accounting standards and amendments not yet in effect

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

- *IFRS 9 – Financial Instruments* – The final version of this new standard was issued by the IASB in July 2014. This standard largely retains the classification and measurement requirements and new hedge accounting model included in earlier versions, while introducing a single forward-looking expected credit loss impairment model. This version is effective for reporting periods beginning on or after 1 January, 2018.
- *IFRS 15 – Revenue from Contracts with Customers* – This new standard, issued by the IASB in May 2014, establishes a comprehensive framework for the recognition, measurement and disclosure of revenue. This standard is effective for reporting periods beginning on or after 1 January, 2017.
- Annual Improvements to IFRS – 2012–2014 Cycle – In September 2014, the IASB issued annual improvements covering several standards and topics. The annual improvements are to be applied for reporting periods beginning on or after 1 January, 2016.
- Disclosure Initiative – IAS 1 Amendments – In December 2014, the IASB released an amendment to IAS 1 as part of its long-term initiative to simplify financial statement disclosures. This amendment is effective for reporting periods beginning on or after 1 January, 2016.

Other upcoming standards: The IASB is currently working on projects related to leases. Revisions to this standard could potentially have a significant impact on the Centre's financial statements in the future.

5. Cash and cash equivalents

(in thousands of Canadian dollars)

The Centre typically purchases cash equivalents which are comprised of money market instruments such as commercial paper, bankers' acceptances, and bearer deposit notes. The weighted average yield as at 31 March 2015 is nil (31 March 2014: nil) and the average term to maturity at the time of purchase is nil (31 March 2014: nil).

	31 March 2015	**31 March 2014**
Cash	49 613	43 364
Cash equivalents	—	—
	49 613	**43 364**

6. Investments

(in thousands of Canadian dollars)

The Centre invests in fixed income instruments such as bonds and money market instruments such as commercial paper, bankers' acceptances, and bearer deposit notes. The weighted average yield as at 31 March 2015 is 1.30% (31 March 2014: 1.32%) and the remaining average term to maturity as at 31 March 2015 is 81 days (31 March 2014: 209 days). The carrying amount of investments approximates their fair value due to the short-term nature of these instruments.

	31 March 2015	**31 March 2014**
Canadian chartered banks	10 968	12 502
	10 968	**12 502**

7. Accounts receivable and prepaid expenses

(in thousands of Canadian dollars)

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

	31 March 2015	31 March 2014
Accounts receivable		
Donor contributions	8 989	2 451
Parliamentary appropriation	2 747	246
Other	2 189	2 068
	13 925	4 765
Prepaid expenses	1 041	991
Total accounts receivable and prepaid expenses	**14 966**	**5 756**

The Centre did not identify any receivables that are either past due or impaired as at 31 March 2015 (31 March 2014: nil).

8. Property and equipment

(in thousands of Canadian dollars)

	Computer equipment	Office furniture & equipment	Vehicles	Communication systems	Leasehold improvements	Total
Cost						
at 31 March 2013	2 283	915	362	1 316	10 831	15 707
Additions	316	168	31	71	875	1 461
Disposals	(43)	(138)	—	—	(611)	(792)
at 31 March 2014	2 556	945	393	1 387	11 095	16 376
Additions	301	14	23	122	8	468
Disposals	(703)	(29)	(53)	(175)	—	(960)
at 31 March 2015	2 154	930	363	1 334	11 103	15 884
Depreciation						
at 31 March 2013	(1 929)	(789)	(268)	(1 224)	(4 074)	(8 284)
Depreciation for the year	(133)	(52)	(47)	(33)	(722)	(987)
Disposals	43	139	—	—	266	448
at 31 March 2014	(2 019)	(702)	(315)	(1 257)	(4 530)	(8 823)
Depreciation for the year	(189)	(59)	(40)	(50)	(825)	(1 163)
Disposals	701	29	53	174	—	957
at 31 March 2015	(1 507)	(732)	(302)	(1 133)	(5 355)	(9 029)
Net book value						
at 31 March 2014	537	243	78	130	6 565	7 553
at 31 March 2015	**647**	**198**	**61**	**201**	**5 748**	**6 855**

9. Intangible assets

(in thousands of Canadian dollars)

	Software
Cost	
at 31 March 2013	10 294
Additions	981
Disposals	(28)
at 31 March 2014	11 247
Additions	214
Disposals	(119)
at 31 March 2015	11 342
Amortization	
at 31 March 2013	(7 442)
Amortization for the year	(698)
Disposals	28
at 31 March 2014	(8 112)
Amortization for the year	(686)
Disposals	119
at 31 March 2015	(8 679)
Net book value	
at 31 March 2014	3 135
at 31 March 2015	**2 663**

10. Accounts payable and accrued liabilities

(in thousands of Canadian dollars)

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

	31 March 2015	31 March 2014
Grant accruals	10 748	3 517
Accounts payable	8 378	16 059
Payroll	5 469	4 998
Severance benefit (Note 12)	314	386
Other	406	423
	25 315	**25 383**

11. Deferred revenue

(in thousands of Canadian dollars)

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

	31 March 2015	31 March 2014
Donor contribution funding for development research projects		
Current	31 721	24 645
Non-current	3 381	1 387
	35 102	**26 032**

Of the total deferred donor contribution funding, the Department of Foreign Affairs, Trade and Development (DFATD) accounts for $7 756 (31 March 2014: $6 271) of which $4 827 (31 March 2014: $5 303) was received and $2 929 (31 March 2014: $968) is receivable at year-end.

