

International
Development
Research
Centre

IDRC

Annual
Report

1996-1997



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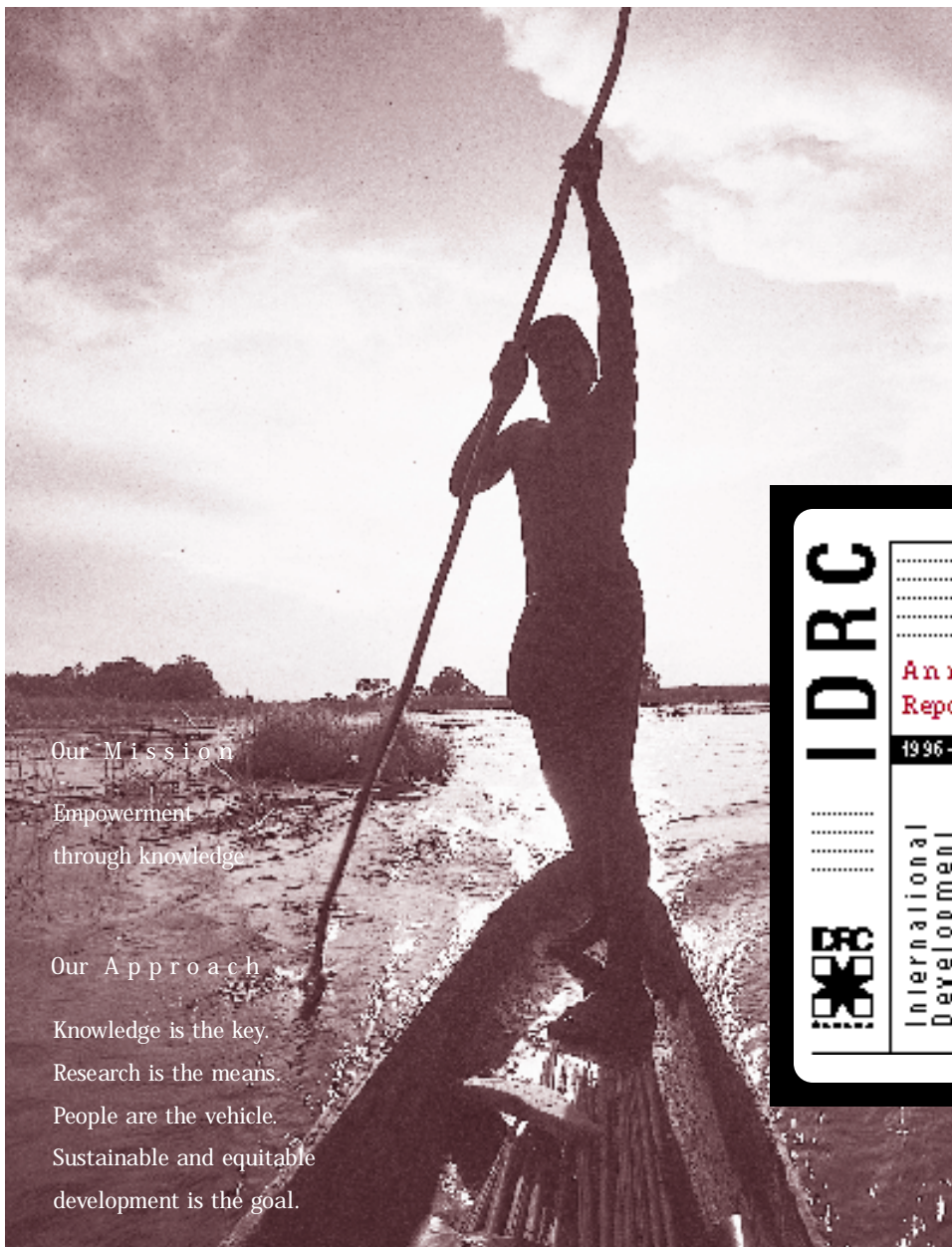
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Our Mission

Empowerment
through knowledge

Our Approach

Knowledge is the key.
Research is the means.
People are the vehicle.
Sustainable and equitable
development is the goal.

IDRC



Annual
Report

1996-1997

International
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- Foreword
- Frequently Asked Questions

ABOUT IDRC

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Institutional Highlights

- Maureen O'Neil, former Chair and interim President of the International Centre for Human Rights and Democratic Development, was appointed President of IDRC in April 1997. In communicating the recommendation of the Board, the Chair of IDRC's Board of Governors, the Honorable Flora MacDonald, stated that Ms O'Neil's candidature was the unanimous choice of the governors, with her impressive broad experience in public policy and international development.

- In the fall of 1996, President Keith A. Bezanson announced his decision to leave IDRC in 1997. Dr Bezanson assumed new duties as the Director of the Institute of Development Studies at the University of Sussex in Brighton, UK, in March 1997. (See pages 6 and 7 for his final address as IDRC President.)



- 1996 marked the end of IDRC's first Corporate Program Framework, which has guided IDRC's programming for the past 4 years. In October, the Board of Governors approved a new triennial plan that confirmed the Centre's thematic structure and its search for effective, more holistic solutions to development challenges. (See pages 13 to 18 for details.)

• Connecting to the World, a report drafted by a task force of leading Canadian experts and headed by Maurice Strong, was released in November 1996. Endorsed by Lloyd Axworthy, the Minister of Foreign Affairs, the report recommends that Canada dedicate 15% of its official development assistance to activities to improve the gathering, use, and sharing of knowledge. The report was sponsored by IDRC, the International Institute for Sustainable Development, and the North-South Institute. (The full text of the report is available through IDRC's website — go to <http://www.idrc.ca/stiorg/index.html>.)



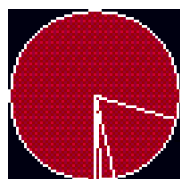
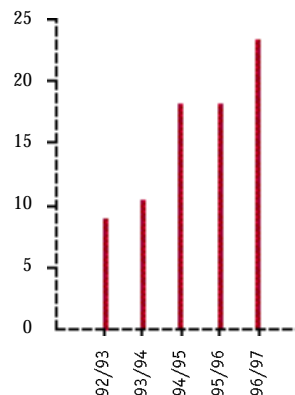
• Dr Dan Martin, Director of the World Environment and Resources Program of the John D. and Catherine T. MacArthur Foundation, was appointed to the Board of Governors of IDRC. 1996 also saw Sir Shridath Ramphal and Mrs Marie-Angélique Savané reappointed to the Board. (For a complete listing of IDRC's senior officials, see pages 62 to 64.)

• IDRC's new Business Development Office (BDO) was established during the past fiscal year. Headed by Mr Alain Berranger, the BDO will coordinate IDRC's revenue-diversification efforts through the cofunding of projects with other multilateral organizations and foundations, joint partnerships with the private sector, and contract research. (For details on IDRC's revenue-diversification efforts, see page 66 to 68.)

Financial Highlights

In 1996/97, IDRC concentrated its efforts in three priority areas: refining its program orientation, building on opportunities emerging from cofunding and other partnership ventures, and making the Centre a more efficient and effective instrument for supporting multidisciplinary development research.

Non-Parliamentary revenue
(\$ million)



Grant
(\$96.1 million)

Cofunding
(\$20.5 million)

Interest and
other income
(\$3.1 million)

Supplementary
(\$1.4 million)

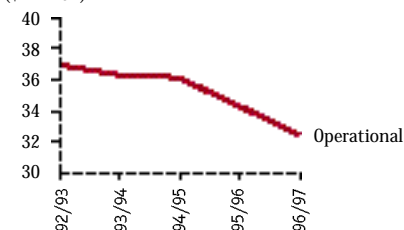
Revenue

Resources received from outside sources to expand our program activities or for the management of special activities on behalf of other organizations reached a new high of \$20.5 million. This amount is up significantly from the previous year's total of \$15.2 million, reflecting a growth rate of 34.7%.

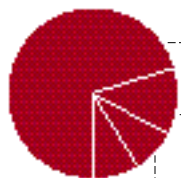
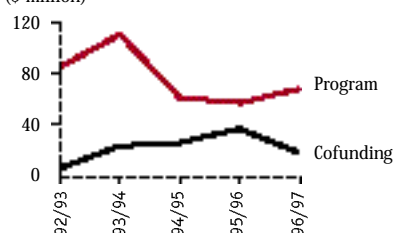
Appropriations

The decline in regular program appropriations over the past 5 years has been mitigated by the steady growth in cofunding agreements. 1996/97 marked the first year where the decrease in program appropriations caused by the reduced Parliamentary grant could not be offset by an increase in cofunding activities. For 1997/98, new research partnerships are expected to reach \$15.0 million. The accompanying graphs also illustrate the progress made in reducing the Centre's operational costs.

(\$ million)



(\$ million)



Development research
(\$83.7 million)

Research-related
activities (\$14.7 million)

Research operational
support (\$9.9 million)

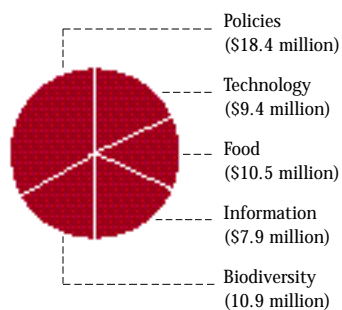
General management
(\$10.7 million)

Expenditures

The Centre's expenditures were on track with the budget. However, a change in our methods of calculating depreciation, as well as a write down of obsolete computer hardware, increased the current year's cost of operations by \$1.1 million. The accompanying pie chart provides a breakdown of expenditures for 1996/97.

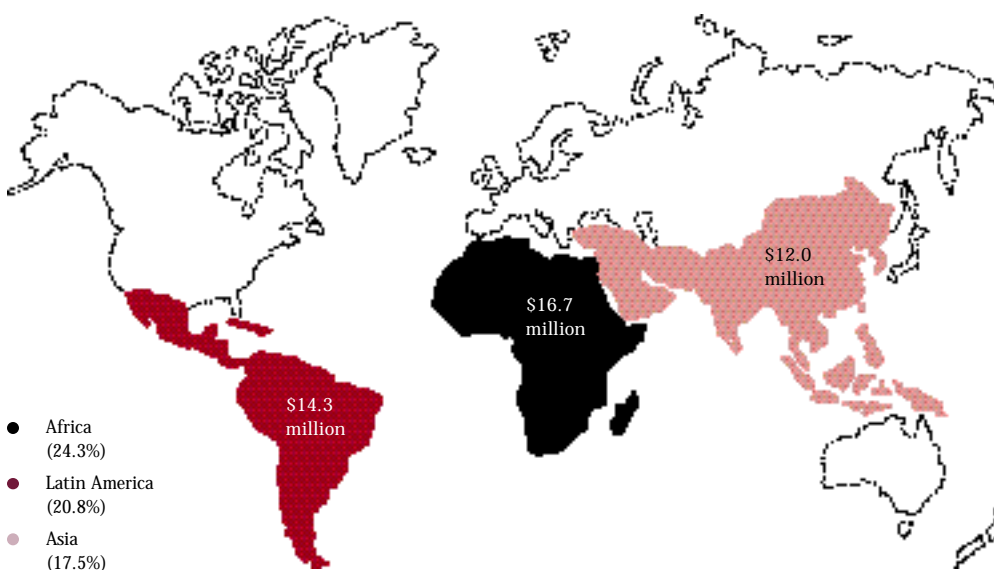
Research Appropriations by Program

In its five program themes from CPF I — Biodiversity; Information and Communication; Food Systems Under Stress; Technology, Society, and the Environment; and Integrating Environmental, Social, and Economic Policies — IDRC funded a total of \$57.1 million in development research, an increase of 22% from the 1995/96 level.



Distribution of Research in the South

The geographical distribution of IDRC's program appropriations shows that, of the three major regions of the developing world, Africa received the bulk of the Centre's support.



\$25.7 million (37.4%) was appropriated for global and corporate activities.

Foreword: Confronting New Realities

As we stand at the eve of a new millennium, we confront an array of new forces that are turning our world upside down. The categories and constructs that have applied to international development since its inception following World War II are growing increasingly obsolete. This is not surprising. They were established to interpret an age where the dominant global force was the nation-state and its institutional arrangements for security, finance, trade, and international development. That secure and familiar world is being replaced by one of new phenomena that are poorly understood and even more poorly managed.

In just about any newspaper or journal article that tries to explain the economic, social, and political forces shaping our contemporary world, two concepts are almost invariably central: "globalization" and "civil society." Do they serve to unite or to differentiate peoples and societies? Opinions differ. But it is generally agreed that they have fundamentally modified the distinction between "home" and "away," "domestic" and "foreign," "here" and "there."

In Canada and Cameroon, in Kamloops and Kathmandu, the same sweeping claims are made about the benefits and inevitability of globalization. This has become the new mantra. Yet some of the most serious and thoughtful observers point to the relationship between globalization on the one hand and, on the other, enhanced insecurity and instability as new fault lines appear to further separate rich and poor.



For the next several years, the principal agenda for development will be firmly set in this debate about globalization. This is not simply an academic exercise, however. Globalization poses practical challenges for which solutions are urgently required. And, contrary to what many observers say, globalization makes political decisions more urgent and consequential, not less so. Among the challenges to be addressed is the growing divide between rich and poor within individual societies rather than along an old North-South divide. Issues such as differing visions of the relationship between nature and humankind, the role of the market and the role of the state, and the place of traditional cultural and spiritual practices in the "modern" world must be reconciled if development is to remain relevant. These relationships are complex and demand a different approach to finding solutions.

Over the past several years, Canada's International Development Research Centre (IDRC) has worked diligently to confront the new realities of development and to deal adequately with the tangled nature of development

problems through research. In 1996, IDRC's Board of Governors approved an ambitious program that focuses resources and efforts on a very limited number of issues central to sustainable and equitable development and that aims to establish and nurture international knowledge networks. It also reaffirms the use of a multidisciplinary approach as the principle means for investigating development problems and for generating a variety of appropriate solutions. In adopting this strategy, IDRC continues to concentrate its resources in those areas where it has recognized expertise and is likely to make a difference. Through the networks it creates, the Centre also ensures that the results of the research it supports are shared equally among its partners, North and South.

This annual report documents the mechanisms IDRC has put in place to deliver a focused, effective program of research support. It outlines some of the factors and influences that have determined the priorities and the direction IDRC, in conjunction with its partners, is now pursuing. Through specific examples, it details how the Centre translates its mandate into action. Finally, it also clearly shows that, despite the changes the Centre has weathered over the past 27 years, IDRC remains true to its founding vision: that people can progress if they have the ability to solve their own problems.



KEITH A. BEZANSON
President (former)

Frequently Asked Questions

Q. Can we afford to spend all this money on Third World research? Doesn't Canada have its own problems that require these scarce resources?

A. IDRC supports development in Third World countries by strengthening research capacity in those countries. Nonetheless, Canadians receive both direct and indirect benefits from the Centre's work. For example, in helping developing-country farmers find markets for their products, IDRC expects to produce benefits for firms in the Canadian food sector. (Please see pages 34 to 37 for more information on this example.)

Moreover, in a world where misery knows no borders, helping other countries develop serves the best interests of Canadians. Projects that create healthier communities reduce the risks facing Canadians who travel as well as those who remain at home (see pages 22 to 25 and 46 to 49). Efforts to reduce water shortages and prevent conflicts over scarce water supplies are a major contribution to world peace (see pages 28 to 31).

For more on the contribution of developing-world research, read *Southern Lights: Celebrating the Scientific Achievements of the Developing World* by David Spurgeon (IDRC 1995; go to <http://www.idrc.ca/books/736/>).



Q. Yes, but why give this money to researchers from other countries when Canadian institutions need research funds and can do the work as well or better?

A. One of the lessons the world has learned is that a country can only develop when its own people acquire the capacity to deal with their own problems. This is why IDRC's approach of supporting Third World researchers and research institutions has been so successful.

Nonetheless, an increasing number of the Centre's activities are carried out jointly with Canadian and developing-country organizations. Projects are developed on the initiative of developing-country researchers, and Canadian institutions are frequently called upon to contribute as partners. IDRC creates linkages between academic, nongovernmental, and private-sector communities in Canada and abroad. It provides unique opportunities for joint ventures, research partnerships, and the exchange of knowledge. (This report contains information on this kind of linkage. See page 57 to 60 for more information on our Canadian Partnerships Program.)

