



I . D . R . C



INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

Annual Report 1995.96

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I. Title

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OUR MISSION

Empowerment Through Knowledge

Research provides the means for acquiring appropriate knowledge. The capacity to conduct research, therefore, is a necessary condition for empowerment. IDRC is dedicated to creating and enhancing research capacity in developing regions in response to needs that are determined by the people of those regions.

OUR APPROACH

Embracing Four Simple Premises

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

Research Highlights

LATIN AMERICA AND THE CARIBBEAN

A legume developed to feed cattle in Peru is now feeding poultry, fish, and pigs on farms across southern China. Through IDRC's many networks and connections within the global scientific and development community, research breakthroughs made in one country are often used in other parts of the globe (🌐 p. 24).



The Secretary-General of the United Nations has described a consortium of institutions established with IDRC support as a model for others to follow. The goal shared by the dozens of Northern and Southern institutions that make up the group is sustainable development in the Andes (🌐 p. 25).

A living laboratory has been established to preserve tropical biodiversity. IDRC is playing a major role in the million-acre Iwokrama program, an effort to learn how to preserve rain forests while taking advantage of their resources (🌐 p. 36).

Canadians and Latin Americans stand to benefit from an IDRC-sponsored network that links biotechnology interests in both regions to help promote sustainable agricultural practices and sound environmental management (🌐 p. 28).

AFRICA AND THE MIDDLE EAST

In Zimbabwe, IDRC's CAMPFIRE (Communal Areas Management Programme for Indigenous Resources) project may serve as the model for sustainable, community-based resource management throughout southern Africa (🌐 p. 20).



A key to the development process is timely and accurate information. Top African experts are preparing an action plan to reduce Africa's information gap and accelerate local development (👁️ p. 37).

In the arid Middle East, water is a precious resource — every drop from every source counts. With the help of Canadian scientists and their Middle Eastern counterparts, Jordan is expected to make better use of the water it harvests freely as rainfall (👁️ p. 33).

As many as 500 000 more African children may live, thanks to a simple technology that effectively prevents malaria. An added bonus: the technology is also environmentally benign (👁️ p. 28).

A S I A

Poverty-driven degradation is destroying the biodiversity of the Earth's coastal ecosystems. The Coastal Resources Research Network offers alternatives to the environmental decline taking place along the coastlines of the world and offers hope to the more than 3 billion people who call these regions home (👁️ p. 20).



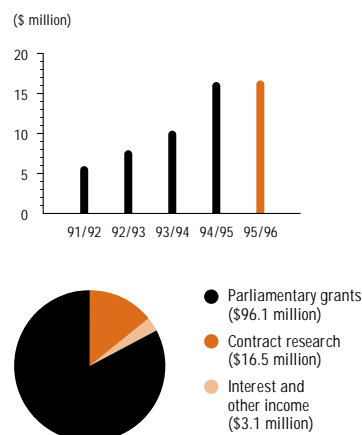
The loss of biodiversity on the farms of the developing world may be the Achilles heel of the global food supply. Combining the expertise of plant breeders and Southern farmers offers hope that this most basic of human needs can be safeguarded (👁️ p. 20).

A silk purse from a sow's ear? India has a valuable new resource, thanks to a Canadian scientist who developed a process that recycles sewage and industrial waste into a soil conditioner (👁️ p. 28).

After decades of civil strife, Cambodia is rebuilding its shattered nation. IDRC is helping the Cambodian people develop the skills, institutions, and contacts they need to undertake an environmentally sustainable reconstruction themselves (👁️ p. 32).

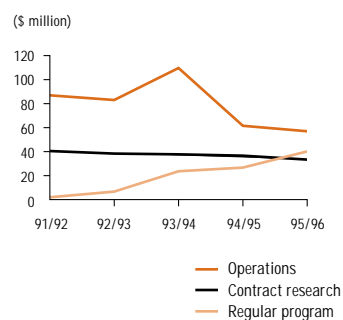
Financial Highlights

The Centre continued its efforts in 1995/96 to strengthen its program focus, increase its resource base, and lower its cost of program delivery without sacrificing quality. Various cost-saving measures and structural changes to the organization initiated in 1995/96 have brought the projected cost of program delivery for 1996/97 and 1997/98 down to levels not thought achievable a few years ago.



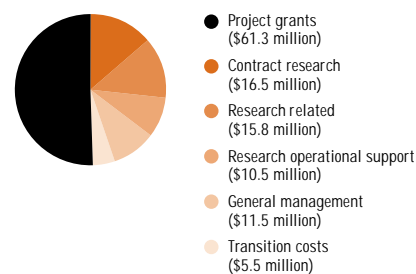
REVENUE GENERATION

The Centre was successful in maintaining a high level of research support despite its declining Parliamentary grant. Some \$16.5 million was received during the year from other donors to finance research activities administered by the Centre. This is a slight increase from the \$16.3 million raised in 1994/95. The Centre's five-year record in revenue generation and sources of revenue for 1995/96 are displayed in the bar graph and pie chart, respectively.



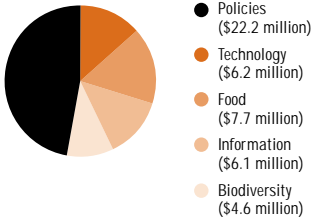
APPROPRIATIONS

Comparing the level of regular program activities approved and the level of contract research agreements signed over five years shows the increased contribution made by the contract-research form of partnership in financing the Centre's program budget. The graph also shows a steady reduction, despite inflation, of resources allocated to research operational support and general management expenses.



EXPENDITURES

Program expenditures were lower than expected because of the much slower rate of concluding contractual arrangements for new activities during the first part of the fiscal year. The pie chart presents a breakdown of total expenditures for 1995/96.



RESEARCH APPROPRIATIONS BY PROGRAM

In its five program themes — 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 \$46.8 million in development research.

DISTRIBUTION OF RESEARCH IN THE SOUTH

The geographical distribution of IDRC's program appropriations is shown below. Of the three major regions of the developing world, Africa received the bulk of the Centre's support.



A c c o u n t i n g f o r t h e P a s t , L o o k i n g t o t h e F u t u r e

On 26 October 1995, a little more than halfway through the financial year under review, IDRC marked its first quarter century of existence. A measure of celebration was in the air, and understandably so. For 25 years, IDRC — through the work of its Board of Governors, staff, and research associates — had embodied the concept of science in the service of international development. IDRC had become a global leader in addressing development problems through research and in supporting the building of research and development (R&D) capacity in Asia, Latin America, and Africa.

IDRC has already embarked on the challenge of applying new information and communication technologies to link up what may be the world's most exceptional R&D pool. This is a cost-effective, efficient way to share knowledge globally. Completing this task over the next few years will likely do more for development than any other available approach. And linking such a network to Canada will give this country one of the strongest comparative advantages possible. This advantage could be particularly valuable to Canadians in the coming century, when some 90 percent of the world's population will reside in countries currently classified as "developing." No wonder Maurice Strong, the former Secretary-General of the United Nations Conference on Environment and Development (the 1992 "Earth Summit" in Rio de Janeiro), declared on the occasion of the Centre's 25th anniversary celebrations that "Canada cannot afford to lose IDRC."

Despite IDRC's contributions to Canada and the world, the celebratory mood was tempered by a recognition that the future is full of challenges. Today, the climate for development cooperation is not very encouraging. In recent years, almost all industrial countries, including Canada, have reduced funds for international development. It is even possible that the World Bank may not be able to continue offering credit on easy terms to countries facing special difficulties. The post-War commitment to public funding of public goods seems to have weakened considerably.

IDRC has been taking major steps to confront the new realities. The 25th anniversary year saw some of the most radical changes so far. The Centre continues to respond to the great human needs and challenges that led to its establishment in the first place, but it has decreased its staff and management levels. The result? A system that is less bureaucratic, more flexible, and more action oriented.

Elsewhere in this report, we provide information on the nature and magnitude of the ongoing transition. Here, I wish only to draw attention to a few of the guiding parameters:

Reaffirming the IDRC philosophy that people in developing countries should be responsible for their own development;

Generating revenues and diversifying the Centre's financial base;

Reaffirming the Centre's mission — empowerment through knowledge, including the building of Third World research capacity;

Focusing research on a limited number of development problems;

Maintaining our regional presence in innovative ways that cost less; and

Significantly reducing operational costs.

The structural changes introduced in the year under review have necessarily led to delays in some specific activities. Nonetheless, 1995/96 was another year in which the Centre's projects and programs, both new and old, showed evidence of making a difference in the lives of many. This proves, once again, that time is a crucial element in the business of research for development.

This report seeks to reflect both the continued validity of our mission and the dynamism required by changing circumstances. One of IDRC's strengths is its commitment to transparency and accountability. Over the years, this has

earned the recognition of many individuals and organizations. For example, the Auditor General of Canada complimented IDRC on its commitment to accountability.

The last year witnessed two manifestations of this commitment. First, IDRC's new evaluation system, which was designed to produce objective information on the Centre's performance for staff, the Board, and Parliament, bore its first fruits. Second, our report for fiscal year 1994/95 won the Auditor General's Prize for Excellence in Annual Reporting. Our report was one of two chosen for this honour from the 48 presented to Parliament by Crown corporations.



IDRC's efforts to widen its revenue base increase its duty to provide accurate, complete, useful information that shows the reader how the Centre pursues its mission in today's political and economic environment. This is a reasonable standard for every IDRC annual report. We hope this report meets that standard.

A handwritten signature in blue ink, appearing to read "K. A. Bezanson".

KEITH A. BEZANSON

President

Where Science Meets Society

THE DIFFICULTY LIES NOT IN NEW IDEAS BUT IN ESCAPING FROM OLD ONES.

[John Maynard Keynes]

The men and women who created the International Development Research Centre in 1970 took only one thing for granted: that **science and technology (s&t) were essential for development**. This premise still rings true today. A quarter-century of history, however, has taught us several important lessons. As a species, humans have been extremely successful at developing new technologies. As a community, on the other hand, **humanity has not always dealt with the consequences of technological change as successfully**. In the developing world, technological fixes designed to help the South catch up with the industrialized North have often proven inadequate and, in extreme cases, disastrous. Since its inception, IDRC has recognized that **technical change takes place in a social context**. Ignoring its political, cultural, and institutional elements excludes large segments of society from the benefits technological improvements can provide. Indeed, this is the current state of affairs in many parts of the world, both North and South. **Increasingly, the Centre will target its programing efforts in ways that harmonize the benefits from science and technology and the needs of society.**

FOCUSING ON WHAT WORKS In 1995, IDRC celebrated its silver anniversary. As its experience grows, IDRC continues to sharpen its programing focus in those areas where it has proven expertise and where it is likely to make a difference. To define its scope of interest, the Centre has chosen five multidisciplinary themes: Biodiversity; Food Systems Under Stress; Information and Communication; Integrating Environmental, Social, and Economic Policies (INTESEP); and Technology, Society, and the Environment. These themes serve as filters for identifying the critical areas of research and development the Centre will support. Each is headed by a Chief Scientist, who provides intellectual leadership by encouraging scientific debate, strategic foresight, and decision-making for the theme. Chief Scientists also work closely with IDRC's Regional Directors to promote coherence and collaboration among themes. Each theme, however, presents its own unique challenges.

A GLOBAL CALL FOR ACTION Diversity is the hallmark of life on Earth. The known genetic variety present in nature already provides humans with an enormous range of services that are essential to civilization. Earth's undiscovered genetic resources are the bank from which future medicines and genes for improving food crops will be drawn. But human activity is destroying this natural capital at an alarming rate. Globally, the loss of **biodiversity** is a serious threat to human survival and will certainly limit future options for development. The signing of the Convention on Biological Diversity (CBD) at the 1992 Earth Summit was a call to action to halt the steady erosion of our genetic inheritance.

FOLLOWING CANADA'S LEAD As the first signatory to the CBD and the first industrialized nation to ratify it, Canada has taken the lead in conserving global biodiversity. IDRC has been an active participant in establishing a national biodiversity strategy and continues to help Canada meet its international obligations under the CBD. The Centre is also collaborating with the newly created International Secretariat for Biodiversity, which is located in Montréal and is headed by a former IDRC grantee, Callestous Juma.

Biodiversity ↔ **Food** ↔ **Technology** ↔ **Policies** ↔ **Information**

Early in the biodiversity debate, the Centre realized the futility of concentrating on strict preservation measures. Parks and nature preserves are generally too few and too small to maintain the diversity of large ecosystems. And lines drawn on a map can do little to protect a tropical forest if the communities that once made their living from its resources are barred from the forest when it is included in a park. On the other hand, communities that derive economic benefit from resources they control locally are more likely to see the wisdom in sustainable resource-management practices. The challenge for researchers is to provide a better understanding of the forces that lead to a reduction in biodiversity and then support the development of local alternatives and countermeasures.