12. Employee benefits

(in thousands of Canadian dollars)

a. Pension benefits – head office

Most of the employees of the Centre are covered by the Public Service Pension Plan (the Plan), a defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Centre. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate for the employer effective at year-end was 9.80% (31 March 2014: 10.60%). Total contributions of $4 021 (31 March 2014: $4 668) were recognized as an expense in the current year.

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

b. Pension benefits – regional offices

The Centre and eligible regional employees contribute to various defined contribution pension plans as specified in each Plan Agreement. The Centre's contributions to all regional office plans for the year ended 31 March 2015 were $377 (31 March 2014: $750).

c. Severance benefit

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

	31 March 2015	31 March 2014
Accrued benefit obligation – beginning of year	4 682	4 559
Current service cost	142	586
Interest cost	77	—
Benefits paid during the year	(651)	(463)
Actuarial loss	187	—
Accrued benefit obligation – end of year	**4 437**	**4 682**

	31 March 2015	31 March 2014
Current	314	386
Non-current	4 123	4 296
	4 437	**4 682**

13. Donor contributions

(in thousands of Canadian dollars)

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

	31 March 2015	31 March 2014
Department for International Development (UK)	30 446	16 914
Department of Foreign Affairs, Trade and Development	20 115	21 412
The William and Flora Hewlett Foundation	8 191	9 550
Bill & Melinda Gates Foundation	3 213	6 745
Norwegian Agency for Development Cooperation	2 865	1 582
Other donor agencies	1 979	1 960
	66 809	**58 163**

The Centre recovers administrative costs from the management of donor contribution funding. The total recovery for the year ended 31 March 2015 was $5 563 (31 March 2014: $5 331) of which $1 044 (31 March 2014: $1 699) was from DFATD.

14. Parliamentary appropriation

(in thousands of Canadian dollars)

	31 March 2015	31 March 2014
Approved Parliamentary appropriation	190 024	226 416
Frozen allotment	—	(24 000)
Amortization of deferred Parliamentary appropriation – projects and programs	—	528
Parliamentary appropriation recognized in the statement of comprehensive income	**190 024**	**202 944**

15. Commitments

(in thousands of Canadian dollars)

a. Research project-related

The Centre is committed to making payments of up to $315.3 million (31 March 2014: $316.9 million) during the next five years, subject to funds being provided by Parliament or donors and to compliance by recipients with the terms and conditions of their grant agreements. Of this amount, $182.0 million (31 March 2014: $236.7 million) is expected to be funded from future Parliamentary appropriations and the balance of $133.3 million (31 March 2014: $80.2 million) from donor contribution agreements.

	31 March 2015	31 March 2014
Within one year	162 210	133 640
After one year, but not more than five	153 136	183 279
Total future payments	**315 346**	**316 919**

b. Other

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

	31 March 2015	31 March 2014
Within one year	9 019	8 702
After one year, but not more than five	32 021	31 897
More than five years	20 511	28 878
Total future payments	**61 551**	**69 477**

The operating net lease expense recognized in the statement of comprehensive income for fiscal year ended 31 March 2015 is $6 907 (31 March 2014: $6 742).

16. Contingencies

Various claims have been asserted or instituted against the Centre. Based on the advice of legal counsel, management does not expect the outcome of any of these proceedings to have a material effect on the statement of financial position or on the statement of comprehensive income.

17. Related party transactions

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

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

Compensation of key management personnel
(in thousands of Canadian dollars)

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

	31 March 2015	31 March 2014
Salaries and short-term benefits	1 138	1 124
Post-employment benefits	319	296
	1 457	**1 420**

18. Financial instrument risks

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

a. Credit risk

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

Concentrations of credit risk
(in thousands of Canadian dollars)

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

	DBRS rating	31 March 2015	31 March 2014
Canadian chartered banks	R1-L	10 968	12 502
		10 968	**12 502**

b. Market risk

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

i) Currency risk

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

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

ii) Interest rate risk

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

c. Liquidity risk

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

19. Capital management

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

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

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

20. Schedule of expenses

(in thousands of Canadian dollars)

	31 March 2015	31 March 2014
Development research programming		
Contributions to research projects	184 956	186 184
Core salaries and benefits	25 775	26 673
Co-funded project salaries and benefits[a]	5 415	5 470
Professional services	4 658	5 058
Travel	3 138	3 999
Accommodations	4 067	3 981
Amortization and depreciation	1 227	1 107
Meetings and conferences	774	465
Co-funded project expenses[a]	2 406	1 943
Other	1 536	1 824
	233 952	**236 704**
Corporate and administrative services		
Salaries and benefits	13 741	13 650
Accommodations	2 360	2 339
Professional services	1 130	773
Office supplies and expenses	1 002	1 080
Amortization and depreciation	622	577
Furniture, equipment, and maintenance	590	790
Other	1 523	1 600
	20 968	**20 809**
Total expenses	**254 920**	**257 513**

[a] Includes all costs directly related to the development of research capabilities in co-funded projects and programs. These represent total expenses of $7 821 (31 March 2014: $7 413).

How to reach us

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

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

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

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

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

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