Q. What is IDRC doing that CIDA is not already doing? If both are necessary, can't they at least work together? For example, are they represented on each other's boards?

A. IDRC funds long-term research, taking the front-end risks. CIDA, the Canadian International Development Agency, does application. For example, CIDA has often provided funds to implement the results of IDRC-supported research efforts. There is little overlap. The two agencies have worked closely on projects, each contributing its particular strengths and each contributing to the achievement of Canada's foreign-policy objectives. And, yes, by decision of the Governor in Council, the President of CIDA is a member of IDRC's Board of Governors. CIDA, however, is not governed by a board.

Q. What is IDRC doing to reduce the burden on the Canadian taxpayer?

A. Since 1991, IDRC's Parliamentary grant has dropped by some \$27.4 million, about 24% in real terms. During that period, the operational budget has been reduced Centre-wide by 30% in real terms. Administrative costs have fallen from 34% to 26% of expenditure. Staff levels have been reduced by 37%.

Also, while the Parliamentary grant remains IDRC's main source of revenue, efforts are being made to find additional sources of funding. Taking advantage of networks built up over a quarter of a century, IDRC generates more and more of its revenue from other sources. On some projects, the Centre leverages up to \$4.00 from other donors for every dollar it invests. (For an example of a program with revenue-generation potential, see pages 34 to 37.)



Q. Is it true that IDRC, unlike CIDA, is bound neither by Canadian foreign policy nor by the Financial Administration Act?

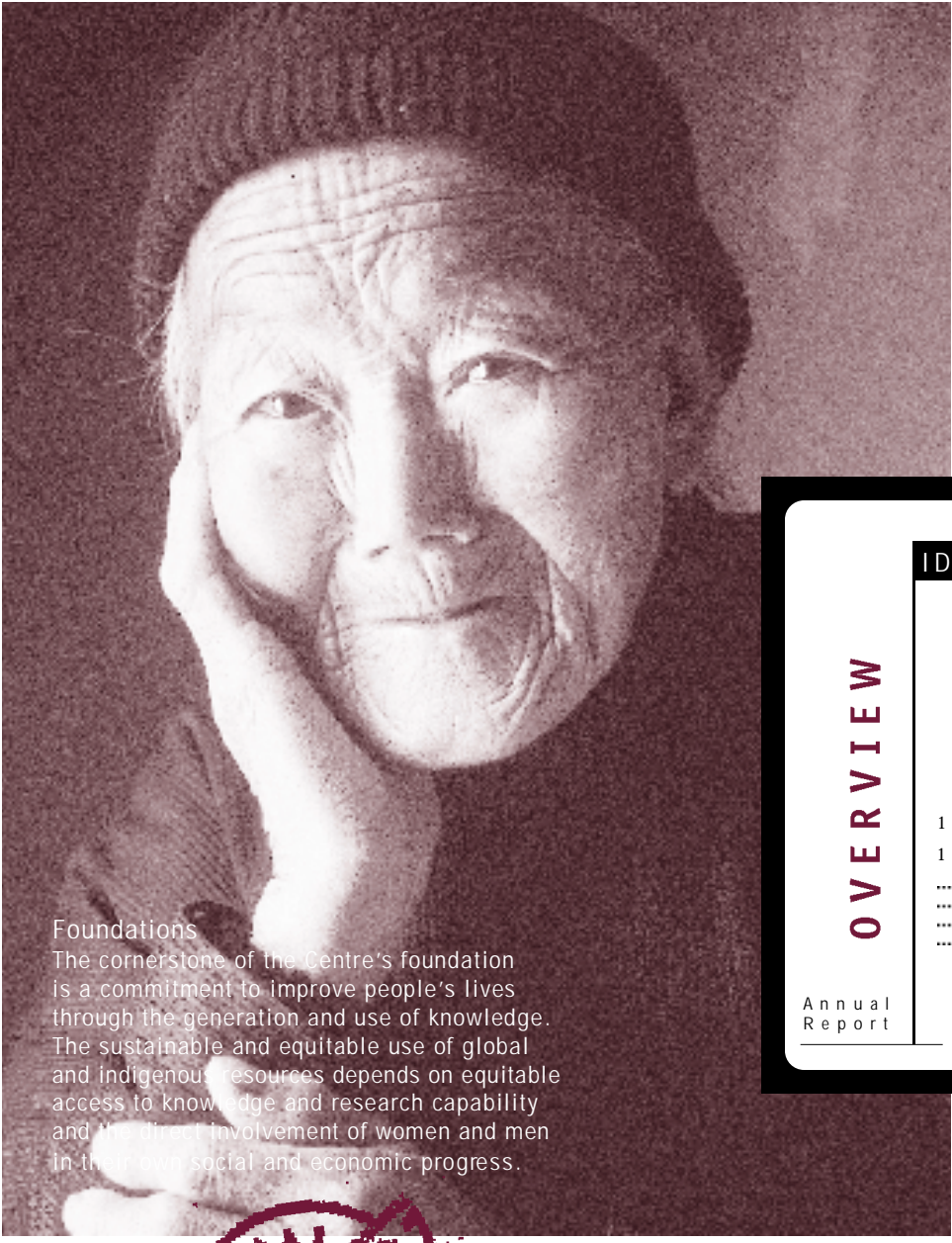
A. It is true that IDRC is not formally included within the Canadian foreign policy framework. This special autonomy enables the Centre to play a successful role for Canada in circumstances that fall outside the foreign policy framework of the day (such as supporting the development of policy-research capacity in the African National Congress, the ANC, during the apartheid era of South Africa).

Similarly, IDRC is not bound by the Financial Administration Act. This flexibility is part of the reason why the Centre can generate funds from non-governmental sources. Nonetheless, IDRC follows the act closely and takes accountability seriously. The Centre reports annually to Parliament and is audited regularly by the Auditor General of Canada. IDRC's annual report for 1994/95 was judged the best presented to Parliament by a small Crown corporation and earned the Award for Excellence in Annual Reporting given by the Auditor General of Canada. The 1995/96 annual report was also a finalist for this award.

Q. How is IDRC governed and how is its governing body chosen?

A. IDRC's leadership and policy direction comes from its international Board of governors. These governors are appointed, on the basis of their personal reputation, by the Governor in Council, on the advice of the Minister of Foreign Affairs. They serve 4-year terms. Among past and present governors are Lady Barbara Ward-Jackson; Ted Schultz, a Nobel prize winner in economics; and Sir Shridath Ramphal, who was for many years Commonwealth Secretary General. The Chair and at least 10 governors are Canadians, the balance come mainly from developing countries.





Foundations

The cornerstone of the Centre's foundation is a commitment to improve people's lives through the generation and use of knowledge. The sustainable and equitable use of global and indigenous resources depends on equitable access to knowledge and research capability and the direct involvement of women and men in their own social and economic progress.

OVERVIEW	IDRC
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If the Earth's age were a metrestick, humans would have walked its surface for less than the last millimetre. In the wink of an eye, our species has rocketed from the Stone Age to the Space Age. With each quantum leap in understanding along the way, new technologies have emerged to enable us to deal more effectively with the tasks we undertake. What began as a trickle millions of years ago is now a flood as knowledge breeds knowledge and carries us forward ever faster.

Recent times have seen computer-based information and computer technologies converge to become the driving force of the information revolution. This latest product of human toil, like the agricultural revolution and the industrial revolution before it, is transforming society. Already it has triggered a global explosion in knowledge that is unprecedented in our history. The number of scientific journals has grown by a factor of 10 every 50 years since the 18th century. To read just one-year's worldwide production of books would take one person reading one book a day nearly 2 000 years.

As we race toward the 21st century, there is a very real danger that the gap between the information "haves" in the North and the "have nots," especially in the South, will widen. Bridging the gap, however, is not a simple matter of giving the developing countries access to the information resources of the North. They require their own means to generate, process, and transform information into meaningful knowledge. Research is a central component in this process.



The ownership and understanding that are derived from research done in a country by local researchers is one of the primary means by which information and data become knowledge. The capacity to do research is, therefore, a critical first step and a necessary prerequisite to development. This is the premise on which IDRC was founded in 1970. And it remains at the core of the Centre's mission to "initiate, encourage, support, and conduct research into the problems of the developing regions of the world" (IDRC Act, 1970).

IDRC TRANSFORMED

Although its philosophical underpinnings remain fixed, IDRC has been transformed. From 1991 to 1996, IDRC, like many other organizations, publicly funded and private, has had to accommodate a reduced budget and the challenges of increased demands and expectations in what has been an unstable global development environment. IDRC's decisions have been guided through this period by its 1991 strategy and by the program choices of its first Corporate Program Framework (CPF I). This first framework reflected the decision, taken at the 1992 Earth Summit in Rio de Janeiro, Brazil, to expand IDRC's mandate to include a role as an implementing agency for Agenda 21. To better meet the goals of sustainable and equitable development, the Centre overhauled and reoriented all its program activities.

Other changes and further budget reductions saw IDRC's Board of Governors extend the term of the first strategic plan by 1 year, while confirming the thematic structure of IDRC's work. The past fiscal year has brought this transition process to the fore, as IDRC built on the experience of its first CPF to design its second, CPF II. This building process has confirmed, and experience has validated, the directions in which IDRC is moving.

CHARTING A COURSE AHEAD

In preparing for its second CPF, IDRC drew on the following lessons from its past:

- Societies build their own futures — Development flows from a shared set of values and a common vision for the future. External support is a catalyst in a development process where the communities of the South have identified the social, economic, and environmental problems that require their attention.
- Single approaches do not yield results; complex problems must be addressed in a multidisciplinary manner — Rather than starting with one discipline to solve a problem, every attempt should be made to start with the problem and consider what knowledge from which disciplines can contribute to its solution. Science and the knowledge it generates are the bridge between policy and action.
- Knowledge is the key to human development — Now, as never before, sustainable improvements in human well-being depend on knowledge and its production, distribution, ownership, and wise application. Information is not a substitute for knowledge.

The Global Research Pie

When it comes to the capacity to carry out research, the world is starkly divided: 88% of the world's research resources are controlled by the rich 22% of the population, which enjoys two-thirds of the global income. Over three-quarters of the world's people share the remaining 12% of research resources. Just as global distribution is skewed in favour of the North, so is distribution in the South skewed in favour of Asia and Latin America. These regions have between four and eight times as many scientists per million people as does Africa.



In discussion with staff and development partners, three strategic dimensions were identified as the main characteristics of sustainable and equitable development. These reference points provided direction to the organization and focused the efforts of Centre personnel.

- More human development — To provide the essential ingredients for sustainable human development and to enhance popular participation;
- Better economic management — To promote more equitable and efficient control of resources and thereby enable individuals and their communities to control and sustain their economic well-being; and
- Sustainable use of the environment — Ways to use, conserve, assess, monitor, and manage natural ecosystems so that individuals and communities can benefit from their tangible and intangible values, while leaving those values intact or even enhanced for the benefit of future generations.

A BLUEPRINT FOR CHANGE

With these two elements — the lessons from IDRC's past and a sure sense of the road ahead — as its footing, CPF II provides a blueprint for more detailed changes to the Centre's operations. Underscoring the need for change is a growing understanding that modern knowledge systems do not deal adequately with the complex nature of development problems. Indeed, the fragmentation of knowledge into narrow disciplines has emerged as a major obstacle to understanding.



To overcome this obstacle, IDRC defined its programs in terms of development issues or themes and the knowledge required to address them rather than in terms of traditional disciplines such as economics, health, or agriculture. Six themes now describe the broad scope of its IDRC's programming.¹ The themes were chosen for their contribution to poverty alleviation and sustainable development, their correlation to the priorities of the developing countries themselves, and their relation to IDRC's own expertise. They are

- Biodiversity Conservation
- Equity in Natural Resource Use
- Food Security
- Information and Communication
- Strategies and Policies for Healthy Societies
- Sustainable Employment

¹ The year under review, 1996/97, was one of transition for IDRC. The first CPF ended and the second was approved by the Board of Governors in October. To provide an accurate "snapshot" of IDRC's program of research support as it existed at the end of 1996/97, the six themes under CPF II are highlighted in this narrative. In the financial section of this annual report, beginning of page 66, CPF I provides the structure for the financial reporting.

Under the general umbrella of these themes, the Centre now funds research through specific program initiatives. They are the primary programming units and the driving force of IDRC's programs. The initiatives are managed by multidisciplinary teams who focus on particular knowledge gaps or problems. They are established as working networks that link participating institutions with other relevant knowledge communities.

SHARING KNOWLEDGE IN CANADA AND ABROAD

In establishing research networks, both CPFs have stressed closer, more direct links between researchers in the South and the Canadian scientific and development communities, including universities, private business, CIDA, the International Institute for Sustainable Development (IISD), the International Centre for Human Rights and Democratic Development (ICHRDD), and the North-South Institute.

As knowledge-based economies come to dominate the 21st century, these contacts will provide Canada and the developing countries with access to a broad-based platform of expertise in specific areas of international development and policy research.

Experience and time have shown that IDRC's emphasis on linking its partners North and South is not misplaced. The synergy that flows from the free exchange of ideas and experiences within networks has effectively reduced the relative isolation in which many developing-world researchers toil. The rapid emergence of the Internet as a powerful tool in the global sharing of knowledge reaffirms the importance of IDRC's networking function.



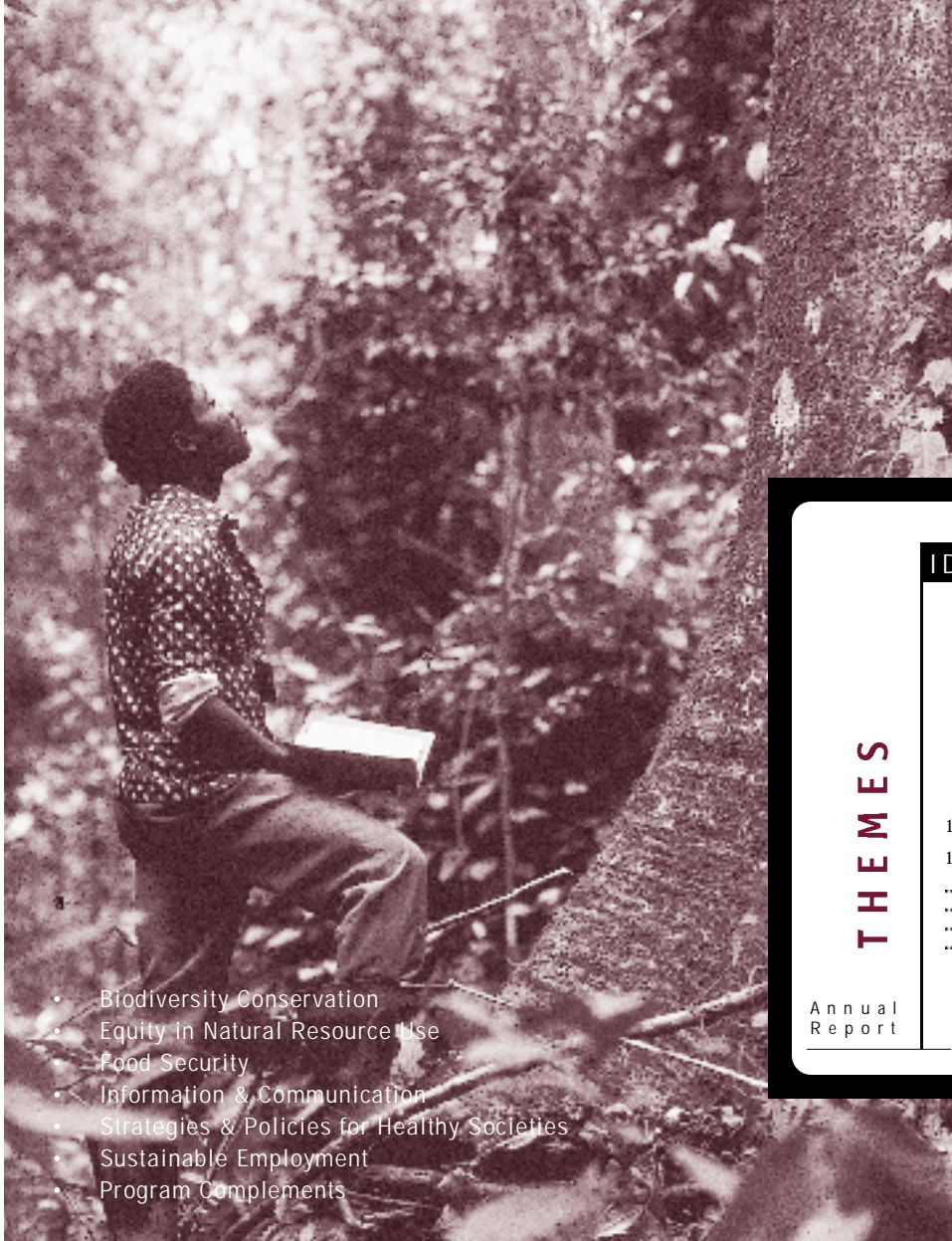
Canada and its Place in the Future

Over the next half century, a shift in the global economic base will occur. China may replace the United States as the world's largest economy within 25 years, and India may replace Germany as the fourth largest. Nine of the leading 15 economies will be those countries we now think of as developing; 85% of the world's population will live in the South; and, before the end of the current decade, 17 of the world's largest cities will also be in the South. Canada does not appear on such lists.