SAFEGUARDING THE GLOBAL FOOD SUPPLY In terms of food security, the loss of genetic diversity within species is a vital and immediate concern. The past few decades of globalization have seen a growing proportion of the world's population feeding from a common bowl in which only eight crops, led by wheat, maize, and rice, provide three quarters of our diet. Our hunter-gatherer ancestors once exploited hundreds of plants and dozen of animals, but we now draw 95 percent of our nutrition from just 30 crops. The genetic pool supporting these staples is extremely fragile.

To prevent this hidden loss of biodiversity, IDRC supports the efforts of international gene banks, plant breeders, and Southern farmers. Gene banks and plant breeders have proven to be efficient at using the tools of science to develop new crop varieties. For their part, farmers are far more effective at choosing varieties that suit local climatic and ecological conditions and thus ensure food security. The challenge is to bring the scientists and the farmers together to work cooperatively.

Southern farmers' fields, particularly those in fragile environments like the Andes, also contain most of the world's agricultural genetic diversity. These same ecosystems are home to the majority of the world's poor. Because of poverty, local communities are often forced to mortgage the long-term health of their environment to meet their short-term needs for food. In many areas, this has resulted in severe environmental degradation.

It is a bitter irony that those whose daily work safeguards much of the genetic material from which future food crops are likely to come face food insecurity themselves. Breaking the poverty cycle that causes much of their hunger is the goal of the Centre's **Food Systems Under Stress** theme.

Biodiversity ↔ **Food** ↔ Technology ↔ Policies ↔ Information

BREAKING THE POVERTY CYCLE In tackling the issues of food insecurity, poverty, and environmental degradation, IDRC is building on a long history of research support in agriculture, food, and nutrition sciences. To mobilize the world's development community and break the vicious cycle of poverty, the Centre has concentrated its interventions on critical hotspots, such as the highland and hillside ecosystems of the Andes and Himalayas, the arid and semi-arid areas common to Africa's Sahel region, and coastal zones the world over.

Food insecurity and the poverty it engenders within these ecosystems are the result of a complex interplay among climate, ecology, socioeconomic conditions, and political factors. To deal with this labyrinth of cause-and-effect relationships, IDRC has adopted a broad-based approach that focuses on the entire food system. The Centre supports research that examines the production, storage, processing, distribution, preparation, and consumption of food. Stakeholder consortia, such as the Consortium for Sustainable Andean Development (CONDESAN) in Latin America, will help fund both technological and policy interventions designed to identify feasible household- and community-based solutions. These same consortia will also promote innovative institutional and policy arrangements that can increase access to food and improve health and nutrition without further degrading the environment.

TECHNOLOGY AND ITS HUMAN FACE

Agriculture remains vital to the communities and governments of the South, and value-added processing of agricultural products is part of a growing industrial economy that is a key source of jobs and income throughout the developing world. However, although industrial activities offer the opportunity of employment for many of the developing world's poor, they are also an increasingly serious environmental concern. Through its **Technology, Society, and the Environment** theme, IDRC promotes the development and application of technologies that alleviate poverty and provide employment while reducing environmental degradation or improving resource management.

But IDRC's approach goes beyond the mere promotion and application of technologies to include the often-neglected institutional and policy framework needed to promote innovation and channel it toward sustainable, equitable development. In Latin America, for example, IDRC has launched CamBioTec, an international network dedicated to the promotion of biotechnology-based applications in the agri-food and environmental management fields. One of the network's goals is strengthening public policies in biotechnology by monitoring the local impacts of the technologies and conducting consensus-building exercises with other stakeholders.

Biodiversity ↔ Food ↔ Technology ↔ Policies ↔ Information

The Centre also supports the development of environmentally sound technologies for small and medium-sized enterprises (SMEs). These enterprises are expected to be the engine of future economic growth across much of the South. They need technologies that are relevant and effective, pollute less, and waste less. In Bogotá, Colombia, IDRC-supported research has improved the efficiency of the city's tanneries and reduced the pollution in their effluent.

HELPING DECISION-MAKERS DECIDE

Over the course of IDRC's history, it has become apparent that governments in both the North and the South are ill equipped to deal with the complex issues of hunger, poverty, and environmental degradation. Too often, government policies focus on a particular problem (reducing pollution from small manufacturing firms, for example) and fail to account for the social and economic costs of their decisions (higher production costs and increased unemployment). The 1992 Earth Summit called for decision-makers to take environmental concerns into account when developing public policies. Decision-makers still lack the analytical tools they need to identify and evaluate the trade-offs among social, economic, and environmental objectives.

The Centre's **INTESEP** theme is an attempt to give Southern policymakers the tools they need to adopt sustainable social and economic policies appropriate to their cultures. IDRC has committed itself to increasing the number of Southern researchers capable of integrating environmental and social concerns into their work.

Early results are encouraging. In Peru, Bolivia, and Chile, IDRC-supported researchers are analyzing the trade-offs between economic growth, environmental damage, and fiscal revenues in the mining sector. In all three countries, mining is an important income generator that also has serious environmental repercussions. Researchers will examine fiscal instruments, such as emission taxes, that can meet government revenue and environmental goals without inhibiting economic growth.

BRIDGING THE INFORMATION GAP A recurring theme that undercuts all IDRC interventions is the developing world's critical need for information. From its inception, the Centre has recognized that information and its effective communication could be powerful forces in the development process.

Biodiversity ↔ Food ↔ Technology ↔ Policies ↔ Information

This foresight led IDRC to use the now-common e-mail system to link the far-flung institutes that constituted the Consultative Group on International Agricultural Research. CGNet was the first of its kind — a true “groundbreaker.” IDRC's **Information and Communication** theme takes the CGNet story to a new stage in an effort to reduce the gap between the information needs and information resources of the South. The ultimate goal is for developing countries to incorporate information and communication issues in every aspect of their development agendas.

To ensure that information is made available and is used, IDRC supports research to provide better tools and improved methods for decision-making and for measuring progress in development and environmental protection. The GlobeSAR project, for example, uses radar remote-sensing imagery to provide developing countries with the information they need to manage their resources. GlobeSAR partners in Africa, Asia, and the Middle East are using this technology to measure and monitor a variety of environmental parameters. In Morocco, remote-sensing data will help to highlight areas of heavy soil erosion — a major problem in maintaining vital irrigation systems.

THE NEXT QUARTER-CENTURY If the South is to benefit fully from the scientific and technical information generated globally, the time needed to translate research results into policies that benefit their societies must be reduced. Increasingly, IDRC's interventions will examine ways to streamline decision-making and policy formulation. As an organization committed to research support, the Centre must balance this emphasis on the application of results with its support for basic scientific research. This is achieved through program initiatives.

Program initiatives target a particular development research problem—the sustainable use of biodiversity for example—that falls within one of the Centre's five themes. The multidisciplinary teams that make up each initiative then establish specific goals, objectives, expected results, and performance indicators to address the issue over a specific period, usually 3 to 5 years.

Many answers to the problems posed by the program initiatives will come from the developing-world researchers who receive IDRC funds. When funding projects, the Centre places a strong emphasis on the outcomes of the research. IDRC supports linkages between local communities and researchers and among researchers in different institutions around the

Biodiversity ↔ Food ↔ Technology ↔ Policies ↔ Information

world, to ensure that research results are used. This sharing of knowledge among all parties involved in research makes success more likely.

The key to IDRC's multidisciplinary approach is that it focuses on problems, rather than on a particular discipline. Once the problem is clearly defined, the members of the multidisciplinary teams can bring their unique points of view to bear in the search for answers. Complex issues such as biodiversity loss and poverty-bred food insecurity are not easily broken into constituent parts and, therefore, demand a broad approach. By pioneering new ideas and approaches, IDRC continues to evolve to meet the challenges of the next millennium.

IDRC'S CHIEF SCIENTISTS

CHUSA GINES
Biodiversity

HUGO LI PUN
Food

BRENT HERBERT-COPLEY
Technology

DAVID BROOKS
Policies

ROBERT VALANTIN
Information



DOES CAPACITY BUILDING WORK?

Since its inception, IDRC has focused on helping developing countries obtain the wherewithal to undertake research that meets their priorities and responds to their vision of development. This capacity-building function has become the trademark by which IDRC is known the world over. The question remains: Does it work?

In evaluations carried out by IDRC, Southern researchers report that the most significant effects of IDRC support are seen in project-management skills, scientific perspectives, and professional stature.

→ *The project-management skills rated most highly included designing and monitoring projects, managing and motivating people, financial recording, reporting procedures, facilitating teamwork, and interagency coordination.*

→ *The direct impact of IDRC on the scientific perspectives of researchers included an awareness of new research approaches, such as interdisciplinarity, community participation, and research utilization. Indirectly, through IDRC-fostered linkages with other researchers, access to new ideas, methods, and partners influenced the subsequent work of Centre-supported researchers.*

→ *Researchers reported three positive effects on professional stature: first, confidence and experience gained from pursuing their own line of scientific enquiry; second, enhanced profile and credibility gained through association with IDRC-funded work; and, third, relationships and communications established through membership in formal and informal scientific development networks.*


Program Themes

BIODIVERSITY . FOOD SYSTEMS UNDER STRESS . INFORMATION AND
COMMUNICATION . INTEGRATING ENVIRONMENTAL, SOCIAL, AND
ECONOMIC POLICIES . TECHNOLOGY, SOCIETY, AND THE ENVIRONMENT

B I O D I V E R S I T Y

W H Y B i o d i v e r s i t y ?

Loss of biodiversity is particularly acute in developing countries, where more than 90 percent of the world's genetic diversity remains. Social and political inequalities, together with economic forces, pose a serious threat to the sustainable management of these endangered resources. The problem is compounded by the loss of indigenous knowledge of local biodiversity.

<p>LESSONS LEARNED</p>	<p>B</p>
<p>→ To stop the accelerating erosion of indigenous knowledge of biodiversity, systems to support and use knowledge must be developed. A key element in this process will be a global agreement on intellectual property rights (IPR) and community access to the benefits of biodiversity.</p> <p>→ Solutions for maintaining biodiversity must be compatible with local objectives for social and economic development. Emphasis should be placed on adding local value to natural resources without destroying either the habitat or the access of local people to the economic benefits of sustainable resource exploitation. Interventions to prevent biodiversity loss must also provide the necessary policy framework at the national and international levels.</p>	
<p>FUTURE DIRECTIONS</p>	<p>Appropriation : \$4.6 million</p>
<p>→ Access, conservation, and use of genetic resources have emerged as the defining issues of IDRC's biodiversity strategy. They are also a recurring theme throughout the Convention on Biological Diversity and are an overriding concern for indigenous and rural communities across the South. These three issues will continue to underpin the future directions of the Biodiversity theme.</p>	

OBJECTIVE

To promote the sustainable use of natural resources by local communities.

PROGRESS ACHIEVED

☞ Half of the world's population lives less than 6 kilometres from the sea and, by 2020, three-quarters may do so. The pressure on coastal resources is immense. The Coastal Resources Research (CoRR) Network was formed to find local, sustainable solutions to biodiversity loss in the coastal regions of the world. Headquartered at Dalhousie University in Halifax, Nova Scotia, CoRR will link researchers from Asia, Latin America, the Caribbean, and Canada in an effort to provide sustainable alternatives for coastal communities. In the Philippines, CoRR is working with a network of academics, NGOs, and local communities to develop fisheries-management strategies and livelihood options that would protect the surrounding coral reefs. In Hue, Viet Nam, CoRR's interdisciplinary team is attempting to understand the ecological effects of economic and other activities on the complex Tam Gaing Lagoon.

→ Nicaragua's isolated southern region, Rio San Juan, may well be a model for sustaining rural development through local biodiversity. Local knowledge of how wild species are used will provide the basis for developing value-added activities for local resources. Products made from fibre plants, fruits, and shrimp that require little processing are prime examples. Further research into products made from native essential oils and medicinal plants will be also undertaken. Although there are risks in developing these products, they would give surrounding communities a better return.

☞ Since 1988, household incomes in the poorest regions of Zimbabwe have quadrupled under the Communal Areas Management Programme for Indigenous Resources (CAMPFIRE). Rural residents now earn a living from ecotourism, safari hunting, and controlled sales of animal products. IDRC and its local partner, the Centre for Applied Social Sciences at the University of Zimbabwe, are now looking at the possibility of expanding the program into neighbouring countries that have expressed interest.



OBJECTIVE

To document and improve farmers' breeding and conservation of domesticated plants and animals.

PROGRESS ACHIEVED

☞ IDRC is in the vanguard of institutions seeking to enhance and maintain genetic resources on small farms throughout the developing world. A recent workshop held in New Delhi, India, brought together farmers' organizations, NGOs, scientists, and research managers from universities and national and international research centres to make concrete plans to address the loss of biodiversity on farms. A tangible outcome of the conference was a proposal for a "Using Diversity Fund" that would enhance genetic diversity on farms by giving farmers access to a wider range of crop varieties.

