IDRC | CRDI

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

Quarterly Financial Report

For the period ending

31 December 2012

Canada

Ideas. Innovation. Impact.

A key part of Canada's aid program, IDRC supports research in developing countries to promote growth and development. IDRC also encourages sharing this knowledge with policymakers, other researchers, and communities around the world. The result is innovative, lasting local solutions that aim to bring change to those who need it most.

Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS

1 Introduction

2 Performance

3 Consolidated Overview

7 Corporate Developments

8 Risk Management

8 Outlook

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

9 Statement of Management Responsibility

11 Condensed Interim Statement of Financial Position

12 Condensed Interim Statement of Comprehensive Income

13 Condensed Interim Statement of Changes in Equity

14 Condensed Interim Statement of Cash Flows

15 Notes to the Condensed Interim Financial Statements

Management's discussion and analysis

Introduction

This Management's Discussion and Analysis (MD&A) provides a narrative discussion outlining the financial results and corporate updates of the International Development Research Centre (IDRC, the Centre) for both the third quarter and the nine months ended 31 December 2012. This report was prepared as required under section 131.1 of the *Financial Administration Act* and it is in compliance with the standard issued by the Comptroller General of Canada (Treasury Board Secretariat). IDRC recommends that this report be read in conjunction with the unaudited financial statements (that begin on page 9 of this document). Disclosures and information in IDRC's *Annual Report 2011-2012* apply to the current quarter unless otherwise updated herein.

2012-2013 Budget

The 2012-2013 original budget corresponds to the budget presented in the 2012-2013 Program of Work and Budget and IDRC's *Annual Report 2011-2012.* As shown in table 1, the budget was revised at mid-year as a result of changes made to the original estimates which reflected the more current information available. The decrease in Parliamentary appropriation budget relates to the revised timing of the portion of the appropriation intended for the Development Innovation Fund (DIF). The expense budget was also adjusted to include the implementation costs of the decisions relating to the Government's Budget 2012: Economic Action Plan reductions.

TABLE 1: REVISED BUDGET

($000)	Original budget 2012-2013	Revised budget 2012-2013	Budget Amendments
Revenues	45 617	45 326	(291)
Minus: Expenses	274 251	275 989	1 738
Cost of operations	(228 634)	(230 663)	1 447
Plus: Parliamentary appropriation	167 549	159 537	(8 012)
Net results of operations	**(61 085)**	**(71 126)**	**(6 565)**

Performance

Financial highlights

(for the nine months ended 31 December)

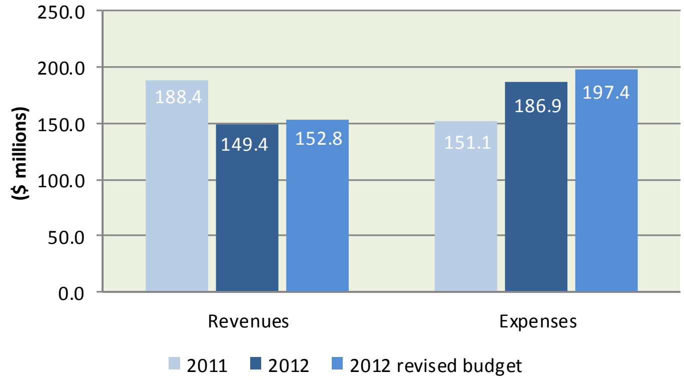


TABLE 2: FINANCIAL HIGHLIGHTS

($000)	Revised budget 2012-2013[a]	For the nine months ended 31 December Actual 2012	Actual 2011	Year-over-year % change
Revenues	45 326	29 761	29 208	1.9%
Expenses	275 989	186 896	151 140	23.7%
Cost of operations	(230 663)	(157 135)	(121 932)	28.9%
Parliamentary appropriation	159 537	119 668	159 192	-24.8%
Net results of operations	**(71 126)**	**(37 467)**	**37 260**	**-200.6%**

[a] Relative to the 2012-2013 budget disclosed in the *Annual Report 2011-2012* (see page 1).

Consolidated overview

Revenues

TABLE 3: REVENUES

($000)	Revised budget 2012-2013[a]	For the quarter ended 31 December Revised budget	Actual 2012	Actual 2011	Year-over-year % change	For the nine months ended 31 December Revised budget	Actual 2012	Actual 2011	Year-over-year % change
Total revenues	**204 863**	**52 564**	**50 706**	**67 455**	**-24.8%**	**152 827**	**149 429**	**188 400**	**-20.7%**
Parliamentary appropriation	159 537	39 849	40 120	54 511	-26.4%	119 501	119 668	159 192	-24.8%
Donor contributions									
Funding for development research programming	39 837	11 122	9 044	11 376	-20.5%	29 081	25 399	25 400	0.0%
Recovery of administrative costs	3 939	1 114	886	1 154	-23.2%	2 869	2 434	2 631	-7.5%
Investment income	1 300	368	263	345	-23.8%	1 104	965	879	9.8%
Other income	250	111	393	69	469.6%	272	963	298	223.2%

[a] Relative to the 2012-2013 budget disclosed in the *Annual Report 2011-2012* (see page 1).