THE COURSE AHEAD

1996 marks the end of the road for IDRC's first Corporate Program Framework; it also heralds the beginning of its second. The organization that takes up the challenge of development in the information age is leaner and more focused. Choosing a multidisciplinary approach to solving development problems is a radical departure from the tried and true methods of scientific enquiry. But it is completely in step with IDRC's search for effective, more holistic solutions to development challenges. It is the Centre's firm belief that the growing severity, intractability, and urgency of the problems related to global poverty justify the risks inherent in this change.





- Biodiversity Conservation
- Equity in Natural Resource Use
- Food Security
- Information & Communication
- Strategies & Policies for Healthy Societies
- Sustainable Employment
- Program Complements

THEMES

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Biodiversity Conservation



Themes : Biodiversity Conservation

WHY THIS THEME?

Biodiversity refers to the variety and variability among living organisms. Biodiversity is the source for much of the food, medicines, and industrial products that humans use. And it is disappearing at an unprecedented rate.

RESEARCH FOCUS

- Indigenous knowledge of biodiversity and the institutions needed to protect and use this knowledge.
- Market-based incentives for the sustainable use of the products of biodiversity, especially medicinal plants and nontimber forest products.
- The involvement of communities in the development and conservation of agricultural and aquatic biodiversity.
- Models for intellectual property and traditional resource rights to ensure equitable sharing of the benefits of biodiversity.

History

- 1975 IDRC supports, in Kenya, the first of 14 projects on traditional health and medical practices.
- 1982 TRAMIL medicinal plants network established in Central America
- 1992 Canada ratifies the United Nations Convention on Biological Diversity.
- 1994 IDRC establishes Medicinal Plants Research Network in Asia.
- 1994 IDRC publishes *People, Plants, and Patents*.
- 1996 IDRC publishes *Beyond Intellectual Property*.
- 1996 Establishment in Montreal of the International Secretariat to support the Convention on Biological Diversity.



GOOD SCIENCE WITH POPULAR PARTICIPATION

The Issue

- Healing plants and knowledge on how to use them are lost daily.
- Many of the drugs developed by pharmaceutical companies in the North, at considerable profit, are derived from plants in the South.
- Many people die because they can't afford imported drugs.
- Central American scientists and mothers learn from each other in a joint search for solutions.

For 80% of humanity, traditional medicine is a way of life. In South Asia, 800 million seek health security not in needles and pill bottles but from the leaves, fruits, roots, and barks of plants.

Recent decades have witnessed an increasing appreciation of the value of some Third World medical practices. A review into traditional plant medicine treatments for diabetes was conducted in the 1980s by scientists from Britain's Aston University in Birmingham. The researchers concluded that "the study of such medicines might offer a natural key to unlock a diabetologist's pharmacy for the future." A simple cure for diarrhoea, used in the South for centuries, was put on a modern scientific footing in the 1960s. Today, oral rehydration theory is used in poor and rich countries alike.

Some 25% of the drugs prescribed by European and North American physicians come from the plants found in the forests of the South. According to Professor Sonia Uriarte of the School of Chemical Sciences, National Autonomous University of Nicaragua: "Practically all these plants have been 'discovered' through information derived about their use in traditional medicine."

But this traditional, plant-based medicine is in danger of being destroyed. Valuable local knowledge is lost. Plants disappear. And, as one Central American community leader puts it: "The distance between sickness and death becomes shorter as poverty and disease expands and patent medicines become more expensive."

Tapping into Traditional Knowledge

IDRC believes that the most efficient way to find solutions to these problems is to learn from the rural guardians of this knowledge. In 1975, 5 years after its own creation, the Centre helped Zaire establish Africa's first national research program on traditional medicine. The IDRC project involved about 600 traditional healers and 4 000 patients. It studied the identity, methods, favoured herbal remedies, and success of the healers.

In Asia, the Medicinal Plants Research Network was initiated by IDRC in April 1994 in response to the large number of requests for funds for medicinal plants research. The network has now developed a code of conduct for such research. It is also creating a database on medicinal plants in the region, encouraging conservation efforts and seeking to influence relevant government policy. The network is also seeking to change what it calls the "80:20 rule," in which 80% of public health budgets in Third World countries is spent on the modern sector, which benefits just 20% of the population.

As in North America, where advertisers use the term "Dr Mom" to recognize women's role in the health of the family, women, especially mothers, are often the true experts of traditional medical practice in the South. A number of projects supported by IDRC focus on this role. In 1993, for example, IDRC-supported researchers studied African women's role in conserving herbal medicines and transmitting traditional knowledge to modern science.

The value of women's contribution to knowledge is an important element in several of the traditional medicine projects currently supported by the Centre. In Central America, a small but promising IDRC project, called TRAMIL, is enabling mothers, midwives, and scientists to learn from one another about the potency, purpose, and problems of medicinal plants. "The majority of the midwives cannot read or write," one researcher observes, "but they are an encyclopedia of knowledge."

Central America Takes the Lead

The TRAMIL (Traditional Medicine for the Islands) research network was launched in 1982 in the Dominican Republic by the international nongovernmental organization (NGO), ENDA-Caribe, under the leadership of Dr Lionel Germosen-Robineau. The network was founded after patent drugs became more scarce and expensive as poverty increased and foreign currency dwindled. A regional office for Central America (Belize to Panama) was established in 1994. The project planners took as their point of departure the fact that rural people would use medicinal plants because of their familiarity and affordability.

The objective of the project, therefore, is to ensure that the use of these medicinal plants and of traditional medicine is consistent with safe, effective, and accessible health care.

The TRAMIL approach begins with surveys to find out which plants are used most often by mothers to deal with common illnesses in the home. Serious and terminal illnesses, such as AIDS and cancer, are not part of the study.



TRAMIL's scientific research identifies the benefits, chemical make-up, and dangers of these plants. The network reports back to the mothers and the community which plants — over 150 so far — are recommended as well as which are toxic and which need further study. TRAMIL toxicologists, apart from documenting toxic plants, also compile local knowledge regarding preparation and usage that render these plants nontoxic.

TRAMIL, like other IDRC-supported medicinal plants projects, seeks to discourage people from spending money on treatments that prove to be useless. Similarly, they discourage undue delay in consulting with qualified health professional. In other words, projects like TRAMIL are intended to be intermediaries between the old and new health resources in the developing world and to help people in the South make the best use of their scarce resources.

Some of TRAMIL's research has focused on the Garifunas, descendants of a mixed Carib, Arawak, and African people. But millions of people in the region, and eventually in other regions, could have access to safe, effective, low-cost treatment because of TRAMIL. In an evaluation of TRAMIL, Margarita Oseguera, Professor of Sociology and Rural Development at the National Autonomous University of Honduras, calls it "one of the most needed and valuable projects in the region at present."



Extending TRAMIL's Reach

IDRC is exploring the possibilities of sharing the TRAMIL approach with researchers in India. The idea of a worldwide network of traditional medicinal plants research is also being explored.

The true wonder of TRAMIL is how it combines good science with popular participation. Dr Oseguera notes that TRAMIL benefits from "the collaboration of renowned scientists in each country who believe in the objectives of the project." Dr Sonia Lagos-Witte, coordinator of the TRAMIL Central American Network and a scientist in her own right, affirms that TRAMIL's work is highly respected within the scientific community, especially in Latin America.

It was TRAMIL's reputation and Dr Lagos-Witte's own reputable scientific background that first impressed Dr Joseph Palacio, a social anthropologist attached to the University of the West Indies. Dr Palacio, himself a Garifuna, is head of the Board of Directors of the Belize Enterprise for Sustainable Technology (BEST), now a member of the TRAMIL network.

TRAMIL's links with scientific partners — including the New York Botanical Gardens, Kew Gardens, and the British Museum of Natural History — take on greater importance as it builds on its conservation efforts. The urgent need for conservation measures is a common concern among groups engaged in research on traditional medicinal plants. Growing places for medicinal plants shrink just as demand for them rises.

TRAMIL encourages Central American families to establish gardens for medicinal plants outside their homes. Large agroecological gardens are used to teach people how to grow their own “home gardens.”

TRAMIL's emphasis on working with ordinary folk is evident from its communication program. Videos, music, dance, puppeteers, and community meetings are used to take science to the grassroots. The Honduran Ministry of Education is distributing one TRAMIL video to schools throughout the country. Some TRAMIL publications use such telling pictures that even those who cannot read can get the message.

TRAMIL uses this same zeal in its efforts to influence policymakers, academics, and international partners. Universities in Costa Rica, Guatemala, Honduras, Nicaragua, and Panama play a major role in producing the research results. Universities are also major users of the results.

Several use TRAMIL's research to teach future doctors, nurses, and pharmacists about traditional medicine. Putting this ancient wisdom, reaffirmed by modern science, into the hands of medical practitioners increases the usefulness of TRAMIL's research. The region's health ministers' acceptance of the validity of TRAMIL's work clears the way for local health workers to use medicinal plants in their efforts to bring healing to their communities.

Sharing the Benefits Equitably

Growing interest by private pharmacies in medicinal plants will increase availability of the remedies approved by TRAMIL. Using the knowledge of indigenous and rural groups, the small Farmaya Laboratory in Guatemala has developed 15 pharmaceutical products. Farmaya claims to demonstrate how both pharmaceutical companies and local communities can benefit from the development of traditional medicine.

This problem has led bodies like The Crucible Group to study critically the intellectual property rights and responsibilities of foreign agencies and those of local communities. The Crucible Group, made up of persons from different disciplines, sectors, and points of view from around the world, promotes candid discussion on this issue. In *People, Plants, and Patents*, published in 1994 by IDRC, the Group regrets that “equal partnerships” do not always result in equal benefits. But it speaks of the mutual benefits that can arise from cooperation between a local community and national and global groups.

A 1996 publication of IDRC, *Beyond Intellectual Property: Toward Traditional Resource Rights for Indigenous Peoples and Local Communities*, includes guidelines to protect and reward the intellectual and botanical contribution of indigenous and local communities. In addition to saving plant-based medicine from an untimely death, projects like TRAMIL also try to ensure that the knowledge generated by the scientists and the women and men of the South benefits them rather than merely enriching foreign pharmaceutical companies.



Equity in Natural Resource Use



Themes: Equity in Natural Resource Use

WHY THIS THEME?

Sustainable and equitable development allows for the sharing of the world's resources among those alive today and between present and future generations. History has shown that resource use is often a source of conflict. As populations grow, competition for resources is likely to increase.

RESEARCH FOCUS

- Resource-management policies in regions or countries where recent political strife has disrupted the process of governing.
- Decision-making processes that integrate environmental, social, and economic objectives.
- Managing the demands for water and productive soil in the Middle East and Africa, a source of present and, possible, future conflict.

History

- 1976 First of IDRC's projects targeting pumping systems for rural water supply.
- 1985 Emphasis begins shifting to integrated management of natural resources.
- 1991 Centre pioneers research on managing the demands for water and improving soil productivity in Africa and the Middle East.
- 1992 IDRC becomes part of Canadian response to Middle East peace process through support for research on cooperation in water management.
- 1996 Centre pioneers establishment of research and information networks on water-demand management in Africa and the Middle East.



HELPING THE THIRSTY TO SOLVE THEIR WATER CRISIS

The Issue

- Water scarcity is one of the most pressing problems facing humanity today.
- Pollution, population growth, urbanization, and economic development intensify the crisis.
- Water scarcity can affect all areas of human life, from agriculture and human health to international peace and security.
- The people who use the water must be involved in the search for solutions.

“Unless current trends are reversed, we will have a major water crisis around the planet,” says World Bank Vice-President Dr Ismail Serageldin of the silent calamity threatening humanity. Although the Earth has enough water to supply its inhabitants, unequal distribution creates havoc. Many people are victims of devastating floods — “far more in the 1990s than ever before,” according to Professor Hans Schreier, a resource-management specialist at the University of British Columbia.

Meanwhile, others die of thirst. Dr Malin Falkenmark, one of the world’s leading scholars on water, predicts in her foreword to the book *Watershed* (IDRC 1994) that by 2025 there will be 3 billion people “living in countries exhibiting water stress or having chronic water scarcity.”

Most of these are in the South. In Africa, nine countries were considered water-scarce by the early 1990s. Most others had large regions with acute shortage. In some places where enough water exists underground, users, mainly women, walk for hours each day to get it. In one middle-class subdivision of Metro Manila in the Philippines, the faucets flow only for a few hours every other day.

Conflict, pollution, and population growth worsen the water-supply situation. Urbanization and economic development require adequate water supplies. They also help deplete water supplies.

The World Seeks a Solution

There is a worldwide search for solutions. But analysts are finding fault with the way many solutions are being implemented. Too often, Northern ideas and technologies are introduced without a clear understanding of the peculiar conditions of the host countries. “It is no good if you go into a completely new environment and have no data and try to do development without first doing research,” says Professor Schreier. Even when research is done, the people who know most about the problem, the users, are often not part of the research.

IDRC's approach is to ensure that the research it funds begins with the end users. It seeks to contribute to the development of policies, rules, and institutions that transfer management responsibilities to local communities. IDRC's research program also deals with water conservation. And, while the Centre supports research on water in all three regions of the developing world, it focuses on the area where the need is greatest: Africa and the Middle East.

Since 1977, IDRC has supported more than 100 projects on water in this region alone. But thinking within the Centre on water-resource management has changed over time. Projects approved during the 1970s and the early 1980s dealt mainly with health and sanitation and with the development of technologies to make water pure and accessible.

A sample of the projects supported includes rainwater catchment tanks in the Philippines, a portable water-testing kit in Malaysia, solar-powered water purification in Lebanon, and rice husk water filters in India. A PVC (polyvinyl chloride) handpump developed by the University of Waterloo with a 1978 grant from IDRC is arguably the safest, least expensive way to provide safe drinking water in developing countries today. Thanks to follow-on funding by CIDA, it is now mass produced and has been adapted for use in over a dozen countries in Africa, Asia, and Latin America.

By the middle and late 1980s, the Centre was supporting research on a wider range of related issues, including water harvesting. A novel technology, developed by scientists from the University of Chile and Environment Canada, harnesses fog to provide clean water to a previously thirsty village in northern Chile. This project, financed jointly by IDRC and the Canadian Embassy in Chile, has made possible a fully functioning local water supply for the people of Chungungo, who previously trucked in small quantities of expensive water from 40 kilometres away.

According to principal researcher Pilar Cereceda, this technology can be useful in other arid places where clouds can be intercepted by mountains. These include parts of Africa, India, the Middle East, and Latin America. Professor Cereceda adds that the project taught her how "the participation of the community in learning to use water wisely and avoid needless waste is obviously very important."



Most water projects backed by IDRC today take an integrated approach to water management. Some deal with the link between soils, crops, and water. Some combine studies on rainwater harvesting with ways to reduce demand. Demand management, a new concept in water policies, mirrors the steps taken by countries like Canada to deal with the energy crisis in the 1970s. Like imported fuel, demand for water can be reduced by eliminating waste and making more efficient use of the resource. The lesson learned is that simply increasing supply without addressing demand is ineffective.