→ With IDRC's support, the International Plant Genetic Resources Institute (IPGRI) has reviewed the current status of farm- and community-based management of genetic resources. This input is a key element in the upcoming "Report on the State of the World's Plant Genetic Resources and Global Plan of Action," which is to be tabled at the Fourth Technical Conference on Plant Genetic Resources in June 1996. IDRC continues to be preoccupied with ensuring that the issues of concern to Southern agricultural communities make it onto the agenda of global policy-making fora.



OBJECTIVE

To determine the impact of IPR on the implementation of the United Nations Convention on Biological Diversity.

PROGRESS ACHIEVED


→ IDRC continues to support the Crucible Group, a think-tank of researchers and decision-makers whose book, *People, Plants, and Patents*, published by IDRC, is a forward-thinking analysis of policy alternatives in the IPR debate. The group continues to monitor trends and offer advice to organizations and governments. Seminars, newsletters, and a series of studies and discussion papers provide new insights into policy alternatives and fresh perspectives on outstanding areas of IPR, such as the impact of IPR on plant breeding and farmers' rights.

→ IDRC recently published *Beyond Intellectual Property*, a "tool kit" to help indigenous peoples and local communities deal with the myriad issues surrounding IPR and traditional resources rights. *Beyond Intellectual Property* offers sound, reasonable advice for indigenous peoples' groups, activists, and policymakers, and everyone concerned with preserving our planet's biological and cultural diversity.

FOOD SYSTEMS UNDER STRESS

WHY Food Systems Under Stress?

IDRC is helping reduce widespread starvation in critical parts of the world through research that focuses on the entire food chain — production, storage, processing, distribution, preparation, and consumption.

<p>LESSONS LEARNED</p>	<p>F</p>
<p>→ <i>Technical solutions to problems on farms are not enough. Policies — for example, on pricing and distribution — can affect food availability. For developing countries, fair access to the world market is vital.</i></p> <p>→ <i>Training researchers can be as crucial as getting research results. IDRC has helped train hundreds of scientists to conduct farming-systems research, rather than narrowly focused research on specific agricultural problems. Networking and community outreach are also important.</i></p> <p>→ <i>Like research itself, the application of results is an uncertain, long-term venture. Results are applied in many places, not just where they are obtained. For example, IDRC research carried out on canola in China resulted in new disease-resistant strains for Canadian farmers.</i></p>	
<p>FUTURE DIRECTIONS</p>	
<p>→ <i>Research on the three most-affected ecological regions — arid and semi-arid zones, fragile highlands, and coastal areas — will be expanded. More emphasis will be placed on policy aspects of such research to ensure that the results are applied.</i></p> <p>→ <i>IDRC will intensify efforts to link Southern food producers with Northern distributors. A new program initiative, FoodLinks, takes advantage of the Centre's extensive international networks and its research experience. Southerners will benefit by increasing the outlets for their agricultural products. Through IDRC's contacts, Canadian food enterprises can gain access to new foods and sources of supply to meet their increasingly varied and demanding market.</i></p>	<p>Appropriation : \$7.7 million</p> 

OBJECTIVE

To develop practical solutions to food-systems problems.

PROGRESS ACHIEVED

→ Canola is becoming Canada's leading cash crop. Thanks to IDRC projects in China and Egypt, new hybrids that benefit Canadian farmers are being developed. The University of Manitoba and the Crop Research Institute in China have already used Chinese varieties to develop disease-resistant Canadian strains. The researchers also helped China develop a higher quality rapeseed. This, in turn, led to greater use of rapeseed for human and animal consumption.

Meanwhile, scientists from the National Research Centre in Egypt and Agriculture and Agri-Food Canada have developed a new, safe biological pest-control agent. This pesticide is improving canola yield in Canada and soybean and groundnuts yield in Egypt.

☺ A forage legume developed and released in Peru is now grown on tens of thousands of Chinese farms. Known as *Stylosanthes*, it is used in China for a variety of purposes, including as animal feed and as a soil amendment for mango and rubber plantations. *Stylosanthes* was first developed with IDRC support in the 1980s as a grazing legume for Peruvian livestock. The legume has become well known throughout the region, thanks to the Colombia-based International Center for Tropical Agriculture, which field tested *Stylosanthes* through the IDRC-supported Tropical Pastures Network.



OBJECTIVE

To establish links between research and policy to provide vital research findings to policymakers.

PROGRESS ACHIEVED

→ Oil-seed crops are an important source of energy, nutrition, and employment for rural and poor urban Africans. Until recently, oil seeds were a neglected commodity. Now, a network of eastern and southern African scientists is developing a policy on oil crops that should improve government support for local production.

The area's policymakers became interested after seeing the results of an earlier IDRC project in Kenya. There, research brought about policy changes such as an end to price controls on cooking oil. These changes have had a positive effect on the local industry and have spurred interest in oil-crop production by other donors, including the World Bank and the Food and Agriculture Organization (FAO) of the United Nations.

OBJECTIVE

To obtain financial support from other donors for substantial follow-up to IDRC research.

PROGRESS ACHIEVED

🗨️ UN Secretary-General Boutros Boutros-Ghali described CONDESAN, a Latin American sustainable-development consortium, as a model for further cooperation among development agencies. Created with IDRC support, CONDESAN will address the complex problems that now affect mountain ecosystems such as the Andes. CONDESAN prevents duplication of effort by donor agencies and promotes sustainable development in the Andean region.

Its 100 members are based in Europe and in North and South America. They include universities, NGOs, development donors, and other international agencies. Using electronic linkages, CONDESAN shares its knowledge base of Andean land- and water-management practices, crops, livestock, and policies with some 70 000 users. CONDESAN is helping improve food production and environmental management in an impoverished area known for severe strains on a fragile ecology.



OBJECTIVE

To establish regional networks to promote research on issues of regional concern.

PROGRESS ACHIEVED

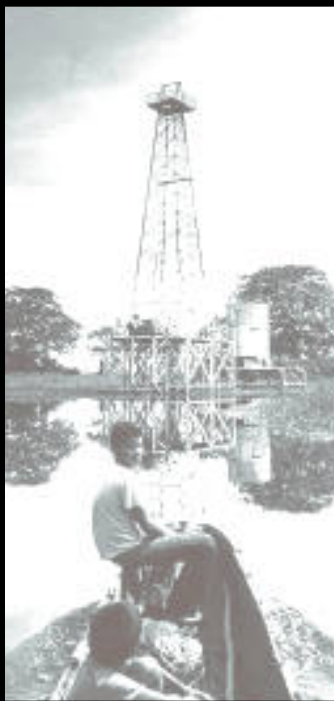
→ Thanks to IDRC support, countries in the Himalayan region of Asia know more about protecting their fragile ecosystem. University of British Columbia scientists and their Asian colleagues have obtained essential information about soil erosion and fertility loss in the mountains of Nepal. The Nepal-based International Centre for Integrated Mountain Development is a major player in the research. Eight neighbouring countries are formal participants. Altogether, 17 governments in the region were invited to a meeting on developing the area's fragile mountain regions. The researchers documented indigenous knowledge on mountain resource management. This information is being used to help improve irrigation, soil management, and animal husbandry. Modern computer techniques are making it easy for policymakers to use the information resulting from the research.

→ Researchers from 16 different institutions in five countries are seeking ways to improve coastal management in Asia. They are part of an IDRC project that has trained biologists and social scientists in China, Indonesia, Malaysia, the Philippines, Thailand, and Viet Nam. The project is also helping solve problems of fisheries management and aquaculture development.

TECHNOLOGY, SOCIETY, AND THE ENVIRONMENT

WHY Technology, Society, and the Environment?

Responses to some of the challenges facing the South will no doubt involve the transfer of appropriate technologies. But the supply of those technologies need not interfere with efforts to develop the local innovation and technology capabilities of developing countries. IDRC promotes the development and application of technologies that reduce environmental degradation and improve resource management while reducing poverty, creating employment, and improving human welfare.

<p>LESSONS LEARNED</p>	<p>T</p>
<p>→ <i>Appropriate technologies can improve the living conditions of poor people in the South. Just as in the North, efforts to promote cleaner production practices and more efficient use of resources can also create new jobs and promote a healthier environment for workers and their communities. To realize these “win-win” benefits, technologies must respond to needs identified by the firms, farmers, or communities that will ultimately use them.</i></p> <p>→ <i>The use of improved technologies often depends on a variety of complementary inputs, from upgrading the skills of small business managers to creating or strengthening institutions that help end-users assess their needs, identify appropriate technological solutions, and access financial and human resources.</i></p>	
<p>FUTURE DIRECTIONS</p>	
<p>→ <i>In many developing countries, small, medium-sized, and micro enterprises are the most important sources of new job growth but also major sources of industrial pollution. For smaller firms, lack of capital frequently constrains access to “cleaner” technologies. Government and institutional support for greener, more sustainable technologies could help remedy this situation.</i></p> <p>→ <i>Increasingly, IDRC will focus on linking the development and application of technologies with research on the broader institutional and policy frameworks needed to promote innovation. Emphasis will also be placed on the social implications of new technologies, especially health-related technologies, and education and training.</i></p>	<p>Appropriation : \$6.2 million</p> 

OBJECTIVE

To promote the use of technologies that reduce environmental degradation, alleviate poverty, create jobs, and provide other social benefits.

PROGRESS ACHIEVED

→ An IDRC project in Bogotá, Colombia, could significantly reduce the effluent from 300 SMEs involved in the city's leather-tanning industry. In pilot projects, improved technologies and production processes decreased pollution, lowered production costs, and increased profits by \$2 per hide processed. The Colombian agency responsible for introducing the changes is the Promoción de la Pequeña Empresa Ecoeficiente Latinoamericana (PROPEL). PROPEL is currently preparing a video to market their eco-efficient production practices to other entrepreneurs.

☞ India produces enormous quantities of sewage sludge and fly ash, the residue from burning coal. Typically, these waste products are dumped directly onto land or flushed into waterways. Thanks to a process pioneered in India by a University of Western Ontario researcher, this waste may soon become a valuable resource.

A pilot study using a mixture of sewage sludge and fly ash as a soil substitute has proven effective in restoring degraded lands. It has also proven acceptable and attractive to local communities and governments. Researchers will now test the validity of the technology with a wider range of crops and plants.

☞ Research trials in Kenya, Ghana, and The Gambia offer new hope that the 500 000 children who die from direct or indirect effects of malaria may now be saved. The technology involved is relatively simple: bednets impregnated with insecticide. The insecticide, permethrin, originally synthesized from chrysanthemums, is now common in delousing shampoos and has proven to have no ill effects.

A pan-Africa project is now studying how to market and disseminate the technology in a cost-effective way that would include manufacturing bednets at the community level.



OBJECTIVE

To strengthen institutional and policy frameworks to support innovation and the adoption of technologies that provide social and environmental benefits.

PROGRESS ACHIEVED

☞ IDRC has launched a project that will encourage collaboration between Canada and Latin America and between the private and the public sectors to find biotechnology applications for the agricultural and environmental sectors.

CamBioTec will provide a forum to identify priorities for biotechnology applications and promote technology partnerships between companies and research institutions in Canada and Latin America. The initiative will also work to strengthen regulatory policies in Latin American countries to ensure effective monitoring of the social, economic, and environmental impacts of new biotechnology applications.

CamBioTec builds on past Latin American projects that identified key areas for biotechnology applications. In Mexico, for example, these included biopesticides for fruit and vegetable farming, animal vaccines, and pig and poultry waste treatment and use.



OBJECTIVE

Strengthen the capacity of entrepreneurs and research institutions to manage technology and innovation.

PROGRESS ACHIEVED


→ To help “jump-start” developing-world technology industries, IDRC, in collaboration with the Danish International Development Agency (DANIDA) and the World Association of Industrial and Technological Research Organizations, surveyed 60 European, Asian, African, and American industrial research organizations to distill a best-practices manual for industrial research and innovation programs. The survey included 70–80 parameters designed to pinpoint the key elements in promoting innovation and change. The results of the survey will now be tested in research organizations across the developing world.

→ In partnership with Côte d’Ivoire’s École nationale supérieure des travaux publics and the International Labour Organization, IDRC is funding a project to promote the development of enterprises for the local production of building materials. A service centre for building-material enterprises will help improve product quality, promote the use of new products, and disseminate the results to other countries, such as Bénin, Burkina Faso, Ghana, and Senegal.

I N T E G R A T I N G E N V I R O N M E N T A L , S O C I A L , A N D E C O N O M I C P O L I C I E S

W H Y I N T E S E P ?

Policymakers and researchers now see close links between poverty and environmental damage, two of today's big problems. To help both groups address these linked problems, IDRC supports research that helps integrate social, economic, and environmental policies.