TABLE 4: PARLIAMENTARY APPROPRIATION

Timing of Parliamentary appropriation	For the quarter ended 31 December Actual 2012	Actual 2011	For the nine months ended 31 December Actual 2012	Actual 2011
Main estimates	39 554	51 843	118 664	155 528
Supplementary estimates	-	2 278	-	2 278
Appropriation received	**39 554**	**54 121**	**118 664**	**157 806**
Appropriation deferred	-	-	-	-
Appropriation amortized	566	390	1 004	1 386
Appropriation recognized	**40 120**	**54 511**	**119 668**	**159 192**
Appropriation receivable	-	-	-	-

The Centre derives funding from the Parliamentary appropriation, donor contributions (includes funding for development research programming and recovery of administrative costs), investment income, and other income.

During the third quarter of fiscal 2012-2013, the **Parliamentary appropriation** decreased by 26.4% to $40.1 million from $54.5 million in the third quarter of 2011-2012. Similarly, in the nine months ended 31 December 2012, the Parliamentary appropriation decreased by 24.8% to $119.7 million, from $159.2 million in 2011-2012. The decrease relates to the re-scheduling of the portion of the appropriation intended for the Development Innovation Fund (DIF).

The majority of expenses are funded by a variety of revenue sources including the Parliamentary appropriation. It is therefore impractical to allocate expenses to specific revenue sources and vice-versa. Thus, IDRC cannot provide a reconciliation of the Parliamentary appropriation received and receivable to the appropriation used. At the macro level, with a net result showing that expenses far exceed revenues, it can be stated that the entire appropriation recognized as revenue to this point in the current fiscal year was used as at 31 December 2012.

The third quarter **donor contribution funding for development research programming** decreased year-over-year 20.5% to $9.0 million from $11.4 million. For the nine months ended 31 December 2012, donor contributions remained stable at $25.4 million as compared to the same period of 2011-2012. The donor funding, received in advance, is recognized as revenue when the related expenses are incurred (see explanation of the variance in the Expense section below). The year-over-year variance in the **recovery of administrative costs** has to do with the slightly larger proportion this year of agreements with lower indirect costs than was the case the prior year.

Other revenues, including **investment income** and **other income,** remain relatively stable in the third quarter and for the nine months ended 31 December 2012 with no noteworthy variances.

Expenses

Expenses are tracked under two main headings: development research programming and corporate and administrative services.

TABLE 5: EXPENSES

($000)	Revised budget 2012-2013[a]	For the quarter ended 31 December Revised budget	Actual 2012	Actual 2011	Year-over-year % change	For the nine months ended 31 December Revised budget	Actual 2012	Actual 2011	Year-over-year % change
Total expenses	**275 989**	**72 421**	**53 543**	**56 540**	**-5.3%**	**197 404**	**186 896**	**151 140**	**23.7%**
Development research programming									
Research projects									
Funded by Parliamentary appropriation	171 079	44 042	29 289	29 228	0.2%	117 847	113 834	77 001	47.8%
Funded by donor contributions	35 815	10 150	7 989	9 814	-18.6%	26 031	22 277	21 093	5.6%
	206 894	54 192	37 278	39 042	-4.5%	143 878	136 111	98 094	38.8%
Capacity building									
Funded by Parliamentary appropriation	41 393	10 954	9 856	10 325	-4.5%	32 240	30 588	31 610	-3.2%
Funded by donor contributions	4 022	972	1 055	1 562	-32.5%	3 050	3 122	4 307	-27.5%
	45 415	11 926	10 911	11 887	-8.2%	35 290	33 710	35 917	-6.1%
	252 309	**66 118**	**48 189**	**50 929**	**-5.4%**	**179 168**	**169 821**	**134 011**	**26.7%**
Corporate and administrative services	**23 680**	**6 303**	**5 354**	**5 611**	**-4.6%**	**18 236**	**17 075**	**17 129**	**-0.3%**

[a] Relative to the 2012-2013 budget disclosed in the *Annual Report 2011-2012* (see page 1).