IDRC has pioneered the introduction of this approach in studies on water. In the capital city of the Philippines, Manila, water distribution and household demand are being studied under a project with the Philippine Institute for Development Studies, an agency of the country's planning body. A hoped-for outcome is a fair system to pay for water used.

Researchers on demand management are finding that they need to be sensitive to the fact that many regard free water supply as a right enshrined in their holy books. A network is planned to help both researchers and policymakers in this field.

The need for demand management was highlighted during a pan-African workshop on water management organized by the Centre in 1994. The workshop, attended by 41 specialists from Africa and the Middle East, focused on target users, community needs, and priorities to optimize local water-resource management, technology acquisition, and efficient and environmentally friendly regulations for the use of water resources.

The workshop also paid special attention to the important role played by women in obtaining pure water, the need to involve them in the research process, and the value of indigenous water-management knowledge in general. The exercise strengthened IDRC's understanding of water research needs and capacity on the continent and strengthened its links with other donors doing work on this subject.



Understanding the end-user approach to water management is also the focus of three pilot studies being coordinated by the Montreal-based International Secretariat for Water. All promote the idea that traditional approaches to water management retain many advantages over more "modern," imported systems. In one of the studies, the approach by Tanzanian pastoralists to management of water and of the ecology will be studied and documented by an NGO comprising the pastoralists themselves.

Similarly, Ugandan research groups will play a major role in research on the fairest and most effective way to avert the pollution crisis facing Lake Victoria. This lake, the second largest freshwater lake in the world, can have an impact on the lives of more than 30 million people.

Bridge over Troubled Waters

IDRC has supported a number of research initiatives to deal with water as a source of conflict in places where the potential exists and in the Middle East, where water has been the key natural-resource issue for at least 3 000 years. Dr David Brooks, an IDRC chief scientist and an expert in this field, writes that "no other region of the world embraces such a large area, with so many people striving so hard for economic growth on the basis of so little water."

IDRC was part of the Canadian representation on the team discussing water issues during the Middle East peace talks. The talks brought together Israeli and Palestinian researchers who, until then, did not know, and were unlikely to speak to, one another. The two teams of researchers are now seeking peaceful and effective means to manage jointly the Mountain Aquifer, the region's largest source of quality drinking water.

The researchers have identified the problems and defined alternative management options. A second phase of the research is seeking ways to select among the options. Researchers will also try to define who — Israel or Palestine and which group within each country — would win or lose under each option.

This kind of project enables Canada to contribute to peace and security in a volatile region. IDRC water projects also showcase Canada's considerable expertise.

Hans Schreier says some of the data he collects in his IDRC-funded research in Asia and the Middle East could be important to Canada. The kinds of storms he is studying in the Himalayas could provide an indication of what Canada can expect if it experiences significant climate change. He regards IDRC as “quite unique” in its use of research to seek a solution to what he calls “the crisis of the year 2000.”





Themes : Food Security

WHY THIS THEME?

One billion people are expected to be affected by food insecurity by the year 2025. Most people affected by food insecurity live in less favoured lands such as the drylands of Africa, the highlands of eastern Africa, the upper watersheds of the Andes and the Himalayas, and in poorer segments of urban and peri-urban areas. IDRC believes in encouraging local solutions to food insecurity, through the use of local strategies and technologies, the integration of the different components of food security (from production to consumption), and the meshing of institutional and policy aspects to provide the incentives necessary for improved access to food. This approach involves linking a wide range of research and development partners in networks emphasizing information sharing and the dissemination of research findings. Emphasis is placed on gender equity, environmental sustainability, and participation of local communities in the research and development process. IDRC's partners include national agricultural research systems, NGOs, government agencies, universities, and the private sector.

RESEARCH FOCUS

- Efficient and protective management of natural resources in fragile ecosystems.
- Enhancement of food security by research both on farm and throughout the commodity chains, from production to marketing and consumption, in such a way that maximum value is added to the commodity and that the basic needs of families for food, clothing, education, and a healthy life are met.
- Encouraging policy and technology that supports the sustainable use of agriculture in and around urban areas so as to strengthen urban household food and water security, urban employment, and income generation.
- Linking producers in the South to consumers in the North by helping them develop Northern markets for their products and, at the same time, helping small farmers overcome such problems as lost food production and poor market access.



History

- 1971– Support to research on rural commodities and postharvest technologies.
- 1973
- 1974 Involvement in cropping systems and farming systems begins.
- 1978 Support for research on social and economic policies affecting the rural poor.
- 1991 Focus shifts to research on the integration of technologies, institutions, and policies.
- 1995 Establishment of FoodLinks.

IDRC LINKS SMALL FARMERS TO BIG MARKETS

The Issue

- More than 2.3 billion people in the South depend on the land for their livelihood.
- Many use farming practices that damage the environment.
- Research has developed better practices; but, without better prices and higher profits, farmers have no economic incentives to use this new knowledge.
- Agricultural research takes place in the laboratory and on the land. It must now focus on the market as well.

The late Martin Luther King Jr once remarked that “before you finish eating breakfast this morning you will have depended on half the world.” A trip to the supermarket will convince even the skeptic that the world does indeed share a common larder. Because of consumer demand for “exotic” foods, star fruit, curry, and coconut milk are now commonplace in Canada. To harness this demand and help small producers in the South gain a decent living, IDRC launched FoodLinks.

Archie McLean, Chief Executive Officer of Maple Leaf Foods told the Canadian Agri-Marketing Association that, through FoodLinks, IDRC was “about to become very critical to the success of the Canadian agrifood industry.” He said that “opportunities to access emerging markets, the transfer of Canadian food-processing technologies, and new food products for the Canadian food market are key issues that FoodLinks can help address.”

FoodLinks completes the chain that links producers in the South to consumers in the North. It builds on IDRC’s support to 1 400 food-related projects in some 100 countries over 25 years. More importantly, it seeks to help small farmers overcome such problems as lost food production and poor market access. In this way, it will help farmers obtain the disposable income to buy the things — including education, housing, and even food — that they do not produce.

Southern Foods: An Early Priority

IDRC’s interest in these issues has been manifest since 1971, months after its establishment, when it launched studies on foods eaten and marketed by farmers in the South. Some of these goods were unknown to the Canadian market. Most were barely, if at all, a part of the research agenda. The approximately 3 100 research documents ever produced on cassava, for example, was a fraction of the number generated in a single year on crops like wheat and rice. Ten years after IDRC started supporting cassava research, the number of research documents on this product had doubled.

With similar zeal, the Centre pioneered or intensified research on other Third World products: from sorghum in Senegal or Somalia to sea moss in Saint Lucia; from cowpea in Ghana to quinoa in Bolivia.

IDRC went beyond research on single crops to research on cropping systems and, later, on the entire farming system. Farming systems research shifted the focus from the laboratory to the farm. It brought together agronomists, veterinarians, sociologists, anthropologists, and other scientists. And it made the farmer central to the research process. The Asian Cropping Systems Network had three members — Indonesia, the Philippines, and Thailand — and six sites in 1975. Ten years later, there were nearly 200 sites in at least 10 countries.

By then, the agricultural economics group, established within the Centre in the late 1970s, had stepped up its research utilization efforts. Also, the focus on research on postproduction — what happens to crops after the harvest — had begun to generate results. A grain dehuller made to meet the specific conditions in Botswana saved women endless hours of pounding and increased disposable income.

Many of these initiatives led to increased food for villagers, higher profits for farmers, greater experience for Third World researchers, and a higher profile for the new IDRC. Cassava research in Colombia helped farmers to increase their yields from 10 or 15 tonnes per hectare to as much as 30 or even 50 tonnes per hectare.

The Logical Next Step

Now it has become clear that farmers need more than good research. They need a demonstrable increase in profits as an incentive to adopt the results of that research. Adding value by processing farm products and finding outlets to higher paying markets in the cities and overseas can provide farmers with sufficient income to meet their other food needs and to raise their families' overall living standards. This process should also reduce considerably the 25–40% of food production lost as a result of inadequate preservation and processing technologies.

Accepting this challenge means a new, bold, and unique venture for IDRC. But it is the logical next step in the Centre's farm research program. It ties in with a view of development not as charity but as a partnership extending both to aid and to trade.

To maximize the viability and sustainability of this venture, IDRC has been actively recruiting Canadian partners in the public, private, and nongovernmental sectors.



The building of these kinds of partnerships between Canadian food firms and counterparts in the South is at the centre of FoodLinks' mission. In India alone, there are 250 million consumers with incomes at least equal to those of the average Canadian. That is 10 times the domestic consumer base available to Canadian firms.

Although FoodLinks will be one of IDRC's biggest initiatives, it could become one of the least costly. FoodLinks hopes to generate revenues to finance some of its research activities.

Quebec-based Lassonde Technologie Inc, for example, plans to increase its output of tropical juices by using some of the 250 000 tonnes of cashew apples that go to waste in Viet Nam each year. The fruit has 5 to 10 times as much vitamin C as the orange. Yet, until now, Vietnamese farmers have been harvesting the apple only for its nut.

Lassonde has joined with Vietnamese researchers to counter the fruit's astringent and bitter taste and to slow down the spoilage. This FoodLinks project could lead to increased income for thousands of Vietnamese farmers and to new Canadian jobs. A Canadian NGO, the Canadian Centre for International Studies and Cooperation, based in Montréal, is working with cashew farmers to guarantee supplies at fair and equitable prices.



FoodLinks also wants to bring to the Canadian marketplace a delicious, environmentally friendly banana developed with IDRC support after a decade of research in Honduras. A project funded by the Aga Khan Foundation of Canada will see rural communities in Pakistan benefit from improved processing and packaging of apricots to satisfy higher income markets at home and abroad. Other items on FoodLinks' database include camu-camu. This South American berry is high in potassium and has 100 times the vitamin C of the orange.

Making the Necessary Connections

IDRC is uniquely positioned to make these links because of the thousands of research partners it has worked with over the years. One Latin American partner, the Program for Development of Rural Agroindustry (PRODAR), brings together some 350 organizations in 15 countries.

At a more global level, FoodLinks will collaborate with the global Consultative Group on International Agricultural Research (CGIAR) to coordinate a new thrust toward postharvest research. Like IDRC, CGIAR has decided it is time to complete the chain from producer to consumer.

All these FoodLinks initiatives tap into important consumer trends in the North while meeting the needs of farmers in the South to develop their full potential. Over time, FoodLinks will also contribute valuable knowledge and the benefits of productive partnerships between public and private actors in the agrifood sector.

There is a steadily growing market for organic foods. More and more consumers seek products that do not harm the environment and that are based on sound ethics and trading practices that are fair to all concerned. IDRC can be a valuable partner to firms sharing these beliefs and interested in these niche markets. Who knows, the shopping cart may yet prove a more powerful instrument than the sword in bringing the world closer together.





Themes : Information and Communication

WHY THIS THEME?

Left unchecked, the globalization of information will widen the information gap between developed and developing countries. It will further distance elites from the general population and limit traditional social and economic development efforts. Many developing countries are beginning to recognize that they can apply information and communication technologies (ICTs) to counter this trend and to take advantage of the new forms of social organization and economic activity that the transformation to an information society will bring. IDRC supports information and communication systems, networks, products, technologies, and applications that enable its Southern partners to be informed, active participants in their own development.

RESEARCH FOCUS

- Help in problem solving, in decision-making, and in obtaining and transferring knowledge through the judicious use of appropriate information and communication technologies.
- Meet the information and communication needs of grassroots communities.
- Use information and communication technologies to promote equity in development.

History

- 1970s IDRC supports libraries and documentation centres.
- 1980s Shift in emphasis to information and communication technologies in support of research networks.
- 1990s Greater emphasis on regional and global activities including computerized networking of IDRC's research partners, North and South



CLOSING THE KNOWLEDGE GAP

The Issue

- New information and communication technologies (ICTs) can widen the gap between rich and poor, limit the role of developing countries in the world economy, and threaten world stability.
- Many isolated Third World researchers and development practitioners can not get vital data or participate as equals in research networks.
- Fortunately, access to, and application of, ICTs can also close the rich-poor gap, link isolated researchers with colleagues far away, and help create solutions.

When the Imaginary is All Too Real

Imagine a world in which a head of state waits days for information that a Canadian grade-school student can get in seconds. Or one in which a resident of a remote African village can receive relevant news daily via the Internet instead of having to wait weeks for the local post office to deliver letters and newspapers.

Far from being make-believe, both scenarios are an emerging reality in the developing world. The paradox of the information age is that information and communication technologies (ICTs) present both dangers and opportunities. While part of humanity cruises the information superhighway, many remain isolated, equipped only with yesterday's technology and a limited means of access. But a number of IDRC projects show how the widening information gap between North and South, rich and poor, can be bridged with the help of the very technologies that have created it.

This is being demonstrated in Mongolia, a pilot site for IDRC's Pan Asia Networking (PAN) program. The PAN program is funding communications infrastructure and research projects in developing countries across Asia. This infrastructure will allow individuals, development institutions, and other organizations to share information among themselves and with the rest of the world. It also promotes the development of content-based subnetworks in line with the Centre's research priorities.

At first glance, Mongolia may seem an odd choice as a venue to test a new program. Deteriorating or nonexistent infrastructure, a tightly controlled media, and a one-party political system have isolated the country from much of the world. But as Mongolia makes the difficult transition to a market economy, its need for information resources and for renewed links with neighbouring countries will increase. PAN planners also had an opportunity to study some of the technical challenges they were likely to

encounter in other countries in the region. Another reason for choosing Mongolia was that IDRC's local partner in that country, Datacom, had the expertise to tackle the demanding technical challenges needed to create a local Internet service provider.

Already, policymakers in all sectors have greater access to the data they need to make more informed decisions. Surenguin Badral, foreign policy adviser to the Prime Minister of Mongolia, says the Internet helps the government in "communicating with the country people and getting information from remote places."

In reviewing the PAN program, Britain's *The Geographical Magazine* states: "For a country whose economy is still recovering from the collapse of the Soviet Union, and whose basic utilities (including power and telephones) are severely run-down, the fact that Mongolia has any Internet infrastructure at all is impressive.... In fact, its success is now being used as a model for other developing countries in Asia."

Replicating Success

Following the Mongolia model, PAN is breaking the isolation facing researchers, policymakers, and business and community leaders in other Asian countries. In these countries, IDRC uses its experience in computer networking to help establish an Internet service. Training local staff then fills the knowledge gap needed to keep the system running. As it did in Mongolia, IDRC works in partnerships with local groups from the private, public, and nongovernmental sectors so that they may serve as "hosts" for the national networks.

Some hosts are documentation centres or other groups formerly supported by IDRC. In Bangladesh, the role is being played by Grameen, the world-famous grassroots bank with 14 000 workers and 2 million borrowers in 35 500 villages. Among the services supported under the PAN program is a "telecottage," where persons without computers can go to obtain the network services. The technology and the material will be tailored to meet the needs of Grameen's clients, many of whom have had little or no formal education. Grameen is also helping to meet one of PAN's objectives: gender equity. Women, 95% of Grameen's borrowers, will be prominent among PAN users in Bangladesh.

Laos has also benefitted from the PAN program. In mid-1996, international e-mail and Internet services were launched. Those benefiting included agricultural researchers, local journalists, a travel agency, computer resellers, and a husband-and-wife legal team consulting on international legal issues.



Fees and user charges, project consultancies, and funding from other agencies will help ensure a long and healthy life for PAN. Canadian researchers and NGOs with an interest in Asia will in the future have easier access to information on that region. Canadian businesses will find it easier to sell to their Asian counterparts as information flow becomes easier.

After its successful start in Asia, the PAN program is now moving into other regions of the world. Visit the PAN website at <http://www.PanAsia.org.sg/>.