<p>LESSONS LEARNED</p>	<p>P</p>
<p>→ Greenhouse-gas emissions, traditionally inflicted on the environment by the North, are fast becoming a problem even in Africa, although in Africa they come from deforestation as much as from energy production. Greenhouse gases can have both local and long-range effects.</p> <p>→ Just as we have learned that forests offer nonmarket values, we have also learned that wetlands have nonmarket value. For example, wetlands help prevent floods by sopping up large amounts of water. The fish they provide have hidden health and economic value. These fish are an important source of protein. They are also an important resource for the informal economy, although they are not included in the official national income figures.</p>	
<p>FUTURE DIRECTIONS</p>	<p>Appropriation : \$22.2 million</p>
<p>→ Unlike the bulk of IDRC-supported research that results in policy, this theme will focus on policy-making as the subject of research. This approach is expected to increase the world's understanding of how to integrate social, economic, and environmental policies.</p>	

OBJECTIVE

To provide policymakers with better information on the relationship between environmental, social, and economic issues.

PROGRESS ACHIEVED

→ IDRC is helping prevent the link between trade and environment from leading to conflict. This link has become increasingly important since the Uruguay Round and other trade forums. Researchers will produce three sets of studies. The first set will review regional groupings, such as the North American Free Trade Agreement, to see how they contribute to consensus building. The second set will look at North–South negotiations that produce internationally acceptable and economically sound solutions. The third set will look at lessons learned from the implementation of several legal environmental instruments and voluntary initiatives. Policymakers, businesses, and NGOs in all countries could benefit. Researchers will discuss their findings at seminars in Ottawa and other cities when the project ends.

☞ IDRC is one of several agencies helping rebuild Cambodia's bureaucracy and research capacity, which were devastated by years of war and dictatorship. IDRC supports the rebuilding process through about a dozen projects managed through a special IDRC office in Cambodia. Activities of the office range from training 1 000 farmers in pest management to helping strengthen the newly created Ministry of Environment. The Centre is helping improve Cambodia's capacity to undertake research and make decisions on environmental policy. IDRC has also helped by building linkages among various government agencies in rural Cambodia. Several other donors have praised the IDRC office both for helping them understand the Cambodian situation and for encouraging them to coordinate their efforts.

→ IDRC is helping Thailand ensure that its economic progress does not come at the expense of the environment. Social scientists are studying why the environment worsens despite the conclusion of 4 000 environmental impact assessments. They want to encourage greater public participation in assessments. Researchers also want to ensure that environmentally sound projects result. They note that there are no links between impact assessment and policy-making. Their recommendations will be submitted to the Thai government.

→ Canada is helping Tanzania and Zimbabwe meet their commitments to limit greenhouse-gas emissions. IDRC-supported research indicates that the levels of emissions from the two countries are amazingly high, although they are lower than those in the North. The researchers alerted policymakers that greenhouse-gas levels are high enough to affect their countries' obligations under international agreements, including the Montréal Protocol, which was signed in Canada. Rice cultivation, deforestation, and the burning of coal and agricultural waste are among the main sources of greenhouse-gas emissions in Tanzania and Zimbabwe.

OBJECTIVE

To increase the number of Third World scientists capable of integrating environmental and social concerns into their work.

PROGRESS ACHIEVED

☞ Canadian and Middle Eastern scientists are learning from each other in a Jordanian water-harvesting project. The project is helping Jordan capture and make the most efficient use of rainwater for food production. Scientists from Concordia and Moncton universities are sharing with Middle East colleagues the highly technical computer skills that are needed for this kind of research but are not widely available in that part of the world. The Canadian scientists get a chance to apply their skills in an arid zone.

If the project succeeds, agricultural planning and policy-making will improve. Other arid lands in the region could also benefit. UNDP and the International Center for Agricultural Research in Dry Areas are partners in this venture.



OBJECTIVE

To understand how communities, ethnic groups, and villages have managed their resources sustainably and equitably.


PROGRESS ACHIEVED

→ When an IDRC-funded study is completed, modern laws and ancient customs may help Ghana clean up its toxic lagoons. Research by Friends of the Earth, an NGO, shows that many of Ghana's lagoons are increasingly polluted. This pollution discourages tourism, affects the national economy, and endangers the health of the 3 million people living near the lagoons. Researchers think rural beliefs about the sacredness of the lagoons or Christian teaching could encourage residents to reduce the pollution. In the capital, however, the main source of pollution is industry, and laws will likely be required to save the wetlands from destruction.

I N F O R M A T I O N A N D C O M M U N I C A T I O N

W H Y I n f o r m a t i o n a n d C o m m u n i c a t i o n ?

IDRC wants information and communication — and related new technologies — to benefit both “haves” and “have-nots” in all parts of the world and to help close the growing information gap. The Centre’s support for information and communication research has provided several important lessons.

LESSONS LEARNED	<div data-bbox="1266 644 1323 743">I</div>
<p>→ <i>Information and communication are important to everyone, and their economic, social, cultural, and political effects must be considered in strategies for using them effectively.</i></p> <p>→ <i>Contrary to popular belief, the information revolution is increasingly affecting developing countries. They use information and communication technologies and networks in many areas, such as agriculture, industry, and education. In a progressively globalized economy, information flows enable developing countries to participate fully in international trade and other important activities.</i></p> <p>→ <i>IDRC's recognition of the role of information and communication in development is proving valuable. From the beginning, the Centre was unique among development agencies in recognizing this link. Its 25 years of experience in this field is now being tapped by donors and developing countries.</i></p>	
FUTURE DIRECTIONS	
<p>→ <i>Research on the social, economic, cultural, and political effects of information and communication, and on the related public policy issues, will help to optimize their benefits and will be emphasized by the Information and Communication theme.</i></p>	<div data-bbox="1182 888 1404 951"> Appropriation : \$6.1 million </div> <div data-bbox="1133 982 1469 1507">  </div>

OBJECTIVE

To increase local capacity to undertake R&D and use information content and related technologies.

PROGRESS ACHIEVED

→ The views of rural communities are being considered in a “hi-tech” planning project in Tunisia. IDRC support has already made it possible for Tunisian engineers to use modern computer systems to help design national plans to conserve soil and water in the country’s semi-arid area. Tunisia’s Ministry of Agriculture is participating fully in the project, which focuses on a computer-based decision-support system for soil and water conservation.

Now, researchers from Laval and Guelph universities and the National School of Engineers in Tunisia hope to improve the system and get it operating at both the national and local levels. They will also integrate social and economic factors and local views into their hi-tech planning. The World Bank and FAO are keenly interested in this project.

→ An IDRC research program in Africa will develop new ideas on the use of communication in development. Basic education and the role of women are two development themes emphasized in this Centre initiative. Local participation is the hallmark, and nongovernmental organizations (NGOs) are the main actors in this program. During the preparation phase of the project, about 100 organizations were consulted and 70 were visited. Planning and consultation workshops were held in Canada and Africa. Sixty Canadian experts in development communication were also associated with program development.



OBJECTIVE

To ensure equitable access to information for development and to information and communication technologies.

PROGRESS ACHIEVED

📌 IDRC is helping resolve an urgent global dilemma: how to preserve tropical rain forests without depriving their owners of their use as valuable development resources. The Iwokrama International Rain Forest Programme is based on 360 000 hectares of unexploited rain forests donated by the people of Guyana. The program is expected to demonstrate that the tropical forest can provide economic benefits without losing its biological diversity. IDRC, the United Nations Development Programme (UNDP), and the Commonwealth Secretariat are helping with planning and implementation.

IDRC also expects to help establish an information and communications unit to share the research results produced at Iwokrama with the world. These results could be an important economic benefit to other countries with rain forests and a great environmental benefit to the entire world.



OBJECTIVE

To ensure the inclusion in research and international exchanges of the South's perspectives on information and communication.

PROGRESS ACHIEVED

🕒 Top African experts are preparing an action plan to accelerate socioeconomic development in the continent and improve Africa's poor information and telecommunications infrastructure and facilities as part of an IDRC-supported research project. The lessons from this research could also benefit places outside Africa. Joining IDRC in this effort are the International Telecommunications Union, the United Nations Educational, Scientific and Cultural Organisation (UNESCO), the Economic Commission for Africa, and Bellanet.

The project responds to ideas from African planning ministers and the UN Secretary-General's Special Initiative on Africa. It follows a meeting of 300 government, NGO, academic, and business leaders in Addis Ababa, Ethiopia.

THE CIRCLE GROWS

Research is often an organic process: it grows. One line of enquiry leads to another, success builds on success, and projects become more ambitious. The work of IDRC's Water Quality Control Network is one such example.



1984	<i>IDRC supports research projects in Asia, Latin America, and Africa to develop and test simple, rapid, inexpensive methods for testing water quality.</i>
1989	<i>A field-test kit for detecting viruses found with fecal coliform is developed in Malaysia. Three other methods are simplified and adapted to developing-world conditions.</i>
1989	<i>At the request of the Split Lake Cree and in collaboration with Environment Canada, work begins in northern Manitoba to test four methods for community use. Results are positive; the methods are suited to Canadian conditions.</i>
1993	<i>Cree technicians from the Split Lake Band travel to southern Chile to train indigenous Mapuche communities in water testing.</i>
1994	<i>The program introduced in Chile becomes a national program aimed at improving the water quality in rural communities throughout the country.</i>
1995	<i>In collaboration with Health Canada, the Split Lake Cree launch a national program for training First Nations water-quality-control technicians. Forty-six graduates from First Nations communities in Manitoba, Saskatchewan, Ontario, and Quebec return to their communities to begin monitoring water quality.</i>

Global Activities

CANADIAN PARTNERSHIPS . TRAINING AND AWARDS . GENDER AND
SUSTAINABLE DEVELOPMENT . EVALUATION . INFORMATION ABOUT
DEVELOPMENT . INFORMATION ABOUT IDRC

C a n a d i a n P a r t n e r s h i p s

Research is a two-way street that can benefit both Canada and the developing countries. IDRC's Canadian Partnerships program fosters alliances and knowledge-sharing between scientific, academic, and development communities in Canada and the South.

P R O G R E S S A C H I E V E D

- Through Medicine Fire, a Canadian First Nations group, IDRC is supporting the efforts of indigenous communities to improve the well-being of their youth and strengthen their leadership capacity so they can contribute to the long-term sustainability of their communities. Medicine Fire is part of a network that links groups in India, Mexico, and the United States.
- IDRC's support for an on-line resource network and a Summer Institute for undergraduate instructors will soon result in a contemporary curriculum for development studies in universities across Canada. The lead institution in this pan-Canadian initiative is the University of Calgary.

T r a i n i n g a n d A w a r d s

A critical mass of experienced, trained researchers in the South is necessary for global sustainable and equitable development. Canadians also need to understand and develop the capacity to deal with the issues of international development. IDRC's Training and Awards program supports activities to meet both needs.

P R O G R E S S A C H I E V E D

→ IDRC is supporting the Leadership in Environment and Development (LEAD) program, an endeavour to create a global network of future leaders who will be more able to integrate issues of environment and development in their work. LEAD is a two-year fellowship program for midcareer professionals coming from Canada, as well as from China, Indonesia, Mexico, and other developing countries.

→ For nearly two decades, IDRC has provided programs for the personal and professional development of youth in Canada and the South. Programs such as the Young Canadian Researchers Awards, the Gemini and Periscope Journalism Awards, the Centre Internships Program, and the John G. Bene Fellowship have increased the awareness of international development among youth and paved the way for them to participate actively in the future.

→ IDRC is also supporting the graduate studies of some 40 researchers from the South, who are undertaking research in areas related to IDRC projects.

As an organization committed to sustainable and equitable development, IDRC strives to incorporate a gender perspective in its program work.

PROGRESS ACHIEVED

→ IDRC assisted the Once and Future Action Network, a group of 65 international NGOs concerned with women and their role in s&t, in its preparations for the 4th World Conference on Women and Development held in Beijing, China. The Network held a forum and developed a pavilion to articulate a vision of s&t that places sustainable development first and that recognizes the expertise and contributions of women to the field.

→ Centre support allowed several female researchers from Canada and the South to participate in a forum organized by the Association for Women in Development. The forum reviewed the progress made in implementing the Platform for Action drafted at the Beijing Conference. It also strengthened the collaboration among development practitioners, policy-makers, and academics who are committed to the active participation of women in the affairs of the world.

→ Tanzanians are working with a Canadian aboriginal educator to develop a gender-sensitive high school curriculum on pastoral ecology based on indigenous knowledge and traditional uses of local natural resources. This undertaking is part of a larger IDRC project to document indigenous knowledge and use it as the basis for a strategy of local resource management and environmental protection.

E v a l u a t i o n

Learning from the past is vital in preparing an organization for the future. IDRC's evaluation systems provide a clearer understanding of what works in development. Evaluation results will help streamline program delivery and improve the quality of program and project management.