The third quarter **research project expenses funded by Parliamentary appropriation** are approximately the same as the prior year but lower than anticipated in the budget. The variance is due to timing differences in the remittances for DIF activities and to a number of other large projects — all of which are expected to be back on target in the last quarter of the year. As a result, expenses for the year may slightly exceed the revised budget shown in table 5. This type of small variance in project expenses is due entirely to the timing of remittances, which are linked to the delivery of project results. In support of this trend, note that expenses for the first nine months of the year actually show a much smaller variance against budget than do the expenses for the third quarter of the year.

The actual third quarter **expenses on research projects funded by donor contributions** are lower than budget, as is the year-to-date total relative to the year-to-date budget. The reason remains the same as noted in the previous quarterly report: payments were delayed in three large programs. It should be noted however that the year-to-date results show an increase compared to the same period last year with the most significant year-over-year increases occurring in projects funded under the Canadian International Food Security Research Fund and the multi-donor funded Think Tank Initiative.

The decline in the **capacity-building portion of the development research programming expenses funded by Parliamentary appropriation** in the third quarter and in the nine months ended 31 December 2012 over the same period in 2011 is directly linked to the plans made by management to address the reduction in the appropriation related to the Government's Budget 2012: Economic Action Plan reductions. The decrease in expenses reflects, among other things, less travel and fewer professional services being procured.

The **capacity building funded by donor contributions** for the nine months ended 31 December 2012 decreased by 27.5% compared to the previous year. This decrease is mainly due to the completion of several agreements, with significant capacity building, that were no longer active in 2012. The small variance of the actuals against the year-to-date budget reflects the timing of those contributions. New agreements signed at the beginning of the year will restore expenses to their former levels once the projects covered by these agreements fully ramp-up, which is expected to occur in the beginning of 2013-2014.

The small decrease in **corporate and administrative services** in the third quarter and in the nine months ended 31 December 2012 over the same periods in 2011 reflects the reduced use of professional services and less travel.

Balance sheet

TABLE 6: ASSETS AND LIABILITIES

($000)	December 2012	March 2012	% change
Total assets	**134 523**	**156 106**	**-13.8%**
Current	124 274	133 584	-7.0%
Non-current	10 249	22 522	-54.5%
Total liabilities	**68 156**	**52 272**	**30.4%**
Current	58 867	45 978	28.0%
Non-current	9 289	6 294	47.6%

Total **assets** at 31 December 2012 decreased by 13.8% (from $156.1 million to $134.5 million) as compared to 31 March 2012. The decrease in current assets reflects principally lower account receivables. The decrease in non-current assets is related to the aging of a long-term investment which is now categorized under current assets.

Liabilities increased by $15.9 million from 31 March 2012 (or 30.4%) which is due to advances received on donor contributions (recorded as deferred revenue) and to the early receipt of the January tranche of the Parliamentary appropriation received prior to 31 December (also recorded as deferred revenue).

TABLE 7: EQUITY

		For the nine months ended 31 December			
($000)	Revised budget 2012-2013	Revised budget[a]	Actual 2012	Actual 2011	Year-over-year % change
Total equity	**32 708**	**42 168**	**66 367**	**95 287**	**-30.4%**
Unrestricted	0	278	14 387	29 093	-50.5%
Internally restricted	14 866	24 048	34 138	48 352	-29.4%
Reserved	17 842	17 842	17 842	17 842	0.0%

[a] Reflects revenue and expenses forecasts revised from the disclosure in the *Annual Report 2011-2012* (see page 1).

The 50.5% year-over-year decrease in **unrestricted** equity is exactly as planned and on track to reach zero by year-end. The **internally restricted** equity decreased to $34.1 million from $48.4 million for the same period in 2011-2012 as a result of management's adherence to Treasury Board's directive on the drawdowns of the portion of the appropriation for the Development Innovation Fund. The **reserved** equity remains stable.

Cash flows

TABLE 8: CASH FLOWS

($000)	For the quarter ended 31 December Actual 2012	Actual 2011	Year-over-year change	For the nine months ended 31 December Actual 2012	Actual 2011	Year-over-year change
Net results of operations	(2 837)	10 915	(13 752)	(37 467)	37 260	(74 727)
Non-cash items	(6 525)	7 374	(13 899)	43 402	34 725	8 677
Cash flows from operating activities	**(9 362)**	**18 289**	**(27 651)**	**5 935**	**71 985**	**(66 050)**
Purchase of investments	(35 794)	(62 856)	27 062	(138 762)	(237 640)	98 878
Maturity of investments	44 133	57 049	(12 916)	141 777	177 511	(35 734)
Other	(266)	(376)	110	(614)	(1 013)	399
Cash flows used in investing activities	**8 073**	**(6 183)**	**14 256**	**2 401**	**(61 142)**	**63 543**
(Decrease) increase in cash and cash equivalents	**(1 289)**	**12 106**	**(13 395)**	**8 336**	**10 843**	**(2 507)**
Cash and cash equivalents, beginning of period	**19 119**	**12 972**	**6 147**	**9 494**	**14 235**	**(4 741)**
Cash and cash equivalents, end of period	**17 830**	**25 078**	**(7 248)**	**17 830**	**25 078**	**(7 248)**

For the nine months ended 31 December 2012, the **net results of operations** reduced cash flows by $37.5 million (from a contribution of $37.3 million for the same period in 2011-2012). The **non-cash items** change is due largely to fluctuations in receivables related to donor contributions and the associated deferred revenue.