An Early Start for IDRC

PAN is the latest in a long series of information and communication initiatives IDRC has supported since its inception. The Centre's creators were among the first to recognize what later became commonplace knowledge: whereas poverty in the past meant lack of access to capital, in the late 20th century it means a shortage in the means of communication, in the access to information, and in the acquisition of knowledge. The act that established IDRC provides for it to "establish, maintain, and operate information and data centres and facilities for research and other activities." IDRC began by creating libraries and documentation centres where none existed. As technologies developed, these were computerized. Geographic information systems, global positioning systems, multimedia, and satellite technology have since been added to the Centre's information work. IDRC played the lead role in supporting networking activities in many developing countries long before e-mail was even being used in Canada.



A 21st Century Vision

While the global information revolution can widen the gap between North and South in previously unimagined ways, many in the South are creating a different vision. Theirs is a vision of how that revolution can transform their lives, hasten the development process, and equip them for life in the era of economic globalization. The information and communication sector, they recognize, is one in which, despite poor infrastructure, small but innovative groups can move directly into the information technology of the 21st century.

This is happening in communities from Kenya to Sierra Leone and from southern to northern Africa because of many local initiatives and now as a result of "Acacia," a new and ambitious 5- to 25-year program developed by IDRC.

Even before Acacia, Africans were using ICTs in novel, entrepreneurial ways. In the Sierra Leone capital of Freetown, its peace disrupted by factional strife in neighbouring countries, a group of youth manage an e-mail server. This server supports both local and international traffic and gives

Sierra Leone a window to the information age. Clients include an emergency relief NGO, a maternity clinic, an X-ray clinic, and a family physician. The youth group, all of whose members are now employed, also established a small organization to help with similar networks in Sierra Leone's agricultural community.

In Tanzania, the monthly telecommunications bill of a small import-export company dropped from \$500 to \$45 through use of the Internet. Craftspeople in Niger, a farming cooperative in Kenya and ecotourism resorts in South Africa are all using the Internet to reach international markets. A service called Students On-Line enables over 6 000 correspondence-course students from all over Africa to use e-mail and the World Wide Web to obtain advice and reading materials from their tutors at the University of South Africa. Over 40 000 students use the service to obtain their results after a recent examination.

HealthNet, an IDRC-funded, satellite-based communications program, has helped scientists at the Navrongo Health Research Centre in northern Ghana reduce child deaths. Navrongo has become a first-rate research centre despite being located in an area with poor electrical and telecommunications facilities. Navrongo is an example of technological leapfrogging in which traditional technologies like telephone systems are bypassed to meet local needs for information resources. This is a cost-effective and efficient alternative. In Kenya, according to Dr Fred Bukachi, who runs HealthNet in that country, at least two lives were saved because HealthNet enabled local doctors to obtain help from colleagues in Britain and the United States.

IDRC is also experimenting with low-cost telecentres to meet the information needs of poor city dwellers in Colombia and indigenous communities in Ecuador. Another major IDRC initiative will link the Centre's research partners worldwide. This project will help all IDRC program initiatives to meet their objectives with the use of the latest technologies. These could range from e-mail to computer conferencing on the World Wide Web.

Efforts to put ICTs at the disposal of poor countries and communities are challenging. But they are a natural continuation of IDRC's experience of using information in support of research and development and in working toward empowerment through knowledge.



Strategies and Policies
for Healthy Societies



Themes: Strategies and Policies For Healthy Societies

WHY THIS THEME?

Despite remarkable improvements in human development, the basic needs of millions of women, men, and children for health, education, social integration and security are still not met. Strategies for preventing disease and meeting human potential, and policies for providing affordable and effective social programs, are urgently needed. IDRC is committed to helping the South build “healthy societies” that meet peoples’ basic needs.

RESEARCH FOCUS

- The development and testing of measures to prevent disease at the household level.
- The process of public policy-making for societies in which the roles of the state, the private sector, and NGOs are changing.
- Social reconstruction that builds on the success and learns from the failures in countries emerging from civil war or social upheaval.

History

- 1970– Focus on contraceptive technology. Research on nutrition part
- 1982 of agriculture, food, nutrition, and health sciences programs.
- 1983– Research organized around sectors including maternal and child
- 1985 health, tropical and infectious diseases, water and sanitation, and occupational and environmental health.
- 1986– Shift to more integrated approach with three programs: health
- 1989 and the environment, health and the community, and health systems research.
- 1990 Emphasis on link between health and environment.
- 1990 World Summit for Children.
- 1992 Micronutrient Initiative (MI) formally established.
- 1996 New “healthy societies” theme established.



LEADING THE BATTLE TO END “HIDDEN HUNGER”

The Issue

- Micronutrients — vitamins and minerals — are essential to human health and development.
- Deficiencies of vitamin A, iodine, and iron affect a third of Earth's inhabitants.
- Every day, 300 mothers die in childbirth because of too little iron, 4 000 children die from too little vitamin A, and 50 000 infants are born mentally disabled because their mothers had too little iodine.
- Solutions are available, feasible, and affordable.
- World leaders have pledged to end this micronutrient malnutrition by the year 2000.

A Dime Can Do It

Pennies per person per month, that's all it takes to end micronutrient malnutrition. A dime puts enough iodine into salt or iron into flour to meet the dietary needs of one person for a whole year. When solutions to these deficiencies are so available, affordable, and feasible, why do billions of people continue to suffer?

Unlike gnawing hunger, micronutrient malnutrition is invisible. There are few outward signs even among those affected. Years of persistent research and strong advocacy were needed to bring the enormous social and economic costs of this hidden hunger to the attention of global leaders and health and development specialists.

As early as 1980, an IDRC-funded study in Zaire confirmed that cassava, a food staple for 300 million people worldwide, can accelerate goitre in populations with a low or deficient iodine intake. Projects in Argentina, Ethiopia, Ghana, and other developing countries shed light on the role of iron and vitamin A in disease and death, especially among women and children.

Canada played a lead role in transforming scientific evidence into political action. It co-chaired the 1990 World Summit for Children. A year later, it hosted the Ending the Hidden Hunger conference in Montreal. Canada was first to allocate “new money” — \$5 million — toward eliminating micronutrient malnutrition. In 1992, this momentum led to the birth of the Micronutrient Initiative (MI) as the organization to lead the global effort.

MI's architects chose IDRC as the headquarters for MI's international secretariat. The Centre, in addition to its history of support for

micronutrient-related research, had the contacts among the scientific, nongovernmental, political, and donor communities to lead a concerted international effort. They would help MI tailor solutions to the particular circumstances of each developing region and country. The support of IDRC's scientific, administrative, information systems, and legal staff would allow MI to focus on its goals of ending iodine-deficiency disorders, eliminating vitamin A deficiency, and cutting iron-deficiency anemia in women by one-third of the 1990 levels — all by the year 2000!

The MI Approach

MI has developed an approach that targets both the household and policy levels. It combines research with advocacy and cooperative effort. It relies on four strategies that research shows to be effective and affordable.

Dietary improvements

Millions of African villagers with too little iron, vitamin A, and zinc in their diet can benefit from strategies for dietary improvement based on food practices. An MI-supported project in Malawi is developing ways to increase the amount of iron and zinc obtainable from local grains by soaking, germinating, and fermenting them. The project will especially benefit communities with no access to processed foods and little likelihood of obtaining fortified ones (except iodized salt) for several years.

Fortification of food staples

A recent *Globe and Mail* article, "Iodine Deficiency all but Beaten," notes that, in many countries, 60–80% of the salt used for cooking now has iodine. The United Nation's Children's Fund (UNICEF) says that since 1990 some 1.5 billion people have begun to consume iodized salt for the first time, protecting some 12 million infants yearly from mental retardation.

Efforts to reduce the widespread effects of iron deficiency are proving more difficult. However, MI-supported initiatives are helping several countries in Latin America and the Middle East fortify their flour with iron. With the support of MI and IDRC, University of Toronto scientists have successfully fortified salt with both iron and iodine, overcoming a hurdle that has baffled scientists for over 20 years. Ghanaian researchers are testing the efficacy of the new salt. The next step will be its application in other countries of Africa, Asia, and Latin America.

MI also promotes private-sector involvement in food fortification. Forums and regional meetings with industry and public-sector representatives have raised awareness and a recognition of the value and importance of fortified foods. MI is following up on discussions with hundreds of chief executive officers and other senior food industry managers in Africa, Asia, Latin America, and the Middle East. Governments on all continents are looking seriously at fortification of staple and processed foods as the mainstay for delivering micronutrients to large numbers of people.



Supplementation

But across-the-board fortification of foods is not enough to meet the needs of vulnerable groups such as infants and pregnant women. Their requirements for additional iron and vitamin A, in particular, can best be met through the use of supplements. Already, high-dose vitamin A capsules are having a measurable impact in preventing vitamin A deficiencies in the South. Through MI funding to the World Health Organization (WHO), children in at least 10 countries will receive vitamin A supplements together with their vaccinations. Mothers will receive one dose immediately after delivery.

MI also supported a WHO experts meeting that recommended ways in which women can safely use vitamin A supplements during and after pregnancy. MI is also supporting the formulation of more effective delivery schemes for iron supplements.

Public health measures

Public health measures can control situations, such as parasitic infections, that often contribute to micronutrient deficiencies. The results of a study in Ethiopia indicate that efforts to reduce iron deficiency must also focus on malaria control. Trials funded by a consortium of donors, including IDRC, have found an effective way to prevent the malaria-carrying *Anopheles* mosquito from biting its would-be victims. Simple bednets dipped in a nontoxic pesticide may help save the lives of 500 000 children who die each year of the direct or indirect influence of malaria.



At the Centre of a Global Effort

MI is at the centre of this global effort to eliminate micronutrient malnutrition. Although barely 5 years old, it was rated second, after UNICEF, among 27 institutions in a survey, by leading nutritionist James Levinson of Tufts University, of agencies working in the health and nutrition sector.

Governments in the South look to MI for help to make fortification the law of the land. Industry leaders rate highly MI's nonpartisan role in developing technical guidelines and norms for the production of fortified foods. Health professionals and NGOs engaged in public health education use MI funds and information for their programs.

International bodies call upon MI to help plan, support, and implement micronutrient activities. Through its global vitamin initiative, MI has provided UNICEF with support for programs in 20 Asian, African, and Latin American countries. The World Bank has publicly pledged its continued support to MI "as a catalyst of greater action in the affected countries, among donors and by the food industry."

At the request of the Bank and the Indian government, MI is helping to prepare a plan for India. The project is part of a major South Asia micronutrients initiative designed to help Bangladesh, India, Nepal, and Pakistan to end hidden hunger. Over a billion people could benefit.

By bringing these different players around the table, MI is building the critical mass needed to ensure that public opinion, strong policy instruments, and sound economic incentives support their various efforts. A broad-based consensus that cuts across social and economic strata is vital if programs to eliminate micronutrient deficiencies are to continue over the long term. Transforming this vision into reality means that ordinary people must be involved. MI's mission will have neared its end when people are able and ready to consume adequate quantities of healthful foods, including those fortified with nutrients not adequately provided in their current diet.

In the final analysis, MI's true goal is to be so successful that it will no longer be needed. Each victory brings this goal one step closer.



Sustainable Employment



Themes : Sustainable Employment

WHY THIS THEME?

The creation of gainful and sustainable sources of employment for a young and fast-growing population is the critical challenge for most developing countries. As their economic structure changes, this means that millions of nonagricultural jobs must be created in a climate of trade liberalization, global competition, and rapid technological change. Job creation must be reconciled with environmental protection, improved working conditions and the participation of disadvantaged groups.

RESEARCH FOCUS

- The policy environment for job growth in the late 1990s and options open to developing-country governments in trade policy, macroeconomic management, and labour-market policies.
- Opportunities and challenges facing small and medium-sized enterprises (SMEs), particularly strategies to promote innovation and improved environmental management.
- The employment opportunities — positive and negative — of technological change, especially information and communication technologies and biotechnology.

History

- 1973 IDRC begins support for social science research bodies in Africa.
- 1983 First IDRC project on macroeconomic policy.
- 1989 Creation of an industrial policy network in Francophone Africa.
- 1989 Support for a network on structural adjustment and the agrarian crisis in Africa.
- 1990 Small grants program of research on the impact of social and economic liberalization in Nigeria.
- 1991 First of several initiatives in support of economic policy research in South Africa.
- 1992 Launching of projects on regional integration in eastern, southern, and western Africa.
- 1993 Support for an interuniversity graduate program in economics in Francophone Africa.
- 1994 Funding to the Council for Development of Economic and Social Research in Africa (CODESRIA) to develop an African perspective on structural adjustment.
- 1996 Approval in principle for the creation of a Secretariat for Institutional Support for Economic Research in Africa (SISERA).



RECOVERING ECONOMIC SELF-CONFIDENCE IN AFRICA

The Issue

- African economists, even African governments, tend to be left out of structural adjustment programs imposed by the World Bank and the International Monetary Fund (IMF).
- This affects local support for the programs and reduces their effectiveness.
- Africa needs more economists with research experience to take control of its destiny and to restart the growth process.

“Regardless of who created the crisis, we are responsible for the solution.” That’s the message from Professor Thandika Mkandawire, a leading African economist, to the peoples and governments of his continent.

However, African professionals and government played a relatively minor roles in devising the structural adjustment policies imposed by the World Bank and the International Monetary Fund (IMF). Few African economists, if any, could match the time and resources that World Bank and IMF counterparts devoted to research and policy-making in a single country.

Local economists were marginalized from the structural adjustment process, suffering from lack of access to information more readily available to visiting World Bank economists. Mkandawire sees the lack of regard for African economists reflected in World Bank documents on Africa that almost never cite African writers.

With support from IDRC, Mkandawire hopes this will change. He is one of 30 leading African economists who have developed an African perspective on adjustment policies. The 30 or so papers they have prepared address the issue from many sides: agriculture, trade policy, currency devaluation, the environment, governmental legitimacy, and poverty reduction. The researchers and their three financial backers — IDRC, the Dutch government, and the Swedish International Development Agency (SIDA) — plan to circulate the results widely. They hope the results will launch a serious partnership between African intellectuals and agencies like the World Bank and the IMF.

Interestingly, there is much about which the 30 Africans and their World Bank or IMF colleagues can agree. Both sides believe that certain fundamental aspects of African economies must be set right, painful as this process might be. However, there are disagreements about the World Bank’s simplistic insistence on market forces as the solution to Africa’s problems.

Disagreements aside, Professor Mkandawire believes there is a much more important lesson to be learned from the project. "What this IDRC project suggests," he says, "is that the capacity exists in Africa. What is needed is to mobilize it. The main issue is how you use the capacity you've built."

Mkandawire looks forward to the publication of the papers as an opportunity to "showcase" African economists. He hopes African governments will be persuaded that many African economists are as competent as, or more so than, the experts who have come to Africa as "doctors" armed with strong medicine. "Africans," he says, "must get back in the driver's seat."

He hopes also to convince "some donors like Canada, the Scandinavians, and others" that the African perspective is based on sound scientific work. He expects the World Bank to conclude that some of his colleagues' findings are in line with recent changes in the Bank's own thinking. Mkandawire and his colleagues note the Bank's shift to a "developmentalist" approach.

IDRC's Track Record

IDRC has long appreciated the importance of African capacity in economics. In 1973, 3 years after its own establishment, it became a founding donor of the Council for Development of Economic and Social Research in Africa (CODESRIA), which coordinated the "African perspectives" project.

In 1983, IDRC began a concerted effort to develop the region's economic research capacity. This led to the establishment of the African Economic Research Consortium (AERC). AERC is now a multidonor consortium and the premier African research body in the economics field. It has worked closely with CODESRIA on the African perspectives project. CODESRIA runs a smaller but similar program of support for Francophone researchers.

Over the years, IDRC has provided support for several other networks and projects bearing on structural adjustment issues. These and similar initiatives have sought to strengthen economic research capacity throughout Africa.

Over time, there has developed a growing network of individuals and research centres on the continent. Projects like the one on African perspectives on structural adjustment tap into a uniquely African pool of knowledge developed with support from IDRC and other donors working in partnership.

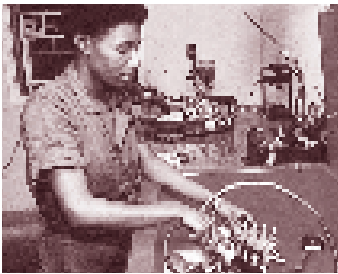
In future, IDRC will seek a balance between capacity utilization and further capacity building. In pursuit of capacity building, IDRC has proposed the creation of a Secretariat for Institutional Support for Economic



Research in Africa, or SISERA. SISERA will support the efforts of Africa's research centres and universities to provide research opportunities for economics students, professors, and practitioners.