PROGRESS ACHIEVED

- In 1995, IDRC completed the Project Leader Tracer Study, a comprehensive assessment of the Centre's efforts to strengthen development research capacity in the South. The study surveyed a representative sample of project leaders from among the more than 4 000 leaders IDRC has supported over its history. (Some results are highlighted on p. 16.)
- Four other strategic evaluations were also released in 1995. Two studies addressed issues of program delivery: one on cooperative projects representing investments totaling \$75.6 million over 12 years and one on research networks. The third review reported on participatory research methodologies used in more than 145 projects valued at approximately \$30 million. And the fourth review summarized the outputs of the \$5.7 million worth of Centre-supported research on HIV and AIDS.
- Internal capacity for monitoring and reporting on corporate performance was expanded with the implementation of a project-completion report database and a framework for reporting the progress made by the program initiatives and the secretariats.
- The "Annual Corporate Evaluation Report to the Board of Governors" highlighted three highly effective elements in IDRC's approach to research capacity building: (1) positive and flexible response to innovative research ideas; (2) support for Southern leadership in setting and implementing research agendas; and (3) added value to Southern research initiatives through technical support, new research approaches, and international networking.

Many groups and individuals interested in international development need reliable, up-to-date information on development research. The IDRC Research Information Service provides this information.

PROGRESS ACHIEVED

→ Using the Centre's World Wide Web site, the Research Information Management Service has made its databases available on the Internet. IDRC has exchange agreements with universities and research institutions worldwide and maintains several databases, some in conjunction with other international organizations. These include the Development Data Bases Service, which gives users access to the Centre's Research Library collection, and IDRIS, a database of information on research projects by IDRC and five other development agencies that support research activity.

→ IMAGES, a bank of thousands of recent slides, mainly from Centre projects, is available for public use. The Centre provides searches on IMAGES, slide-duplication services, and colour printouts. IMAGES is also available by Internet.

→ Internet sites related to international development enhance IDRC's research information services. These can be found on our Web site under the Library menu as "To the World."

Information About IDRC

There is a growing demand from the Canadian public, the media, Members of Parliament, the academic and NGO communities, and the private sector for information on IDRC's activities. As an accountable, publicly funded organization, IDRC provides full access to this information through its Public Affairs and Publishing programs.

PROGRESS ACHIEVED

→ To respond to the broader public interest in the work it does, IDRC created a World Wide Web site, www.idrc.ca. The site gives an overview of IDRC's programs and services, access to databases the Centre maintains, and links to other development organizations. It is also an outlet for the publication of research results.

→ The Centre's publishing arm, IDRC Books, published 39 new titles in support of IDRC-funded research. The publications included *Missing Links*, a report by the UN-commissioned Gender Working Group that outlines policy proposals to ensure that women and men have equal access to benefits from S&T; *Building a New South Africa*, a four-volume series that documents the contribution of IDRC and Canada to rebuilding South Africa; and *Return to Resistance*, which recommends breeding for pest resistance using centuries-old, but largely neglected, methods of plant breeding to reduce the need for chemical pesticides.

→ To mark its 25th anniversary, IDRC highlighted the commitment and efforts of Southern researchers with two new publications, *Southern Lights* and *In Person*. Also, several researchers were presented with certificates of recognition signed by the Prime Minister of Canada. Presentations were in the researcher's own country and drew media attention to the often unheralded, but important, work of local scientists.

→ A symposium with former and current IDRC Governors was held to discuss the contribution of IDRC over its 25-year history and the challenges it now faces. Dr Walter Kamba, Dean of Law at the University of Namibia, and Dr Gelia Castillo,

Professor Emeritus in Rural Sociology at the University of the Philippines, underscored IDRC's achievements and the current global climate of fiscal restraint when they asked that research for development be promoted as neither charity nor development assistance but as an investment in a common global future.

→ IDRC Books has placed its entire Focus series of publications on the Internet. Focus books are technical documents for specialized readers. Their unique feature is the quick turnaround between the time results are known and publication. By providing computer access, IDRC reduces the delay in the publication of results and increases the relevance of the original research.

International Secretariats

IDRC is often the catalyst for the funds and resources needed to pursue a long-term, ambitious research agenda that targets a specific development problem. In most instances, secretariats, with their own steering committees, are created to facilitate donor support and ensure that appropriate research priorities are pursued. Secretariats are good examples of how IDRC is able to use its convening power to involve other donors in research topics that might not otherwise see the light of day. By pooling their limited assets, all partners share the success of the critical research they have underwritten.

STRETCHING THE HEALTH CARE DOLLAR In its 1993 *World Development Report*, the World Bank claimed that district-level health authorities were better placed to improve the health of their communities at an affordable cost than authorities at higher levels of the health-care system. The Essential Health Interventions Project (EHIP) tests the feasibility and measures the impact of this new approach to health planning and delivery at the local level. The district authorities had to choose a limited set of health interventions on the basis of efficacy in responding to the most serious local health problems and concentrate their efforts on these interventions — an encouraging but untested hypothesis.

Through EHIP, IDRC and its partners are helping two local health districts in Tanzania choose their key interventions based on the impact of disease on their people and on information about the cost-effectiveness of the various interventions available. IDRC is also providing the district health authorities with the resources to deliver the interventions they have chosen. This requires local capacity in both planning and delivery. Tanzania was one of two countries that offered to test the World Bank's hypothesis. Success of the program and its replication will be a major step forward in health care in the South. Failure will mean that we must explore other ways of addressing the issue.

IDRC'S PARTNERS Canadian International Development Agency (CIDA) . Edna McConnell Clark Foundation . Government of Tanzania . United Nations Children's Fund (UNICEF) . World Bank . World Health Organization

BELLANET: THE GLOBAL DEVELOPMENT CONNECTION Bellanet is in the second year of a four-year initiative focusing on the uses of information technology and the Internet to achieve greater donor efficiency and effectiveness in the face of increased funding constraints and expanding electronic technologies. Bellanet uses information technology as a tool and the Internet as a workspace for donor collaboration and project cooperation.

The Bellanet Web site (<http://www.bellanet.org/>) serves as an information window on Bellanet and its collaborative initiatives, as an electronic forum for both restricted and public dialogues, as a repository for important lessons learned by the development community, and as a link to funders and collaborative partners.

Bellanet is more than about accessing and using the resources of electronic networks. It is about donors and intended beneficiaries in developing countries learning to live and work in an environment where the electronic workspace becomes integral to the development process. Bellanet's success will be seen in its effectiveness in facilitating donor and project collaboration and the extent to which it is replicated and adapted by other consortia of funding donors and developing-country initiatives.

IDRC'S PARTNERS CIDA . MacArthur Foundation . Netherlands Directorate General for International Cooperation . Rockefeller Foundation . Swedish International Development Agency (SIDA) . UNDP



SHARING CANADA'S VISION OF FOREST MANAGEMENT Forests are among the world's most important ecosystems. They are also an important source of Canada's wealth. It was not surprising, therefore, that Canada should use the occasion of the 1992 Earth Summit to announce the creation of an International Model Forest Program. The international program builds on the success of the Canadian Model Forest Program, which is helping pioneer a new vision for forest management in this country. The International Model Forest Network will extend this Canadian success story to the world. Sites have been identified in eastern Russia, the Yucatán Peninsula in Mexico, and Pahang State, Malaysia. Each model forest site is a partnership of local industries, environmental groups, community associations, indigenous peoples, and governments working cooperatively to identify and resolve resource-use disputes.

IDRC'S PARTNERS Canadian Department of Foreign Affairs and International Trade . CIDA . Canadian Forest Service

ECONOMICS AND THE ENVIRONMENT The Economy and Environment Program for Southeast Asia (EEPSEA) was established in May 1993 to support training and research in environmental and resource economics. EEPSEA provides fellowships and research grants to locally based Southeast Asian researchers. Besides financial support, the program provides resource people, access to literature, outlets for publicizing results, and opportunities for comparative research across member countries.

EEPSEA's research program focuses on the internalizing costs that are currently viewed as external to economic production processes — the health and environmental costs of pollution, for example. EEPSEA's goal is a core of researchers who can help local policymakers identify and evaluate the trade-offs between their environmental and economic objectives, including the choice of market-based instruments or command-and-control instruments to maintain natural resources.

IDRC'S PARTNERS Swedish Agency for Research Cooperation with Developing Countries (SAREC) . DANIDA . UNDP . CIDA . Overseas Development Administration (ODA) . SIDA . Norsk Hydro



SCIENCE IN THE SERVICE OF SOCIETY Technology continues to shape our world dramatically. Developing countries often find it difficult to make informed decisions about technologies and their uses because they lack information relevant to local needs. The African Technology Policy Studies (ATPS) Network was created to strengthen institutional capacity for managing technological development. Through a cadre of researchers working on the issues surrounding S&T, ATPS provides decision-makers and other research end-users with the knowledge and tools they need to make informed decisions about S&T.

IDRC'S PARTNERS Carnegie Corporation . Rockefeller Foundation



SUSTAINABLE ALTERNATIVES TO TROPICAL TIMBER Bamboo is one of the most useful plants known to humanity; it has supported civilizations and cultures for millennia. Approximately 2.5 billion people, mostly rural poor in the developing world, depend on it for a wide range of uses and for a livelihood. Rattan is used in a variety of products, especially handicrafts and furniture. Together, bamboo and rattan represent an annual commercial value of more than US\$14 billion. Recognizing the importance of these two nontimber products to the developing world, IDRC created the International Network for Bamboo and Rattan (INBAR). A key focus of INBAR's activities will be the conservation and management of tropical forests, the ecosystems in which most bamboos and all rattans flourish. Through the

projects it initiates, INBAR will seek to curtail the rapid decline of the genetic resources of forests by offering alternatives for wood-based products and for ecological rehabilitation.

IDRC'S PARTNERS International Fund for Agricultural Development . IPGRI . UNDP . ODA . Government of the Netherlands . FAO

NETWORKING FOR SUCCESS

Some secretariats, such as INBAR, are long-lived networks. Networks and the knowledge-sharing they support have been an important component of IDRC's capacity-building function since the Centre's inception. Time has shown that networks offer important advantages.

Advantages of networking

- *Overcomes isolation, especially for scientists in weak research environments;*
- *Amasses resources to address particular research areas;*
- *Coordinates the use of research resources at the regional level;*
- *Reduces duplication of effort and increases efficiency of human and financial resources;*
- *Broadens the national base of experience and scientific knowledge;*
- *Provides economies of scale;*
- *Gives greater attention to multinational projects and makes a greater impact achievable;*
- *Reduces likelihood of key research findings being overlooked;*
- *Increases the opportunities for making methodological breakthroughs by broadening the experience base; and*
- *Transfers knowledge, both in research content and in methodologies, among members.*



IDRC's Expertise

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 11 eminent Canadians and 10 experts from other countries.

IDRC's staff 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.

BOARD OF GOVERNORS

THE HON. FLORA MACDONALD,
Chairperson, Board of Governors, Ottawa, Canada
Former Member of Parliament and Cabinet Minister

KEITH A. BEZANSON, President, IDRC, Ottawa, Canada
Development expert and former senior Canadian diplomat

HERB BREAU, Ottawa, Canada
Businessman and former Member of Parliament

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ALBERT J. BUTROS, Jubeiha, Jordan
Professor of English, University of Jordan, advisor to King Hussein, and former Jordanian Ambassador to the United Kingdom

SAISUREE CHUTIKUL, Bangkok, Thailand
Special Advisor to the Prime Minister of Thailand on issues related to women, children, youth, education, and social development

JOCELYNE CÔTÉ-O'HARA, Ottawa, Canada
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Lawyer, tax specialist, and senior partner, Felesky Flynn Barristers

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Professor of Psychology, University of Toronto

JACQUES GÉRIN, Montréal, Canada
President, Hatch & Associés, inc., and an engineer with national and international experience in economic development, management of natural resources, and the environment

NIKI GOULANDRIS, Kifissia, Greece
Vice-President, Goulandris Natural History Museum

JON K. GRANT, Toronto, Canada
Chair, Ontario Round Table on Environment and Economy, and former President and Chief Executive Officer of Quaker Oats

DONNA S. KAUFMAN, Montréal, Canada
Barrister and solicitor, Stikeman, Elliott, Barristers and Solicitors

HUGUETTE LABELLE, Ottawa, Canada
President, Canadian International Development Agency

MIGUEL DE LA MADRID HURTADO, Mexico City, Mexico
Director General, Fondo de Cultura Económica and former President of Mexico

IVY F. MATSEPE-CASABURRI, Johannesburg, South Africa
Chairperson, Board of the South African Broadcasting Corporation

JEAN-GUY PAQUET, Québec, Canada
President and Chief Executive Officer, National Optics Institute, and former President of the Université Laval and Chief Executive Officer of Laurentian Life Inc.

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Professor Emeritus, Department of Pathology, All-India Institute of Medical Sciences, and physician and medical researcher

Sir SHRIDATH RAMPHAL, Guyana
Co-chairperson, Commission on Global Governance, and former Commonwealth Secretary-General

MARIE-ANGÉLIQUE SAVANÉ, Dakar, Senegal
Director, Africa Division, United Nations Population Fund

OLAV SLAYMAKER, Vancouver, Canada
Professor of Geography and Associate Vice-President, Research Humanities, Social Sciences and Interdisciplinary Initiatives, University of British Columbia

SENIOR MANAGEMENT

KEITH A. BEZANSON, President
Development expert and former senior Canadian diplomat

RAYMOND J. AUDET, Vice-President, Resources, and Chief Financial Officer
Mr Audet has a wealth of experience in both the public and private sector

PIERRE BEEMANS, Vice-President, Corporate Services
Development expert and former Director General of the Canadian International Development Agency

CAROLINE PESTIEAU, Vice-President, Program
Economist, permanent member of the Economic Council of Canada, and former Research Director and Head of the Montréal Office for the CD Howe Institute

JOACHIM VOSS, Research Manager
Anthropologist and expert in sustainable agriculture, food security, indigenous minorities, and biodiversity

REGIONAL DIRECTORS

GERALD BOURRIER, Regional Office for West and Central Africa
Extension agronomist, formerly with the United Grain Growers

FAWZY KISHK, Regional Office for the Middle East and North Africa
Soil scientist and former professor, University of Alexandria

EVA M. RATHGEBER, Regional Office for Eastern and Southern Africa
Former Research Fellow, Centre for Developing Area Studies, McGill University, Montréal, Canada

RANDALL W. SPENCE, Asia Regional Office
Former senior economist, Government of Kenya

ANTHONY DAVID TILLET, Regional Office for Latin America and the Caribbean
Former Executive Director, Lester B. Pearson Institute for International Development, Dalhousie University, Halifax, Canada

MARC VAN AMERINGEN, Regional Office for Southern Africa
Former consultant and market researcher, Investment and Hotel Consultants Inc.

More Questions?

Q : Why should we spend money for research in the developing world at a time of financial constraint in Canada?

A : IDRC's mandate is to support development by strengthening research capacity in the developing world. But the Centre's work also benefits Canadians. There are some direct benefits. Research on canola in China resulted in new disease-resistant strains in Canada. This led to a 15 percent increase in yields. (For more on this and other examples, see pages 24, 28–29, 33, 38, 40–43.)

There are also indirect benefits. Increased environmental awareness and protection in the South make the Earth safer and more habitable. Better health anywhere reduces the transmission of diseases to Canada. Despite Canada's financial constraints, Canadians indicate in numerous polls that they want their government to help make the world a better place. They understand that the line separating the interests of Canada from those of other countries is not as sharp as was once believed. (For more on IDRC projects, read *101 Technologies: From the South for the South* or visit our World Wide Web site at <http://www.idrc.ca>)

Q : But is IDRC exempt from the belt-tightening required of most Canadian government entities?

A : No. After nearly two decades of more or less continuous increase, IDRC's Parliamentary grant was reduced by about 35 percent in real terms over the last 6 years. The Centre has been very resourceful in dealing with these cuts. We have reduced our operational budgets 19 percent in real terms. Administrative costs have already fallen from 34 to 28 percent of expenditure. Staff levels have been reduced by 21 percent.

Q : And is there anything IDRC can do to reduce its dependence on the Canadian taxpayer?

A : Yes. We are diversifying the Centre's sources of funding. Although the Parliamentary grant is still IDRC's main source of revenue, the Centre is taking advantage of networks built up over a quarter of a century to generate more and more revenue from other sources. On some projects, the Centre leverages up to \$4 from other donors for every dollar it invests. (For more details on our revenue-generation program, see pages 58 and 60)

Q : Is IDRC bound by Canadian foreign policy and the *Financial Administration Act*?

A : In theory, IDRC is not bound by Canadian foreign policy. In practice, the Centre takes that policy into account in everything it does. However, its special autonomy enables the Centre to build bridges even where political considerations make it inconvenient for the government to be officially involved.

Similarly, although IDRC is not bound by the *Financial Administration Act*, the Centre follows the act closely and takes accountability seriously. The Centre is audited regularly by the Auditor General of Canada and, of course, reports annually to Parliament. IDRC's last annual report received the Award for Excellence in Annual Reporting given by the Auditor General of Canada for the best presented to Parliament by a small Crown corporation.

Q : Does IDRC support Canadian researchers and Canadian institutions?

A : Yes. About 18 percent 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, but Canadian institutions are frequently called on 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. (For more information on our Canadian Partnerships program, see page 40.)

Q : What body is ultimately responsible for IDRC's performance? Is there a Board of Directors? How are they chosen, and for how long?

A : IDRC's leadership and policy direction comes from its international Board of Governors, who 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 four-year terms. Among past and current Governors are Lady Barbara Ward-Jackson, Ted Schultz, a Nobel laureate in Economics, and S^{ir} Shridath Ramphal, who was for many years Commonwealth Secretary-General. The majority of the Governors, including the Chairperson, are Canadians, and the rest are from other countries, including developing countries.

Q : Don't CIDA and IDRC do the same thing? If not, how are they different? What kind of cooperation is there between them? Are they represented on each other's boards?

A : IDRC funds long-term research, taking the front-end risks. The Canadian International Development Agency does application. CIDA has often provided funds to implement the results of IDRC-supported research efforts. There is no overlap. The two agencies have worked closely on projects, each contributing its particular strengths. 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.

How to Reach Us

ON THE INTERNET

World Wide Web: <http://www.idrc.ca>

Gopher: <gopher.idrc.ca>

Telnet: <ddbs.idrc.ca> → to access library catalogues and databases

e-mail: info@idrc.ca → to get general information

reference@idrc.ca → to reach library reference desk

order@idrc.ca → to order books

pub@idrc.ca → to get information on IDRC publications

mag@idrc.ca → to send a letter to the editor of *IDRC Reports*, our weekly on-line magazine

HEAD OFFICE

PO Box 8500
Ottawa, Ontario
Canada K1G 3H9

Street address:

250 Albert Street
Ottawa, Ontario
Canada K1P 6M1
Phone: (613) 236-6163
Fax: (613) 238-7230

ASIA

Asia Regional Office
Tanglin PO Box 101
Singapore 912404
Republic of Singapore

Street address:

RELC Building, 7th storey
30 Orange Grove Road
Singapore 258352
Republic of Singapore
Phone: (65) 235-1344, 235-1576, 235-1865
Fax: (65) 235-1849
e-mail: rspence@idrc.org.sg

South Asia Office

17 Jor Bagh
New Delhi 110003
India
Phone: (91-11) 461-9411/12/13
Fax: (91-11) 462-2707
e-mail: postpe10@idrc.ca

Cambodia Office

House No. 203
Street 51
Phnom Penh
Cambodia
Phone/fax: (855-23) 426-581
e-mail: idrccambodia@forum.org.kh

AFRICA

*Regional Office for Eastern
and Southern Africa*

PO Box 62084
Nairobi
Kenya

Street address:

(Please address all mail to
the IDRC Regional Director)
Liaison House, 2nd and 3rd floors
State House Avenue
Nairobi
Kenya
Phone: (254-2) 713160/1, 713273/4, 713355/6,
713578/9, 713690/1, 713699

Fax: (254-2) 711063
e-mail: chunja@idrc.ca

*Regional Office for the Middle East
and North Africa*

PO Box 14 Orman
Giza, Cairo
Egypt

Street address:

3 Amman Square, 5th floor
Dokki, Cairo
Egypt
Phone: (20-2) 336-7051/52/53/54/57/58
Fax: (20-2) 336-7056
e-mail: askande@idrc.ca

Regional Office for Southern Africa

PO Box 477
WITS 2050
South Africa

Street address:

Braamfontein Centre, 9th floor
23 Jorissen Street
Braamfontein, Johannesburg 2001
South Africa
Phone: (27-11) 403-3952
Fax: (27-11) 403-1417
e-mail: mpillay@idrc.ca

*Regional Office for West and
Central Africa*

BP 11007, CD Annexe
Dakar
Senegal

Street address:

Avenue Cheikh Anta Diop
Angle Boulevard de l'Est
Dakar
Senegal
Phone: (221) 244231, 240920
Fax: (221) 253255
e-mail: kndiaye@idrc.ca

LATIN AMERICA AND THE CARIBBEAN

*Regional Office for Latin America
and the Caribbean*

Casilla de Correo 6379
Montevideo
Uruguay

Street address:

PZA. Cagancha 1335, Piso 9
11100 Montevideo
Uruguay
Phone: (598-2) 92-20-31/34, 92-20-37/44
Fax: (598-2) 92-02-23
e-mail: arichero@idrc.ca

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

Financial Report 1995.96

INTRODUCTION

The political and fiscal situation in which IDRC functioned in 1995/96 presented both short- and long-term challenges. The political environment continued to require that publicly funded agencies demonstrate that they are needed and can operate cost effectively.

The fiscal situation included the reduction of the Centre's Parliamentary grant to \$96.1 million. This was \$15.8 million lower than the grant received in 1994/95. It was even less than the amount IDRC received some 10 years ago. When inflation is taken into account, the level of the grant is close to that received in the early 1980s. The Centre's 1996/97 grant level is expected to be the same as that for 1995/96.

New reductions to the international assistance envelope for 1997/98 and 1998/99 were announced in the latest federal budget. These are expected to have a further impact on the Centre. The extent of that impact cannot yet be determined, however.

During the year under review, therefore, the Centre was compelled to continue focusing on the following priorities:

- Increasing revenue generation and diversification;
- Sharpening the Centre's program focus; and
- Streamlining structures and operations.

Five years ago, the management and Board of IDRC perceived that the Centre should no longer rely entirely on the Canadian taxpayer for financial support. In the Centre's strategy of revenue generation and diversification, three key areas with the greatest potential for generating additional revenue have been identified:

- **Cofunding**, or project support from donor agencies, which accounts for most of the funds the Centre has raised so far;
- **Contract research**, through which IDRC can capitalize on the varied expertise of its staff and its years of development research experience by managing research projects on behalf of other agencies;
- **Fundraising** from philanthropic sources, which has great potential but requires 18 to 24 months of preparation.

Simultaneously with its revenue-diversification efforts, the Centre has undertaken a rigorous review of its program delivery, administrative structure, and operational costs. It was the second such review in the last five years. The goal is to reduce operational costs by \$7.3 million by 1997/98 through a combination of cost recovery and actual cost reduction.

One step toward this objective was the merging of IDRC's six former divisions into three new branches: Programs, Resources, and Corporate Services. This was accompanied by a reduction in the number of employees from 470 in 1994/95 to 423 at the end of 1995/96, a decrease of 47, or 10%. By the end of 1996/97, the Centre will have cut its operational costs by \$5.0 million from the level reached in the 1994/95 base year.

Last year's streamlining had two major short-term results. First, to follow generally accepted accounting principles, it was necessary to record all actual and expected restructuring costs in the current year. A provision of \$5.5 million was therefore made in 1995/96 to cover these anticipated costs. Second, the review and restructuring that took place mainly during the first half of the year slowed down operations. This had two major effects:

- The rate of project approval during the early part of the year was lower than anticipated, causing development-research expenditures to be \$23.1 million below budget; and
- Operational expenditures continued to decrease, but did show a relative increase against program expenditures.

1995/96 IN BRIEF

- *The Parliamentary grant for 1995/96 of \$96.1 million represented a reduction of 14.1% from the grant received in 1994/95.*
- *A provision of \$5.5 million was absorbed in the current fiscal year to cover the cost of restructuring the Centre.*
- *Despite the disruption caused by the restructuring during the year, the Centre was able to report a slight increase in contract research revenue compared with the 1994/95 level.*
- *The Centre was able to achieve some \$3.0 million savings in its actual operational expenditures.*
- *The slow rate of approvals, during the first half of the year, for both regular programs and contract research activities led to a lower level of program expenditures than originally anticipated.*
- *Expenditures on general management represented 9% of the total (including cost recovery).*
- *With the development phase complete, the operations of WETV as a IDRC secretariat were wound up as originally planned. All assets and liabilities were transferred to WETV Development Corporation, which has now moved to a new location.*

REVENUE

Total revenues for 1995/96 amounted to \$115.7 million, a decrease of \$15.4 million from the previous year's total of \$131.1 million (Table 1). Revenues consisted of the Parliamentary grant of \$96.1 million, contract research revenue of \$16.5 million, interest income of \$2.6 million, and other income of \$0.5 million. Other income arise from many sources, including the sale of publications and software products. Figure 1 illustrates the Centre's success to date in diversifying its revenue base to offset the decline in its Parliamentary funding.