The Centre's sustainable employment theme will build on achievements to date by concentrating on three broad-based initiatives. One, focusing on trade, employment, and competitiveness, will help developing countries to participate more effectively in the global economy. A second initiative will help countries develop policies to achieve economic growth and efficiency while softening the impact on vulnerable groups. The third will help increase the efficiency and effectiveness of small, medium, and micro enterprises, upon which developing countries depend for most of the jobs created off the farm.

By supporting the efforts of these countries to gain control over their economic future, IDRC is helping to put developing countries in "the driver's seat."





Program Complements

Program Complements

WHY “PROGRAM COMPLEMENTS”?

Activities undertaken by IDRC under its six themes are supported by eight program complements. These program complements include

- Corporate Communications, which shares the results of Centre-supported research among IDRC’s key target audiences;
- Evaluation, through which the Centre learns “what works” in development research;
- Gender and Sustainable Development, which requires that all research funded by IDRC must account for the differential impact that change will have on the lives of men and women;
- Program Support, which builds on IDRC’s reputation as a leader in research for development and its history of solid administrative support to make the Centre home to more than 10 international secretariats;
- Research and Information Management Services, providing Canadians, researchers in the developing world, and IDRC staff with access to the most up-to-date sources of information on research for development;
- Revenue Diversification, using IDRC’s extensive experience in the developing world and its sound expertise in the science-for-development field to generate revenue and supplement its Parliamentary grant; and
- Training and Awards, helping to meet the need for a critical mass of experienced, trained Southern researchers and providing Canadians with the broader perspectives required to deal effectively with global development issues.

FOCUS

The Centre’s Canadian Partnerships program provides an example of how program complements support the achievement of the Centre’s overall objectives. Through this program, IDRC builds strategic alliances with Canada’s scientific, academic, and development communities. By linking its national partners with its networks of Southern collaborators, IDRC also increases the opportunities for Canadians to contribute to, and benefit from, international research.

CANADIAN PARTNERSHIPS

The Issue

- Many problems once considered peculiar to the South are showing up in parts of the industrialized countries. The First World has its own Third World.
- Solutions found in the South can also benefit the North, and resources from the North can help the South accelerate the search for answers.
- Research and development groups in Canada need to cooperate with and learn from counterparts in poorer parts of the "global village."

Problems without Borders

In the global village in which we live, problems of poverty, crime, health, and environmental degradation know no borders. For example, the problem of street gangs and homeless youth, prevalent in the South, also afflicts Canada and other industrialized countries. Fortunately, solutions developed in one country often prove helpful in another part of the globe.

IDRC helps to make this link by working closely with a wide variety of Canadian groups interested in global issues. In the area of research for development, Canadians can give as well as receive. In fact, the IDRC Act requires the Centre to "enlist the talents of natural and social scientists and technologists in Canada and other countries" and to "foster cooperation in research on development problems between the developed and developing regions for their mutual benefit."

A few IDRC program divisions started involving Canadian researchers in their work almost from the beginning, and a formal Cooperative Program was created in 1980, when IDRC was 10 years old. By then, the scientific research base the Centre was helping to develop in the South needed the benefit of more systematic exchanges with Canadian scientists.

The Cooperative Program helped scientists familiarize themselves with each other's circumstances and approaches. With the recognition that little research could be done in isolation, however, a special Cooperative Program was no longer necessary. Now the whole focus of IDRC's operation is multidisciplinary, multicultural, and global. Both sides have benefited — Canadian researchers from an opening to new research challenges, their partners in the South from exposure to the most recent knowledge, techniques, and resources of the North.



For example, IDRC's Young Canadian Researchers Award, established in 1982, gave some Canadian researchers their first contact with the developing world. Some got research opportunities they might not have enjoyed at home. In 1991, awardee David Rowbotham added to his knowledge and academic credentials by meeting some of the leading hydrologists working in the Himalayan region. Other young researchers were able to publish papers or make presentations at international conferences as a result of work done under the program.

Involving the Youth

The Canadian Partnerships Program now allows researchers and organizations in Canada to pursue common objectives with counterparts in the South. The program focuses on seeking solutions to common problems. This approach differs from that often seen in earlier decades when the North seemed to think it had little to learn from the South.

The program emphasizes involvement of Canadian youth in ways that benefit both Canada and countries of the South. Early in 1996, when the Grand Chief of the First Nations in Manitoba spoke about the need to deal with the street gang problems among First Nations youth, IDRC had just approved a project designed to do exactly that.

This project allows Medicine Fire, a group of young First Nations researchers and community activists in Manitoba, to study institutions used by their forefathers to heal social wounds or to provide communal protection. According to Larry Morrisette, principal researcher and project coordinator, the peacekeeping role of the ancient bear clans is being studied, adapted, and adopted to deal with current problems such as street gangs, drugs, alcohol, and violence.



"What IDRC support does," says Morrisette, "is to allow young people to act as NGOs within our community." Medicine Fire, he says, has worked with a core group of about 50 people, but thousands are expected to benefit eventually from the research. The project has already had a positive impact on hundreds of school children, both native and non-native. The former group is being helped, for example, to increase self-esteem. Both groups learn to deal with the issue of racism.

The Medicine Fire project is part of a network that includes indigenous communities in Mexico and India. This network began in 1991, with funding from the International Institute for Sustainable Development (IISD), as the "Listen and Learn" experiment, which aimed to develop a deeper understanding of, and appreciation for, the indigenous approach to sustainable development. In Mexico, the counterpart research group, also supported by IDRC, is developing and implementing a leadership-support program on sustainable development for indigenous youth. "They seem to think we have something to offer them," Morrisette says modestly, speaking of the other network members. "To be honest, I believe they have more to offer us."

Doing Much with Little

Making this kind of difference often does not require lots of money. Activities funded under the Centre's Corporate Citizenship Grants program vary from \$1 000 for a student conference in Ottawa on the theme "Youth Making a Difference" to an \$8 000 contribution to the salary of a young worker recruited under the Federal Government's Youth Internship Program. This program, undertaken in collaboration with the Canadian Environmental Network, provided hands-on work experience to a student who, in exchange, brought the Centre her enthusiasm, ideas, and wide network of contacts in the youth movement. These small sums help increase the number of Canadian organizations and institutions working to produce knowledge for empowerment.

A somewhat larger project is helping a coalition of NGOs and labour organizations to increase awareness about labour conditions, including child labour, in Central America, Mexico, and South Korea. The project is expected to show how Canadians' buying decisions can unintentionally support harsh labour practices abroad.

Apart from backing individual projects, the Centre supports research-related activities of several of the umbrella groups that bring together the major players in the Canadian development community. These include the Association of Universities and Colleges of Canada (AUCC), the Canadian Council for International Cooperation (CCIC), the Canadian Association for the Study of International Development (CASID), and the Canadian Council of Area Studies Learned Societies (CCASLS).

All these activities add to the number of Canadians who have direct experience on the problems and issues addressed by the Centre's programs. They get to know about the Centre through involvement in projects rather than through public relations efforts. And they appreciate the value of working together to solve research problems in the interest of developed and developing countries alike.



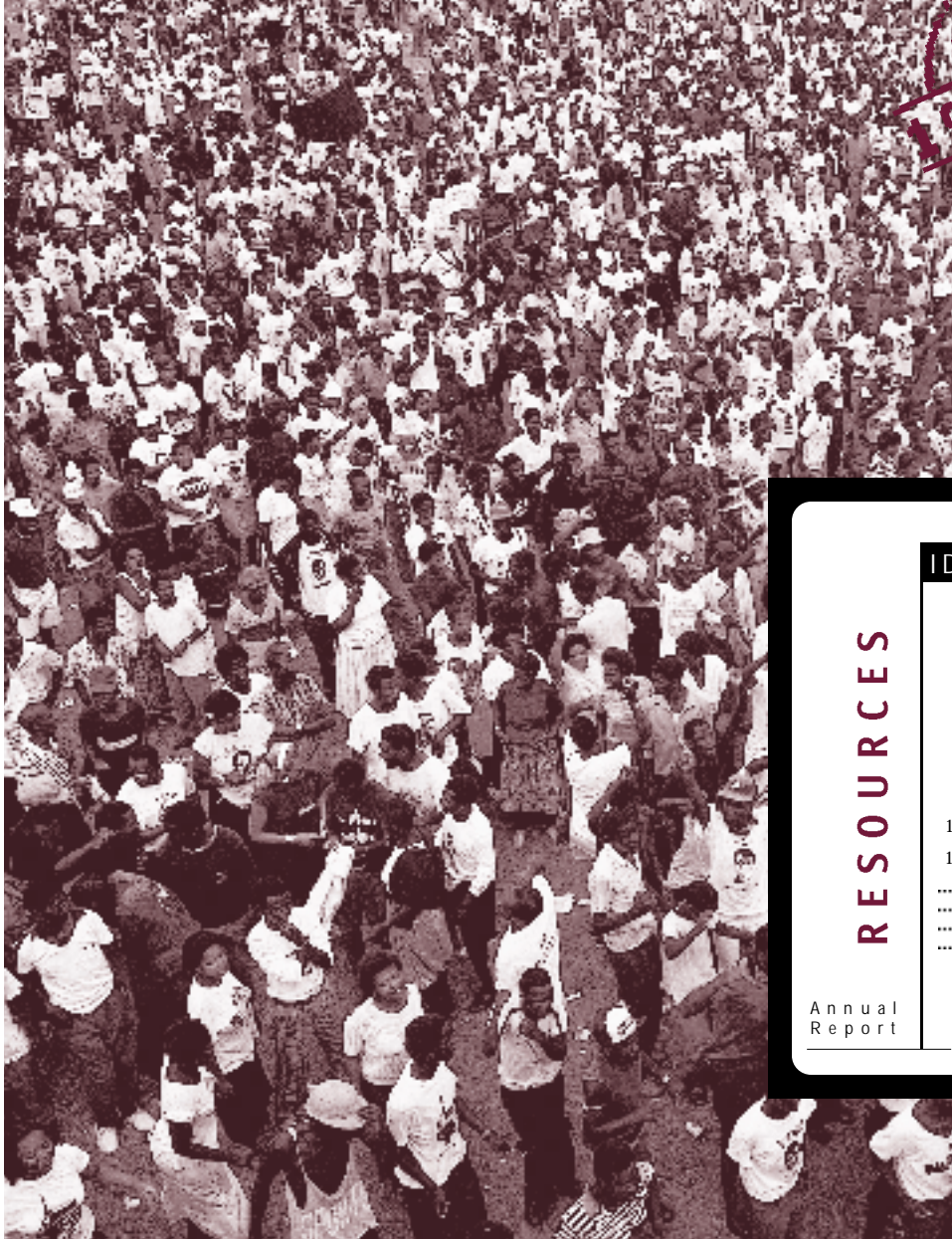
Influence through Partnership

This collaboration is critical because of the global nature of research and the need for Canadians to broaden their experience of international development. An IDRC grant is helping 26 Canadian undergraduates obtain this kind of experience by spending a semester studying for credit at African and Asian universities. This project, managed by the World University Service of Canada (WUSC), coincides with the internationalization strategies of Canadian universities.

Another project is helping Canadian universities produce a new crop of scholars interested in international development. Called "New Generation of Development Scholars and Practitioners," it started in 1993 with a survey of undergraduate development courses in Canada. That survey, which made a number of recommendations, was followed by a "Summer Institute" for instructors and coordinators of development studies. The Centre will be supporting a Summer Institute at the University of Guelph for staff and 3rd-year students. This project has also enabled universities to use the Internet to improve development studies in Canada.

These projects, and the work of the Canadian Partnerships Program in general, emphasize attributes advocated in the recent report, *Connecting with the World*, produced by the International Development Research and Policy Task Force, chaired by Maurice Strong. The report suggests ways in which Canada can maintain its global importance even though it is sure to lose its position on the world economic ladder. The report calls for a focus on knowledge sharing, youth, public support for Canadian internationalism, and the replacement of paternalism, charity, and North-South concepts with true global partnership. The thinking reflected in the report is expected to influence the Centre's work among Canadian groups even more in the years ahead.





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RESOURCES

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Senior Officials of IDRC

The true measure of an organization's calibre is the people it attracts. Few organizations can claim the breadth of experience and diversity of human resources as found within IDRC. The Centre is led by an international Board of Governors comprising 12 eminent Canadians and 8 experts from other countries.

IDRC's staff also reflects the communities the Centre serves. They come from more than 50 countries, speak more than 60 languages, and have earned hundreds of university degrees, diplomas, and certificates. Together, the staff and governors of IDRC are proud products of the North and the South.

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

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Joined IDRC, from Canadair Ltd, in 1971 as Comptroller, became
Vice-President, Resources, in 1983 and Chief Financial Officer in 1995

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Development expert and former Director General at the Canadian
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FINANCIAL
REPORT

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1996/97 In Brief

- The Parliamentary grant for 1996/97 was \$96.1 million, the same as that received in 1995/96. The Centre faces a sizable reduction in its Parliamentary funding for 1997/98, when the grant will be reduced to \$88.1 million. Should a proportionate decrease in the official development assistance (ODA) envelope be passed on to IDRC, the grant could be reduced by a further \$7.2 million in 1998/99, bringing the reference level down to \$80.9 million. Since 1993/94, the Centre has faced cumulative reductions of more than \$34 million, or 29.6% in nominal terms.
- The Centre has significantly reduced its cost of operations compared with the 1994/95 base year. The 1997/98 budget is 17.9% lower than that of 1994/95. Efforts to identify other opportunities for savings and efficiencies will continue.
- Resource expansion remains an important priority for IDRC. In 1996/97, the Centre focused its efforts on cofunding arrangements with other donors. Revenue derived from the management of cofunding activities increased by 34.7% from the amount reported in 1995/96.
- Cofunding appropriations, at \$19.1 million, are down significantly from the \$37.2 million reported in 1995/96. However, the previous year included contributions in excess of \$15 million for the Micronutrient Initiative.
- In 1996/97, the Centre amended its policy on the amortization of capital assets. In addition, obsolete computer equipment was written down to its current market value. These changes added \$1.2 million to operational costs.

INTRODUCTION

During fiscal year 1996/97, IDRC implemented an expense-reduction program to address the Parliamentary grant reductions announced by the federal government for the next two fiscal years. The Centre's objectives were to achieve a \$7.2 million reduction, from the 1994/95 base year, in its costs of operations by 1997/98 and to make IDRC a more efficient and effective instrument to support multidisciplinary development research. Savings in the Centre's cost of operations has permitted more resources to be diverted to development-research activities.

In 1996/97, the Centre's Parliamentary grant was \$96.1 million, the same level as received in 1995/96. The Centre faces a reduction in next year's Parliamentary funding of 8.3% from the 1996/97 level to \$88.1 million. Should the Centre's grant be reduced again for 1998/99 in the same proportion as the budgeted decrease in the official development assistance (ODA) envelope, the grant would drop to \$80.9 million. These changes would represent a combined reduction of \$15.2 million, or 15.8%, from the 1996/97 level. Since 1993/94, the Parliamentary grant would have been reduced, in real terms, by close to \$39 million.

The constant financial pressure on the Centre's main source of funding has prompted management to continue its pursuit of the following three priority areas:

- Expanding the resources available through partnership with other donors;
- Concentrating programing efforts in fewer subject areas; and
- Maximizing operational effectiveness.

In 1991, the IDRC Board of Governors approved the Centre's mission, Empowerment through Knowledge. This document outlined the Centre's intention to seek diversified sources of financing. Since that time, the Centre has experimented with a wide array of possibilities, from contract research to fundraising. Following a review of this experience and some exploratory studies, IDRC has decided to concentrate its future efforts on cofunding arrangements with other donors. This effort is aimed at improving donor coordination and increasing the total volume of resources devoted to specific activities.