Table 1
Revenue (\$000) for
1995/96 and 1994/95

	1995/96			1994/95	
	REVISED BUDGET	ACTUAL	VARIANCE FROM BUDGET (%)	ACTUAL	% CHANGE (ACTUAL)
Total revenue	\$125 500	\$115 701	-7.8%	\$131 126	-11.8%
Grant from Parliament of Canada	96 100	96 100	0.0	111 908	-14.1
Contract research projects	26 590	16 547	-37.8	16 254	1.8
Investment income	2 010	2 562	27.5	2 322	10.3
Other income	800	492	-38.5	642	-23.4

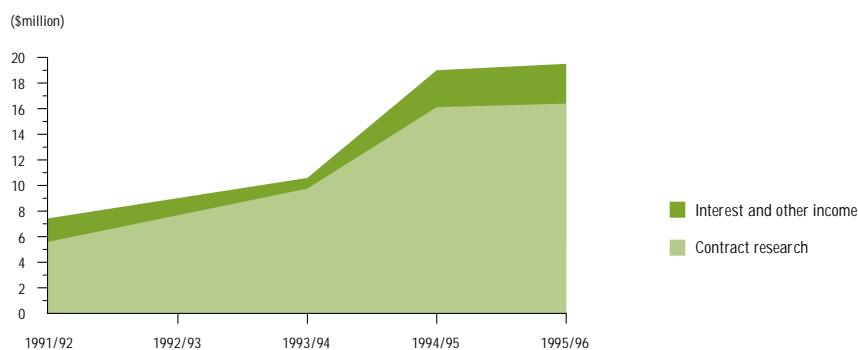
The Centre's 1995/96 Parliamentary grant of \$96.1 million represents a reduction of \$15.8 million or 14.1% from the level received in the previous year. The Centre management's response to this challenge is to further increase and focus efforts and resources toward exploring new avenues of revenue diversification. Leveraging the Centre's resources is at the heart of the strategy needed to alleviate the impact of the reductions. IDRC is scheduled to receive a grant of \$96.1 million in 1996/97.

Contract research revenues represent the value of research activities managed on behalf of other donor agencies. For 1995/96, the Centre is reporting \$16.5 million, which is slightly above the \$16.2 million reported in 1994/95 but below the \$26.6 million set for 1995/96. For 1996/97, contract research revenues are expected to reach \$24.9 million.

Interest income reached \$2.6 million, exceeding the amount recorded for 1994/95 by \$0.3 million. In 1996/97, interest income is expected to be \$2.0 million.

Other income is reported at \$0.5 million, down about \$0.1 million from 1994/95. For 1996/97, other income is budgeted at \$0.8 million.

Figure 1
Revenue from non-Parliamentary
sources: 1991/92 to 1995/96



EXPENDITURES

Total expenditures (including transition costs) were \$121.2 million, down from the \$130.0 million reported the previous year and significantly below the budget (Table 2). The largest variance was reported under development research expenditures, which was \$23.2 million below budget. This was primarily due to the slow rate of approval for regular program activities (a significant portion of the program budget was appropriated during the last quarter of the fiscal year) and the shortfall in new contract research activities.

The Centre was able to reduce its operating expenditures by \$3.0 million, which will help defray an important part of the restructuring cost. At \$1.3 million, cost recoveries were below the budgeted figure of \$2.0 million because of the lower than expected level of contract research activities.

Table 2
Expenditures (\$000) for
1995/96 and 1994/95

	1995/96			1994/95	
	REVISED BUDGET	ACTUAL	VARIANCE FROM BUDGET (%)	ACTUAL	% CHANGE (ACTUAL)
Total expenditures	\$145 869	\$121 181	-16.9%	\$130 030	-6.8%
Development-research activities	101 138	77 884	-23.0	89 759	-13.2
Research-related activities	16 686	15 817	-5.2	17 515	-9.7
Research operational support	11 086	10 498	-5.3	11 046	-5.0
General management	13 539	12 805	-5.4	12 886	-0.6
Cost recoveries	(1 990)	(1 323)	-33.5	(1 176)	-12.5
Transition costs	4 500	5 500	22.2	—	—
Operational fund	910	—	—	—	—

As mentioned earlier, Centre management expects that the total cost of the restructuring will amount to \$5.5 million over the next two years. This amount includes estimated employee payouts and other expenses under the special compensation and assistance program.

Table 3
Actual program and
operating expenditures (\$000):
1991/92 to 1995/96

Table 3 displays the relative share of program and support expenditures by major line item for the last five years. The program to administration ratio was not as good as in 1994/95. This is mainly due, as noted earlier, to the slow rate of program appropriations, with the corresponding impact on the rate of program disbursements.

	1995/96	1994/95	1993/94	1992/93	1991/92
Program	82 853	95 165	92 544	88 206	88 596
% of total	71.6	73.2	72.4	71.0	69.3
Operational	32 828	34 865	35 346	36 011	39 327
% of total	28.4	26.8	27.6	29.0	30.7
Salaries and benefits	21 607	22 654	22 519	22 969	25 735
Relocation	85	337	372	553	258
Professional and special services	1 112	1 246	1 389	1 415	778
Accommodation and depreciation	5 770	5 620	5 814	5 761	5 795
Travel	2 349	2 786	2 894	2 832	3 405
Communications	1 252	1 271	1 237	1 220	1 307
Other	1 976	2 127	2 083	2 163	2 264
Cost recovery	(1 323)	(1 176)	(962)	(902)	(215)
Total	115 681	130 030	127 890	124 217	127 923

The operational expenditures exclude the transition costs incurred in 1991/92 and 1995/96.

DEVELOPMENT-RESEARCH ACTIVITIES

Development-research activities reflect the direct costs of all scientific and technical research projects financed by IDRC in the developing world. These 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 contract research projects that IDRC manages on behalf of other donor agencies.

For the year ending 31 March 1996, expenditures for this category totaled \$77.9 million, or 67.3% of total expenditures (excluding restructuring costs), compared with the \$89.8 million and 69.9% reported last fiscal year. For 1995/96, development-research expenditures were \$23.2 million below budget. For 1996/97, the Centre plans to disburse \$85.8 million for this category.

RESEARCH-RELATED ACTIVITIES

The bulk of research-related expenditures is for technical support. The category also includes activities related to the dissemination of information, the application of 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 activities, and provide technical support to recipients. In 1995/96, technical support expenditures totaled \$10.8 million, representing a reduction of \$1.3 million or 10.4% from the level reported for 1994/95. For the upcoming fiscal year, technical support expenditures will be reduced by a further \$1.7 million to reach \$9.1 million.

RESEARCH OPERATIONAL SUPPORT

Regional offices The Centre's regional offices facilitate solid contact with developing-country scientists and researchers, and improve the Centre's ability to respond to the needs of the developing regions of the world. In doing so, they play an important role in enhancing the effectiveness of the Centre's research-support activities. 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 \$5.9 million, a savings of \$0.5 million from the budgeted level and a decrease of \$0.3 million over the amount reported last year. In 1996/97, the cost of the regional offices will drop to \$5.7 million, a reduction of 10.7% from the budgeted level for 1995/96.

Branch management For 1995/96, expenditures for branch management totaled \$4.6 million, slightly below the planned level of \$4.7 million.

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 Executive Office, and the Resources Branch.

General management expenditures were \$12.8 million for 1995/96. This represented a saving of \$0.7 million from the budgeted level and was \$0.1 million below last year's level.

HUMAN RESOURCES

For the year ending 31 March 1996, the Centre had 320 Ottawa-hired staff and 103 staff hired locally by the regional offices. This compares with a budget of 348 and 122 and last year's figures of 351 and 119, respectively. The budget for 1996/97 allows for 287 Ottawa-hired staff and 95 staff hired by the regional office. This represents drops of 17.5% and 22.1%, respectively, from the budgeted levels for 1995/96.

Table 4 displays the staffing levels for the period under review and includes comparative figures for 1994/95.

Table 4
Staffing level for
1995/96 and 1994/95

	1995/96		1994/95
	REVISED BUDGET	ACTUAL	ACTUAL
Total head office hired staff	348	320	351
Technical support			
Head office	53	46	50
Overseas	33	29	33
Within-Centre activities	53	52	54
Regional office management	10	11	11
Branch management	55	45	54
General management	144	137	149
Regional office hired staff	122	103	119
Total IDRC staff	470	423	470
Total vacant positions		47	10
Secondments		1	1
Project staff		47	48

APPROPRIATIONS

IDRC appropriations (funds allocated to regular program, contract research, and operational activities) totaled \$134.8 million for the fiscal period under review (Table 5). This represents an increase of 9.4% over last year, when the total reported was \$123.2 million. This increase can be attributed to the rise in contract research appropriations from \$26.2 million in 1994/95 to \$37.3 million this fiscal year.

Table 5
Appropriations (\$000) for
1995/96 and 1994/95

	1995/96			1994/95	
	REVISED BUDGET	ACTUAL	VARIANCE FROM BUDGET (%)	ACTUAL	% CHANGE (ACTUAL)
Total appropriations	\$146 649	\$134 809	-8.1%	\$123 248	9.4%
Regular program	55 100	57 866	5.2	61 031	-5.2
Contract research	50 000	37 292	-25.4	26 176	42.5
Operational*	37 149	34 151	-8.1	36 041	-5.2
Transition costs	4 500	5 500	22.2	—	—

*Excluding cost recovery.

Of the \$134.8 million appropriated, regular program activities represented \$57.9 million, exceeding the budget for 1995/96 by \$2.8 million. Contract research activities, at \$37.3 million, fell short of the ambitious target of \$50 million. Two reasons explain this shortfall. First, the Centre opted to manage only the international portion of the Model Forest Network Secretariat, which represented \$4.4 million out of the estimated total of \$19.4 million. Second, the Centre will not, as anticipated, be administering the funds for Business Upliftment Development Services, an initiative to help small, medium, and micro enterprises in South Africa. This undertaking would have brought an estimated \$25.0 million in contract research funds to IDRC.

Operational appropriations were also below budget by \$3.0 million. Restructuring costs make up the balance of the amount appropriated during 1995/96. An original estimate of \$4.5 million was later revised to \$5.5 million. For 1996/97, a total appropriation level of \$123.3 million is planned for the Centre.

Figure 2 depicts the allocation of program appropriations for 1995/96 by geographic region. Figure 3 displays the program appropriations according to the Centre's corporate program framework.

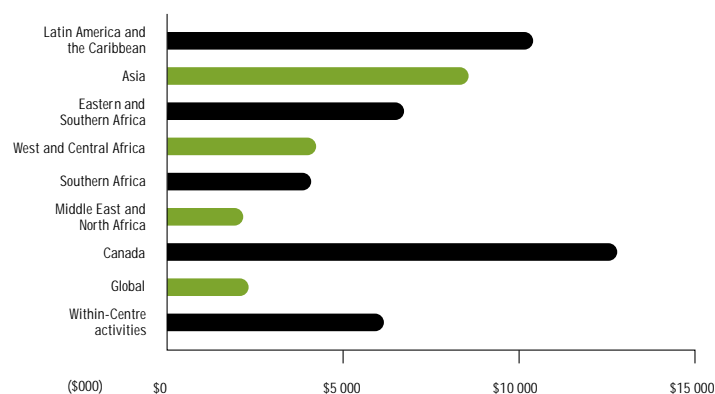


Figure 2
Program appropriations by region for 1995/96

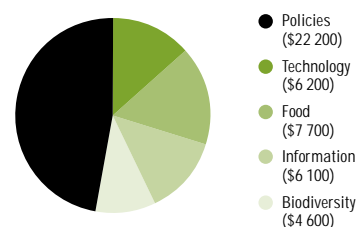
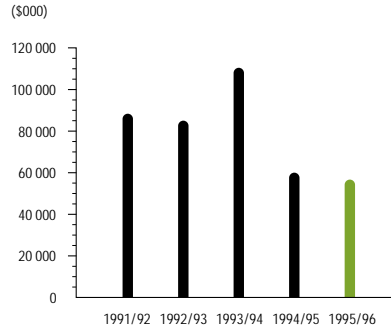
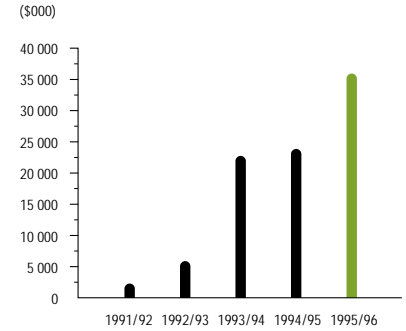


Figure 3
Program appropriations (\$000) by
research theme for 1995/96

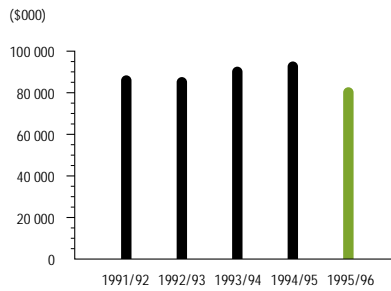
FINANCIAL INDICATORS AND TRENDS



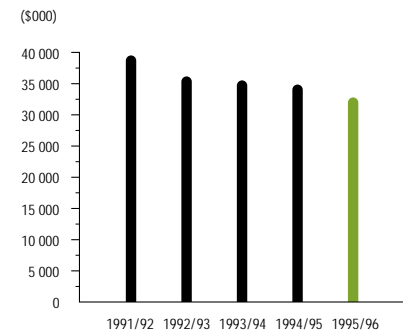
Regular program appropriations



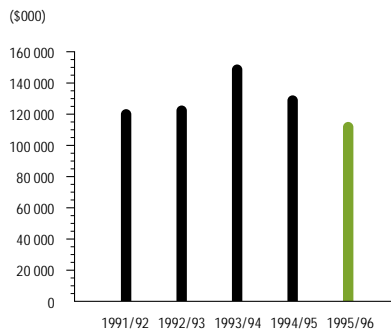
Contract research appropriations



Program expenditures



Operational expenditures



Revenue

FINANCIAL POSITION

ASSETS

Total cash and investments are reported at \$36.7 million, slightly higher than the \$35.3 million reported for 1994/95. Of this total, \$25.4 million is not available for the Centre's general use. It is restricted to the Essential Health Improvement Program (EHIP) based in Africa and to contract research activities.

LIABILITIES

Current liabilities increased from the \$14.6 million reported in 1994/95 to \$22.5 million in 1995/96. The difference is attributed mainly to the increase reported under the contract research liabilities, which amounted to \$6.7 million, and to the increase of \$4.0 million in restructuring liability.

The amount for long-term liabilities decreased slightly from \$3.6 million to \$3.2 million.

EQUITY

As of 31 March 1996, the equity level stands at \$20.5 million, with \$13.5 million restricted to EHIP.

CAPITAL EXPENDITURES

Capital investments for 1995/96 totaled \$0.7 million, a reduction of 38.9% from the 1994/95 level of \$1.2 million. Capital spending was significantly reduced during 1995/96 in anticipation of the restructuring. The largest allocation of capital purchases was earmarked for upgrading the Centre's computer hardware. Table 6 reflects IDRC's capital investments for the years 1995/96 and 1994/95.

Table 6
Capital expenditures (\$000) for
1995/96 and 1994/95

	1995/96			1994/95	
	REVISED BUDGET	ACTUAL	VARIANCE FROM BUDGET (%)	ACTUAL	% CHANGE (ACTUAL)
Total capital expenditures	\$1 211	\$728	-39.9%	\$1 191	-38.9%
Computer hardware	987	595	-39.7	725	-17.9
Vehicles	56	0	-100.0	173	-100.0
Furniture and equipment	50	44	-12.0	99	-55.6
Leasehold improvements	77	13	-83.1	179	-92.7
Telephone system	41	76	85.4	15	406.7

FIVE-YEAR REVIEW

→ **1991/92:** The Board of Governors approved a new strategy for IDRC. This strategy acknowledged sweeping global changes. It also reflected continuing financial pressures on Canada's official development assistance (ODA) budget. Accordingly, the Centre entered a two-year transition period. This involved a substantial restructuring of program directions. It required a 20% reduction in the number of employees. It also made IDRC staff and research partners more accountable for program and administrative activities. The cost of restructuring was \$5.8 million.

→ **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.

In March 1993, the Board of Governors approved a new three-year program framework for the Centre. Over the next three years the Centre would dedicate 50% of its program funds to six environmental themes, 40% to other initiatives related to sustainable and equitable development, and 10% to new initiatives.

The Centre also opened a small regional office in South Africa to deliver and support its research program in that country.

→ **1993/94:** IDRC received a supplementary grant of \$27.0 million, restricted as follows: \$15 million to underwrite a health-support package in Africa and \$12 million for the Micronutrient Initiative.

→ **1994/95:** As a result of the Centre's concerted effort to secure strategic partnerships, contract research 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:** The Centre's Parliamentary grant was reduced by 14.1%. Centre management continued to concentrate its efforts on promoting revenue generation and diversification, sharpening program focus, and reducing the cost of operations.

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 judgement, have been properly prepared within reasonable limits of materiality and are in accordance with generally accepted accounting principles. Management also assumes responsibility for all other information in the annual report, which is consistent, where applicable, with that contained in the financial statements.

Management maintains financial systems and practices to provide reasonable assurance as to the reliability of financial information and to ensure that assets are safeguarded and the operations are carried out effectively. 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 audit in accordance with generally accepted auditing standards. His audit includes appropriate tests and procedures to enable him to express an opinion on the financial statements. The external auditors have full and free access to the Finance and Audit Committee of the Board.



KEITH A. BEZANSON
President



RAYMOND J. AUDET
Vice-President, Resources,
and Chief Financial Officer

Ottawa, Canada
June 7, 1996



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, 1996 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, 1996 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 7, 1996

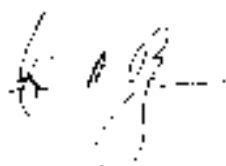
BALANCE SHEET

as at 31 March (\$000)

	1996	1995
ASSETS		
Current		
Cash and investments (Note 3)		
Unrestricted	11 310	9 333
Restricted	25 421	25 957
Accounts receivable	3 483	1 966
Prepaid expenses	1 298	1 602
	41 512	38 858
Other assets		
Capital assets (Note 4)	4 427	5 049
Recoverable deposits	166	165
Endowment funds (Note 5)	208	202
Total assets	46 313	44 274
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	6 541	9 440
Restructuring liability (Note 8)	4 024	—
Deferred contract research revenue (Notes 3 & 7)	11 962	5 217
	22 527	14 657
Other liabilities		
Accrued employee separation benefits	2 635	3 023
Deferred rent — head office	394	363
Endowment funds (Note 5)	208	202
Total liabilities	25 764	18 245
EQUITY		
Unrestricted	7 090	5 289
Restricted (Notes 3 & 9)	13 459	20 740
Total equity	20 549	26 029
Total liabilities and equity	46 313	44 274

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

Approved:



PRESIDENT



CHIEF FINANCIAL OFFICER

STATEMENT OF OPERATIONS

for the year ended 31 March 1996 (\$'000)

	1996	1995
REVENUE		
Parliamentary grant	96 100	111 908
Contract research projects (Note 7)	16 547	16 254
Investment income	2 562	2 322
Other income	492	642
Total revenue	115 701	131 126
EXPENSES		
Development-research activities		
Project grants	61 337	73 505
Contract research projects (Note 7)	16 547	16 254
	77 884	89 759
Research-related activities		
Technical support	10 848	12 109
Information dissemination and library	4 969	5 406
	15 817	17 515
Research operational support		
Regional offices	5 930	6 273
Branch management	4 568	4 773
	10 498	11 046
Total research and related expenses	104 199	118 320
General management expenses	12 805	12 886
Contract research overhead recovered (Note 7)	(1 323)	(1 176)
Total expenses	115 681	130 030
Excess of revenue over expenses before restructuring costs	20	1 096
Restructuring costs (Note 8)	5 500	—
(DEFICIT) SURPLUS FOR THE YEAR	(5 480)	1 096

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

STATEMENT OF EQUITY

for the year ended 31 March 1996 (\$000)

	1996	1995
Unrestricted		
Balance at the beginning of the year	5 289	(2 067)
(Deficit) surplus for the year	(5 480)	1 096
Restricted equity expensed during the year	7 281	6 260
Balance at the end of the period	7 090	5 289
Restricted (Notes 3 & 9)		
Balance at the beginning of the year	20 740	27 000
Expenses during the year	(7 281)	(6 260)
Balance at the end of the period	13 459	20 740
Total equity	20 549	26 029

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

STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended 31 March 1996 (\$000)

	1996	1995
Operating activities		
Cash (used in) provided by operations		
(Deficit) surplus for the year	(5 480)	1 096
Items not affecting cash		
Amortization of capital assets	1 295	1 390
Provision for restructuring program	4 024	(2)
Provision for employee separation benefits	206	319
Loss on disposal of equipment	3	(18)
Amortization of deferred rent	30	(623)
	78	2 162
Changes in non-cash operating assets and liabilities	2 039	903
Cash provided by operating activities	2 117	3 065
Investing activities		
Additions to capital assets	(721)	(1 191)
Proceeds on disposal of equipment	45	49
Cash used for investing activities	(676)	(1 142)
Increase in cash	1 441	1 923
Cash and short-term deposits at the beginning of the year	35 290	33 367
Cash and short-term deposits at the end of the year	36 731	35 290

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

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.

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.

CAPITAL ASSETS

Capital assets are recorded at cost and amortized over their estimated useful lives. Leasehold improvements are amortized over the terms of the respective leases, plus one renewal period. The methods and rates used to provide for the amortization of capital assets are:

	METHOD	RATE (%)
Computer equipment	Straight line	20
Leasehold improvements	Straight line	5–50
Office furniture and equipment	Diminishing balance	20
Vehicles	Diminishing balance	30
Telephone system	Straight line	20

RECOGNITION OF REVENUE

The Parliamentary appropriation (grant) is recorded as revenue on an accrual basis. Revenue in respect of contract research is recognized at the time the related project expenses are incurred. Contract research funds received before expenses are incurred are recorded as deferred contract research revenues. Contract research expenses incurred before funds are received are recorded as accounts receivable.

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 are covered by 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.

INCOME TAXES

The Centre is exempt from any income taxes.

FOREIGN-CURRENCY TRANSLATION

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

3. CASH AND INVESTMENTS (\$000)

	1996	1995
Cash	(52)	535
Short-term deposits		
Canadian banks	16 112	19 114
Commercial companies	11 453	7 393
Federal and provincial governments	7 241	5 683
Foreign-owned banks	—	2 565
Trust and mortgage companies	1 977	—
	36 731	35 290

Of the total cash and investment balance, \$25 421 was received for specific purposes, as follows:

	1996	1995
Deferred contract research revenue	11 962	5 217
Restricted equity	13 459	20 740
	25 421	25 957

4. CAPITAL ASSETS (\$000)

	1996			1995
	COST	ACCUMULATED AMORTIZATION	NET	NET
Computer equipment	6 008	3 487	2 521	2 800
Leasehold improvements	1 720	814	906	1 019
Office furniture and equipment	1 486	998	488	579
Vehicles	916	583	333	491
Telephone system	966	787	179	160
	11 096	6 669	4 427	5 049

Amortization for the year ended 31 March 1996 amounted to \$1 295 (1995, \$1 390).

5. 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 \$50 thousand in other endowment funds such as the Governor's Fund and the AIDS Fund.

	1996	1995
Balance at the beginning of the year	202	201
Interest income	13	10
Expenses	(7)	(9)
Balance at the end of the year	208	202
John Bene	158	155
Other	50	47
Total endowment funds	208	202

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

	1996	1995
Accrued liabilities — projects	2 156	4 673
Other	3 174	3 392
Accrued annual and other leave benefits	1 211	1 375
	6 541	9 440

7. CONTRACT RESEARCH (\$000)

Contract research relates to research conducted or managed by the Centre on behalf of other organizations. This research is funded by other international agencies, the Canadian International Development Agency (CIDA), and other federal government entities. The Centre charges an overhead fee to recover the indirect administrative expenses on its contract research activities. A breakdown of contract research revenue and expenses is provided below:

	1996	1995
Contract research projects		
CIDA	8 238	8 963
Other	6 986	6 115
	15 224	15 078
Contract research overhead recovered		
CIDA	763	740
Other	560	436
	1 323	1 176
Total	16 547	16 254

Deferred contract research revenues of \$11 962 (1995, \$5 217) include \$6 826 (1995, \$3 113) held on behalf of CIDA.

8. RESTRUCTURING COSTS

During the year, 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 down-sizing exercise, which includes severance packages paid to employees under the special compensation and assistance program and other related costs, has been estimated at \$5.5 million. As at 31 March 1996, an amount of \$4.0 million was accrued, as an amount of \$1.5 million was paid during the year.

9. RESTRICTED EQUITY

In March 1994, the Centre received a supplementary parliamentary appropriation (grant) of \$27 million. Pursuant to a Treasury Board decision this money was restricted as follows: \$15 million to underwrite a health-support package in Africa and \$12 million for the Micronutrient Initiative.

As at 31 March 1996, the balance remaining for the health support package in Africa is \$13.5 million (1995, \$14.4 million). The balance remaining on the Micronutrient Initiative is nil (1995, \$6.3 million).

10. 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. In December 1993, the Centre entered into a new lease agreement for its premises at its head office. This new lease commenced in 1995 and will expire in 2007. The total minimum annual payments under various lease arrangements will be:

1996/97	5 531
1997/98	5 057
1998/99	4 883
1999/2000	4 879
2000/01	4 957
2001–2007	34 602
Total	59 909

11. CONTRACTUAL COMMITMENTS —
PROJECT GRANTS AND PROJECT DEVELOPMENT

The Centre is committed to make payments up to \$135.6 million during the next four years subject to funds being provided by Parliament or external donors and subject to compliance by recipients with the terms of project agreements. The Centre has also submitted formal grant offers to prospective recipients totaling \$2.2 million and is awaiting acceptance of these offers.

12. 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.

13. CONTINGENCY

A claim of approximately \$820 thousand relating to a leased property in India was filed during 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.

14. COMPARATIVE FIGURES

Certain 1995 figures have been reclassified to conform to the statement presentation adopted in 1996.