As the Centre has evolved, it has moved from an organization that defines its programs in disciplinary and sectoral terms to one that allocates its program resources to specific program initiatives implemented by multidisciplinary teams. Along with its technical expertise, one reason that other agencies have confidence in IDRC as an executing agency and manager of their funds is the high quality of financial and administrative support. The Centre will continue to take maximum advantage of new technologies and will examine ways to streamline administrative procedures, while ensuring that the highest standards of service are maintained and that fiduciary responsibilities are fully discharged.

REVENUE

Revenues totaled \$121.1 million, representing a slight decrease of \$0.6 million from the previous year's total of \$121.7 million (Table 1). Revenues consisted of the Parliamentary grant of \$96.1 million, a supplementary Parliamentary grant of \$1.4 million, cofunding revenue of \$20.5 million, and interest and other income of \$3.1 million.

Table 1 Revenue (\$000) for 1996/97 and 1995/96	1996/97			1995/96	% change (actual)
	Revised budget	Actual	Variance from budget (%)	Actual	
Total revenue	\$123 840	\$121 115	(2.3%)	\$121 659	(0.6%)
Grant from Parliament of Canada					
Regular	96 100	96 100	0.0%	96 100	0.0%
Supplementary	—	1 427	0.0%	7 281	(80.4%)
Contract research projects	24 890	20 512	(17.6%)	15 224	34.7%
Investment income	2 050	2 046	(0.2%)	2 562	(20.1%)
Other income	800	1 030	28.8%	492	109.3%

The Centre's 1997/98 Parliamentary grant of \$88.1 million is down by \$8.0 million, or 8.3%, from the \$96.1 million of 1996/97. A further reduction of \$7.2 million could occur in 1998/99, bringing the grant down to \$80.9 million. This level is less than the amount received in 1984/85. Figure 1 depicts the downward trend of Parliamentary funding (in constant dollars) over the last 5 years.

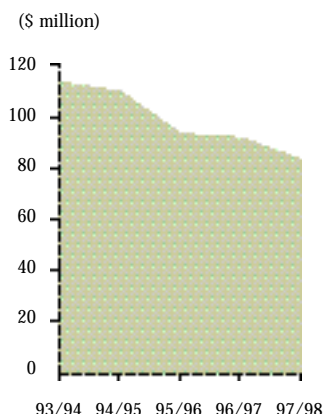


Figure 1

Parliamentary grant (constant dollars):
1993/94 to 1997/98

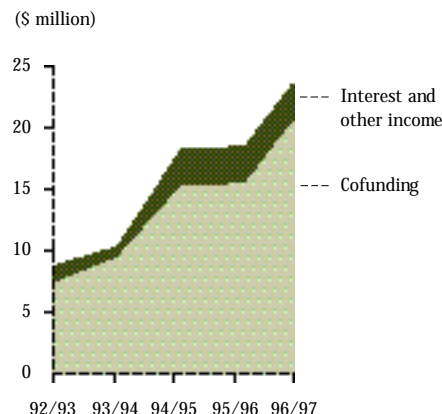


Figure 2

Revenue from non-Parliamentary sources:
1992/93 to 1996/97

Cofunding revenues represent the value of research activities managed on behalf of other donor agencies. For 1996/97, the \$20.5 million reported is 34.7% higher than the amount reported in 1995/96. This increase can be attributed to the growth in cofunding activities administered by the Centre. Revenues are expected to reach \$22.4 million in 1997/98. Figure 2 shows the Centre's success in its revenue-diversification efforts.

Interest income amounted to \$2.0 million, a decrease of \$0.6 million from the amount reported in 1995/96. This reduction is primarily due to the decline in the average yields earned on investments as a result of a falling short-term interest rates. Other income, which includes the sale of IDRC publications and software, advisory services, and other miscellaneous items, increased significantly to \$1.0 million, doubling the amount earned in 1995/96. The growth in advisory services is the major reason for this increase. For 1997/98, interest and other income is projected to reach \$3.1 million.

EXPENDITURES

Expenditures in 1996/97 were in line with the revised budget. The Centre's total expenditures of \$119.0 million were slightly lower than the \$119.9 million reported in 1995/96 (Table 2), which included restructuring costs of \$5.5 million. Development-research expenditures increased from the 1995/96 level by \$7.1 million, primarily because of the growth in cofunding activities. The change in policy for a mortization as well as a write down of obsolete computer equipment added \$1.2 million to the operating costs of the Centre for 1996/97, offsetting significant operational savings.

Table 2

Expenditures (\$000) for
1996/97 and 1995/96

	1996/97			1995/96	
	Revised budget	Actual	Variance from budget (%)	Actual	% change (actual)
Total expenditures	\$122 110	\$119 033	(2.8%)	\$119 858	(1.0%)
Development-research activities	85 598	83 686	(2.2%)	76 561	8.8%
Research-related activities	14 506	14 676	1.2%	15 817	(7.2%)
Research operational support	10 327	9 938	(3.8%)	9 740	(2.0%)
General management	12 475	12 400	(0.6%)	13 563	(8.6%)
Cost recoveries	(1 900)	(1 667)	(12.3%)	(1 323)	26.0%
Transition costs	1 000	—	(100.0%)	5 500	—
Special operational fund	104	—	—	—	—

The Centre recovers its indirect administrative expenses on its cofunding activities by charging a fixed percentage on expenditures incurred. This year, overhead costs recovered totaled \$1.7 million. The comparative figure for 1995/96 was \$1.3 million. The cost of the transition will reach \$5.5 million and will be fully recovered by savings in less than 2 years.

Table 3 displays the relative share of program and operating expenditures by major line item for the last 5 years. The program to operations ratio improved in 1996/97 because of the growth in cofunding activities, the increase in program expenditures, and the decrease in operational expenditures.

Table 3

Actual program and operating
expenditures (\$000): 1992/93
to 1996/97 (restated)

	1996/97	1995/96	1994/95	1993/94	1992/93
Program	88 379	81 530	93 989	91 950	87 893
% of total	74.2	71.3	72.9	72.2	70.9
Operational	30 654	32 828	34 865	35 346	36 011
% of total	25.8	28.7	27.1	27.8	29.1
Salaries and benefits	19 549	21 607	22 654	22 519	22 969
Relocation	200	85	337	372	553
Professional and special services	1 655	1 112	1 246	1 389	1 415
Accommodation and depreciation	6 024	5 770	5 620	5 814	5 761
Travel	2 344	2 349	2 786	2 894	2 832
Communications	867	1 252	1 271	1 237	1 220
Other	1 682	1 976	2 127	2 083	2 163
Cost recovery	(1 667)	(1 323)	(1 176)	(962)	(902)
Total program and operational expenditures	\$119 033	\$114 358	\$128 854	\$127 296	\$123 904

NOTE: The operational expenditures exclude the transition costs incurred in 1995/96.

Development-research Activities

Development-research activities reflect the direct costs of all scientific and technical research projects financed by IDRC. These activities represent the main focus of the Centre's mandate. This category of expenditures includes program activities that are identified, developed, and managed by developing-country researchers; projects that are supported by the Centre; and international research networks and cofunding projects that IDRC manages on behalf of other donor agencies.

For the year ending 31 March 1997, expenditures for this category totaled \$83.7 million, or 70.3% of total expenditures. This is up substantially from the \$76.6 million reported last fiscal year. For 1997/98, the Centre plans to disburse \$83.9 million for development-research activities.

Research-related Activities

The bulk of research-related expenditure is for technical support. This category also includes activities related to the dissemination of information, the application of the research results, and the maintenance of a specialized development-research library, which services both the Canadian development community and IDRC staff.

Technical support expenditures represent the cost of program personnel, whose role is to assist in the development of new projects, monitor ongoing research projects, and provide technical support to recipients. Technical support expenditures totaled close to \$10.0 million, representing a reduction of \$0.9 million, or 8.0%, from the amount reported in 1995/96. For the upcoming fiscal year, technical support expenditures of \$8.9 million are planned, \$1.1 million less than in 1996/97.

Research Operational Support

Regional offices

The Centre's regional offices play an important role in enhancing the effectiveness of the support IDRC provides to research activities in developing countries. IDRC's field presence provides an extra edge to its special knowledge and awareness of developing-world research and development conditions. The main overseas offices are situated in Egypt, India, Kenya, Senegal, Singapore, South Africa, and Uruguay. For this fiscal year, the aggregate cost of operating these offices was \$6.0 million, a slight increase of \$0.1 million from the amount reported in 1995/96. In 1997/98, the cost of the regional offices is expected to drop to \$5.2 million, a reduction of 13.8% from the amount reported this fiscal year.

Branch management

In 1996/97, the cost of management personnel, whose role is to provide support and guidance to the Centre's program of work, totaled \$3.9 million, up slightly from the \$3.8 million reported in 1995/96. In 1997/98, \$3.6 million is budgeted for branch management expenditures.

General Management

To support its overall operations and corporate responsibilities, the Centre requires a wide variety of policy, executive, administrative, and service functions. These functions are discharged by the Board of Governors, the President's Office, and the Resources Branch.

General management expenditures totaled \$12.4 million, representing a decrease of \$1.2 million from the 1995/96 level. In 1997/98, general management expenditures of \$11.4 million are planned, representing a further decrease of \$1.0 million.

Human Resources

For the year ending 31 March 1997, the Centre had a total 266 Ottawa-hired and 91 regional office hired staff, against revised budgets of 287 and 96, respectively. The corresponding values for 1995/96 are 320 and 103. The budget for 1997/98 includes provision for 257 Ottawa-hired and 83 regional office hired staff. Table 4 displays the staffing levels for the period under review, including comparative figures for 1995/96.

Table 4 Staffing levels for 1996/97 and 1995/96	1996/97		1995/96
	Revised budget	Actual	Actual
Total head office hired staff	287	266	320
Technical support			
Head office	43	39	46
Overseas	23	24	29
Within-Centre activities	44	37	52
Regional office management	10	10	11
Branch management	34	33	45
General management	133	123	137
Regional office hired staff	96	91	103
Total IDRC staff	383	357	423
Total vacant positions		26	47
Secondments		3	1
Project staff		52	47

APPROPRIATIONS

IDRC appropriations totaled \$120.2 million for 1996/97 (Table 5). This represents a decrease of \$14.6 million, or 10.8%, from 1995/96, when the total reported was \$134.8 million. This decrease is mainly attributed to a reduction in cofunding appropriations. The 1995/96 appropriations also included a \$5.5 million provision for transition costs. For 1997/98, an appropriation level of \$115.9 million is planned.

Table 5

Appropriations (\$000) for
1996/97 and 1995/96

	1996/97			1995/96	
	Revised budget	Actual	Variance from budget (%)	Actual	% change (actual)
Total appropriations	\$123 273	\$120 218	(2.5%)	\$134 809	(10.8%)
Regular program	67 603	68 784	1.7%	57 866	18.9%
Cofunding	22 000	19 113	(13.1%)	37 292	(48.7%)
Operational*	32 670	32 321	(1.1%)	34 151	(5.4%)
Transition costs	1 000	—	(100.0%)	5 500	(100.0%)

*Excluding cost recovery.

Regular program activities of \$68.8 million exceeded the revised budget by \$1.2 million. The comparative 1995/96 figure was \$57.9 million. In 1997/98, an appropriation level of \$70.0 million has been set. Cofunding activities at \$19.1 million fell slightly below the target of \$22.0 million and significantly below the amount recorded in 1995/96. For next year, a level of \$15.0 million has been established. Operational appropriations were also slightly below budget by \$0.3 million. For 1997/98, an appropriation level of \$30.9 million is planned for operations.

Figure 3 depicts the allocation of program appropriations for 1996/97 by geographic region. Figure 4 displays the program appropriations according to the research themes of CPF I.

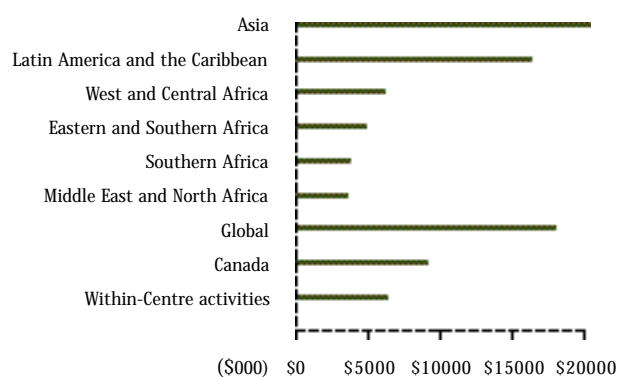


Figure 3
Program appropriations by region for 1996/97

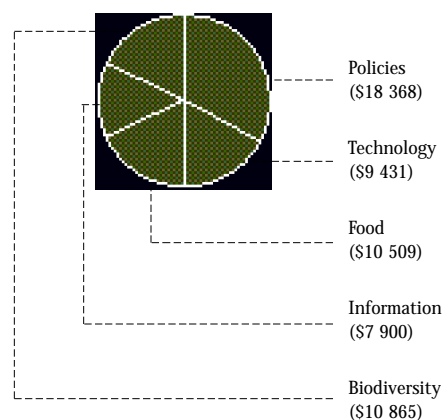
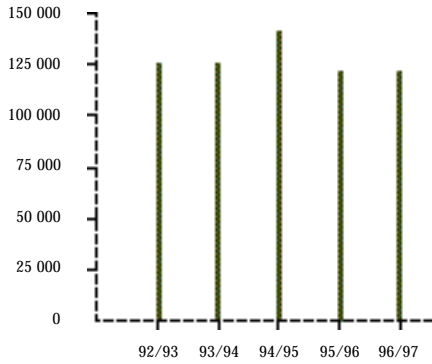


Figure 4
Program appropriations (\$000) by CPF I research theme for 1996/97

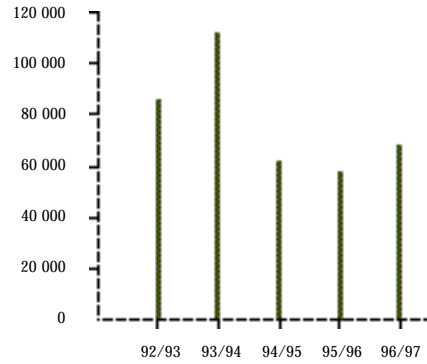
FINANCIAL INDICATORS AND TRENDS

(\$000)



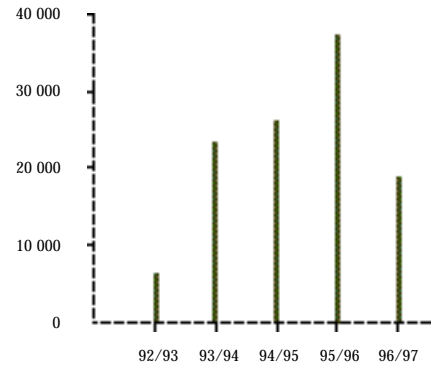
Revenue

(\$000)



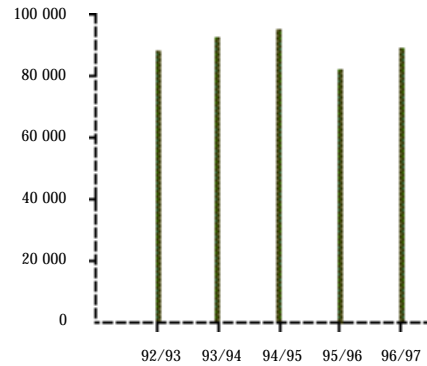
Regular program appropriations

(\$000)



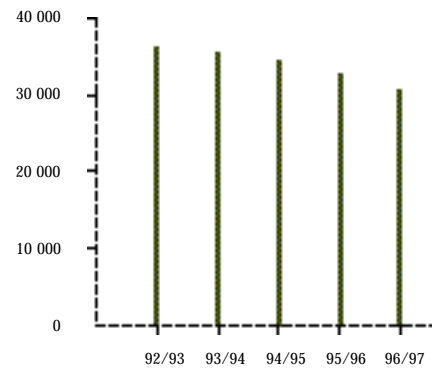
Cofunding appropriations

(\$000)



Program expenditures

(\$000)



Operational expenditures (including cost recovery)

FINANCIAL POSITION

Assets

Total assets of \$53.3 million reflect an increase of \$7.0 million from last year. Current assets increased by \$7.8 million; capital and other assets decreased by \$0.8 million.

Within the current assets, cash and investments are \$3.3 million lower than in 1995/96. Accounts receivable are up by \$11.0 million because of cofunding activities approved late in the fiscal year. Capital assets are lower by \$0.8 million and were affected by changes to the estimated useful life of certain assets as well as a write down of computer hardware to its current market value.

Liabilities

Total liabilities are \$4.9 million higher than the level reported last year. Current liabilities show an increase of \$11.0 million under the deferred revenue category and reflect the change in the accounting treatment for the Supplementary Parliamentary appropriation (grant) received in 1993/94 to underwrite a health-support package in Africa. In the past, the balance of the Supplementary Parliamentary appropriation (grant) was shown as restricted equity. Restructuring liabilities are down to \$1.5 million from the \$4.0 million reported last year.

Equity

The equity level stands at \$9.2 million. During the year, the Centre changed its accounting treatment of the Supplementary Parliamentary appropriation (grant) received for specific projects. In the past, the balance of the Supplementary Parliamentary appropriation (grant) was shown as restricted equity.

Capital Expenditures

Capital investments totaled \$1.8 million against a revised budget of \$2.0 million. To keep pace with the rapid changes in computer technology, the Centre's fleet of microcomputers was replaced during the later part of 1996/97. A provision of \$1.0 million is included for capital purchases in the 1997/98 budget. Table 6 reflects IDRC's capital investments for the years 1996/97 and 1995/96.

Table 6 Capital expenditures (\$000) for 1996/97 and 1995/96	1996/97			1995/96	
	Revised budget	Actual	Variance from budget (%)	Actual	% change (actual)
Total capital expenditures	\$1 964	\$1 787	(9.0%)	\$728	145.5%
Computer hardware	1 583	1 515	(4.3%)	595	154.6%
Vehicles	207	125	(39.6%)	0	0.0%
Furniture and equipment	25	46	84.0%	44	4.5%
Leasehold improvements	95	73	(23.2%)	13	461.5%
Telephone system	54	28	(48.1%)	76	(63.2%)

FIVE-YEAR REVIEW

- 1992/93: At the United Nations Conference on Environment and Development (the “Earth Summit”) in Rio de Janeiro, the Prime Minister announced that IDRC would become an Agenda 21 organization and that Canada would continue to contribute \$115.0 million a year to the Centre’s work on sustainable development. The Centre also opened a small regional office in Johannesburg, South Africa, to deliver and support its research program in that country.
- 1993/94: IDRC received a supplementary grant of \$27.0 million, with \$12.0 million earmarked for the Micronutrient Initiative and the balance to underwrite a health-support package in Africa.
- 1994/95: As a result of the Centre’s concerted effort to secure strategic partnerships, cofunding revenue increased by \$6.3 million, or 63%, from the 1993/94 level. The IDRC Services unit was created to serve as a focal point for issues related to revenue diversification.
- 1995/96: IDRC’s Parliamentary grant was reduced by 14.2%, with notice to expect further cuts in 1998/99. The Centre continues to concentrate its efforts on revenue generation and diversification, narrowing program focus, and reducing its cost of operations.
- 1996/97: IDRC continued its cost-reduction program. From the 1994/95 base, the Centre has reduced its cost of operations by \$4.9 million and cut 97 head and regional office staff.

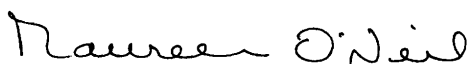
RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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



Maureen O'Neil
President



Raymond J. Audet
Vice-President, Resources,
and Chief Financial Officer

Ottawa, Canada
6 June 1997



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

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

I have audited the balance sheet of the International Development Research Centre as at March 31, 1997 and the statements of operations, equity and changes in financial position for the year then ended. These financial statements are the responsibility of the Centre's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 6, 1997

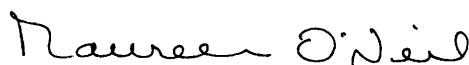
BALANCE SHEET

as at 31 March 1997 (\$000)

	1997	1996
	-----	-----
ASSETS		(Restated)
Current		Note 3
Cash and investments (Note 4)		
Unrestricted	13 229	11 310
Restricted	20 153	25 421
Accounts receivable (Note 5)	14 535	3 483
Prepaid expenses	1 377	1 298
	<hr/>	<hr/>
	49 294	41 512
Other assets		
Capital assets (Note 6)	3 631	4 427
Recoverable deposits	161	166
Endowment funds (Note 7)	202	208
	<hr/>	<hr/>
Total assets	53 288	46 313
LIABILITIES		
Current		
Deferred revenue (Note 8)	24 356	13 389
Accounts payable and accrued liabilities (Notes 5 and 9)	7 271	6 541
Restructuring liability (Note 10)	1 550	4 024
	<hr/>	<hr/>
	33 177	23 954
Other liabilities		
Deferred revenue (Note 8)	7 774	12 032
Accrued employee separation benefits	2 575	2 635
Deferred rent — head office	388	394
Endowment funds (Note 7)	202	208
	<hr/>	<hr/>
Total liabilities	44 116	39 223
EQUITY	9 172	7 090
	<hr/>	<hr/>
Total liabilities and equity	53 288	46 313
	<hr/>	<hr/>

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

Approved:



President


Vice President, Resources,
and Chief Financial Officer

STATEMENT OF OPERATIONS
for the year ended 31 March 1997 (\$000)

	1997	1996
	-----	-----
		(Restated) Note 3
REVENUE		
Parliamentary appropriation (grant)	96 100	96 100
Supplementary Parliamentary appropriation (grant) (Note 3)	1 427	7 281
Cofunding (Note 11)	20 512	15 224
Investment income	2 046	2 562
Other income	1 030	492
Total revenue	121 115	121 659
EXPENSES		
Development-research activities	83 686	76 561
Research-related activities		
Technical support	9 983	10 848
Information dissemination and library	4 693	4 969
	14 676	15 817
Research operational support		
Regional offices	6 026	5 930
Branch management	3 912	3 810
	9 938	9 740
Total research and related expenses	108 300	102 118
General management expenses	12 400	13 563
Overhead recovered on cofunding activities (Note 11)	(1 667)	(1 323)
Total expenses	119 033	114 358
Excess of revenue over expenses before restructuring costs	2 082	7 301
Restructuring costs (Note 10)	0	5 500
SURPLUS FOR THE YEAR	2 082	1 801

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

STATEMENT OF EQUITY
for the year ended 31 March 1997 (\$000)

	1997 -----	1996 ----- (Restated) Note 3
Unrestricted balance at the beginning of the year	7 090	5 298
Surplus for the year	2 082	1 801
Balance at the end of the year	9 172	7 090
Restricted balance at the beginning of the year	13 459	20 740
Prior years' adjustment (Note 3)	(13 459)	(20 740)
Restated balance	0	0
Total equity	9 172	7 090

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

STATEMENT OF CHANGES IN FINANCIAL POSITION
for the year ended 31 March 1997 (\$000)

	1997 -----	1996 -----
		(Restated) Note 3
Operating activities		
Cash provided by operations		
Surplus for the year	2 082	1 801
Items not affecting cash		
Amortization/write down of capital assets	2 517	1 298
Provision for employee separation benefits	341	206
Amortization of deferred rent	(6)	30
	4 934	3 335
Changes in non-cash operating assets and liabilities	(6 563)	(1 218)
Cash (used in) provided by operating activities	(1 629)	2 117
Investing activities		
Additions to capital assets net of disposals	(1 720)	(676)
Cash used for investing activities	(1 720)	(676)
(Decrease) increase in cash	(3 349)	1 441
Cash and investments at the beginning of the year	36 731	35 290
Cash and investments at the end of the year	33 382	36 731

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

Notes to Financial Statements

31 March 1997 (\$000)

1. AUTHORITY AND OBJECTIVE

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

Recognition of Revenue

The annual Parliamentary appropriation (grant) is recorded as revenue during the fiscal year for which it is approved. Parliamentary appropriations for specific projects and funds received or receivable in respect of cofunding are deferred and recognized as revenue when the related project expenses are incurred. All other revenues are recorded on the accrual basis of accounting.

Depreciation

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

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

Investments

Investments are recorded at the lower of cost or market value.

Foreign-currency Translation

Foreign-currency transactions are translated into Canadian dollars by the use of either an average exchange rate that closely approximates the rate in effect at the transaction date or the actual rate in effect at the transaction date. Monetary assets and liabilities in foreign currency are adjusted to reflect the rate of exchange in effect at year-end. Exchange gains and losses are included in operations for the current year.

Accrued Employee Separation Benefits

Employees are entitled to specified termination benefits, calculated at salary levels in effect at the time of separation as provided for by conditions of employment. The liability for these benefits is recorded as the benefits accrue to employees.

Deferred Rent

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

Pension Costs

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from the employees and the Centre. These contributions represent the total liability of the Centre and are recognized in the accounts on a current basis. The Centre is not required under current legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

3. CHANGE IN ACCOUNTING POLICY

During the year, the Centre applied a retroactive change in its accounting policy regarding Parliamentary appropriations (grants) received for specific projects. Previously, such funding was recorded as income during the year for which it was approved. To better report on the Centre's activities, such funding is now deferred and recognized as revenue when the related expenses are incurred.

In March 1994, the Centre received such a Supplementary Parliamentary appropriation (grant) of \$27 million. Pursuant to a Treasury Board decision, these funds were restricted for a health-support package in Africa (\$15 million) and for the Micronutrient Initiative (\$12 million). The \$27 million amount was recorded as income in the year ended 31 March 1994, and the unused portion of this funding was previously shown as restricted equity.

As a result of this change in accounting policy, the financial statements have been restated as follows (\$000):

The restricted equity at the beginning of the year ended 31 March 1997 (\$13 459) and the year ended 31 March 1996 (\$20 740) have been recorded as deferred revenue. Revenues (Supplementary Parliamentary grant) have increased by \$1 427 and \$7 281, respectively, for the years ended 31 March 1997 and 1996. The excess of revenue over expenses for these two years has increased by these same amounts.

4. CASH AND INVESTMENTS (\$000)

	1997	1996
	-----	-----
Cash	(3 516)	(52)
Investments		
Canadian chartered banks	20 844	16 112
Commercial companies	13 897	11 453
Foreign-owned banks	2 157	—
Federal and provincial governments	—	7 241
Trust and mortgage companies	—	1 977
	<hr/>	<hr/>
	33 382	36 731

The Centre is authorized to invest in interest-bearing securities of the above-noted entities. These funds are invested in short-term money market instruments. The investment vehicles consist primarily of banker's acceptances, term deposits receipts, and short-term notes. All instruments must have a credit rating of R-1 or better, as provided by the Dominion Bond Rating Service. Investments are diversified by limiting holdings in commercial paper and trust and mortgage companies to 40% of the total portfolio. These holdings are further limited to \$5.0 million per institution.

As at 31 March 1997, the average yield of the portfolio was 3.12% and the average term to maturity was 77 days. The fair market value of the investment portfolio as at 31 March 1997 approximates the net book value.

Of the total cash and investment balance, \$20 153 (1996, \$25 421) is restricted for specific research activities as follows:

	1997	1996
	-----	-----
Health support — Africa	12 032	13 459
Cofunding activities	8 121	11 962
	<hr/>	<hr/>
	20 153	25 421

5. ACCOUNTS RECEIVABLE AND PAYABLE

Accounts receivable and accounts payable are incurred in the normal course of business. All are due on demand and are noninterest bearing. The carrying amounts of each approximate fair values because of their short maturity. A significant portion (84%) of accounts receivable is due from CIDA and does not present a significant credit risk.

6. CAPITAL ASSETS (\$000)

	Cost		Accumulated amortization		Net book value	
	1997	1996	1997	1996	1997	1996
Computer equipment	6 968	6 008	4 793	3 487	2 175	2 521
Office furniture and equipment	1 475	1486	1 235	998	240	488
Vehicles	866	916	681	583	185	333
Telephone system	995	966	849	787	146	179
Leasehold improvements	1 793	1 720	908	814	885	906
	12 097	11 096	8 466	6 669	3 631	4 427

Amortization for the year ended 31 March 1997 is \$2 517 (1996, \$1 295). This year's amortization includes an amount of \$763, which is attributed to an adjustment in the estimated useful life and change of the amortization method used for certain asset categories. This constitutes a revision of estimates and, accordingly, was recorded prospectively. Also included in this year's amortization is a write down of \$562 of obsolete computer equipment.

7. ENDOWMENT FUNDS (\$000)

In 1987, the estate of the late John Bene established a fund to provide a postgraduate fellowship in the field of social forestry. The Centre is also administering \$43 in other endowment funds such as the Governor's Fund and the AIDS Fund.

	1997 -----	1996 -----
Balance at the beginning of the year	208	202
Interest income	8	13
Expenses	(14)	(7)
Balance at the end of the year	202	208
John Bene	159	158
Other	43	50
Total endowment funds	202	208

8. DEFERRED REVENUE (\$000)

Deferred revenue includes the unspent portion of funds received or receivable on cofunding activities as well as the portion of the Supplementary Parliamentary appropriation (grant) received in March 1994, which has not yet been used as at 31 March 1997. Details of these balances are as follows:

	1997 -----	1996 -----
Current liabilities		
Cofunding activities	20 098	11 962
Supplementary Parliamentary appropriation (grant)		
Health support — Africa	4 258	1 427
	24 356	13 389
Other liabilities		
Supplementary Parliamentary appropriation (grant)		
Health support — Africa	7 774	12 032
Total	32 130	25 421

Of the total deferred cofunding revenues, an amount of \$3 517 (1996, \$6 826) was received from CIDA, and an amount of \$12 147 is receivable from this organization at year end.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (\$000)

	1997	1996
	-----	-----
Trade payables	2 416	1 486
Accrued liabilities — projects	2 016	2 156
Accrued annual and other leave benefits	1 814	1 617
Other	1 025	1 282
	<hr/>	<hr/>
	7 271	6 541

10. RESTRUCTURING COSTS

During the year ended 31 March 1996, the Board of Governors approved a restructuring of the Centre's programs and operations at its head office and regional offices. The total cost of this downsizing exercise, which included severance packages paid to employees under the special compensation and assistance program and other related costs, was estimated at \$5.5 million. As at 31 March 1997, an amount of \$1.5 million (1996, \$4 million) remains outstanding. A total of \$2.5 million (1996, \$1.5 million) was paid during the year.

11. COFUNDING REVENUE (\$000)

Cofunding relates specifically to research conducted or managed by the Centre on behalf of other organizations. This research is funded by CIDA, other federal government entities, and other agencies. A breakdown of cofunding revenue is provided below:

	1997	1996
	-----	-----
CIDA	11 053	8 238
Other federal government entities	3 347	1 606
Other agencies	6 112	5 380
	<hr/>	<hr/>
	20 512	15 224

The Centre recovers overhead on cofunding activities. This amounted to \$1 667 (1996, \$1 323) of which \$735 (1996, \$763) was recovered from CIDA.

12. Operating Lease Commitments (\$000)

The Centre has entered into various lease arrangements for staff accommodation in various countries and for office premises and equipment in Canada and abroad. The Centre's lease agreement for its premises at its head office commenced in 1995 and will expire in 2007. The total minimum annual payments under various lease arrangements will be:

1997/98	4 704
1998/99	4 671
1999/00	4 472
2000/01	4 319
2001/02	4 370
2002-2007	28 358
	<hr/>
	50 894

13. CONTRACTUAL COMMITMENTS — PROJECT GRANTS AND PROJECT DEVELOPMENT

The Centre is committed to make payments up to \$133 million during the next four years subject to funds being provided by Parliament or external partners and subject to compliance by recipients with the terms of project agreements. The Centre has also submitted formal grant offers to prospective recipients totaling \$1.9 million and is awaiting acceptance of these offers.

14. RELATED PARTY TRANSACTIONS

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

15. CONTINGENCY

A claim of approximately \$820 thousand relating to a leased property in India remains outstanding at the end of the year. Management, based on advice of legal counsel, is of the opinion that it is not possible to determine the amount of the liability, if any, that may result from settlement of this claim.

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

16. COMPARATIVE FIGURES

Certain 1996 comparative amounts have been reclassified to conform to the financial statement presentation adopted in 1997.