The cash flows from **investing activities** as at 31 December 2012 show a year-over-year increase of $63.5 million which was due to an overall net redemption of investments used to finance the operating deficit.

Corporate developments

The term of the Hon. Barbara J. McDougall as Chairperson of the Board of Governors came to an end on 2 December 2012. L. Denis Desautels assumed the position of Acting Chairperson, in accordance with the provisions of the *IDRC Act*, on 3 December 2012 and will serve in this capacity until the government appoints a Chairperson.

The President, David M. Malone, will leave IDRC on 28 February 2013. The Board of Governors has submitted a recommendation concerning a new President to the government, as required by the IDRC Act. In the event of an interim period between the departure of the current President and the arrival of a new President, the Board of Governors has appointed the Vice-President, Program and Partnership Branch, as Acting President, effective 1 March 2013.

The Senegal regional office was officially closed on 30 November 2012. The consolidation of its operations in the Nairobi office has been underway since the announcement of the creation of the new Regional Office for Sub-Saharan Africa and all transition costs will be within the financial restructuring provision taken at 31 March 2012.

On 27 November 2012, the Department for International Development (United Kingdom) and IDRC contracted to increase their funding to the African Institute for Mathematical Sciences for a total of $30.8 million over a five-year period. Of that total, IDRC's share will be $2 million.

Risk management

There has not been any material change in the risks to performance reported in the "Management's Discussion and Analysis" in the *Annual Report 2011-2012*.

Outlook

As a number of negotiations are currently underway, there is a possibility that several new donor contribution agreements will be signed by the end of the fiscal year, which would bring the total of new donor contribution agreement funding above the amount forecasted.

The remaining aspects of the context in which IDRC operates remain the same as they were at the time of the *Annual Report 2011-2012*.

Unaudited condensed interim financial statements

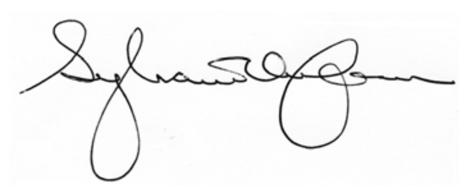
Statement of management responsibility

Management is responsible for the preparation and fair presentation of these quarterly financial statements, which, we confirm, have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. This interim financial report was therefore also prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

Management has implemented internal controls that aim to keep quarterly financial statements free from material misstatements. Management is also responsible for ensuring that all other information in this quarterly financial report for the period ending 31 December 2012 is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Centre, as at the date of, and for the periods presented in, the quarterly financial statements.

David M. Malone
President



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

Ottawa, Canada
13 February 2013

Condensed Interim Statement of Financial Position

as at
(in thousands of Canadian dollars)
(unaudited)

	31 December 2012	31 March 2012
Assets		
Current		
Cash and cash equivalents	17 830	9 494
Investments	99 404	92 199
Accounts receivable	5 701	30 155
Prepaid expenses	1 339	1 736
	124 274	133 584
Non-current		
Investments	—	11 157
Property and equipment	7 229	8 359
Intangible assets	3 020	3 006
	134 523	**156 106**
Liabilities		
Current		
Accounts payable and accrued liabilities	6 749	12 974
Employee benefits	2 657	6 263
Provision for restructuring (Note 7)	802	5 047
Deferred revenue	48 659	21 694
	58 867	45 978
Non-current		
Deferred revenue	1 082	2 011
Accrued liabilities	3 468	—
Employee benefits	4 739	4 283
	68 156	52 272
Equity		
Unrestricted	14 387	10 996
Internally restricted	34 138	74 996
Reserved	17 842	17 842
	66 367	103 834
	134 523	**156 106**

Commitments (Note 5)
Contingencies (Note 6)

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

Condensed Interim Statement of Comprehensive Income

(unaudited)
(in thousands of Canadian dollars)

	For the quarter ended 31 December		For the 9 months ended 31 December	
	2012	**2011**	**2012**	**2011**
Revenues				
Donor contributions				
Funding for development research programming	9 044	11 376	25 399	25 400
Recovery of administrative costs	886	1 154	2 434	2 631
Investment income	263	345	965	879
Other income	393	69	963	298
	10 586	12 944	29 761	29 208
Expenses				
Development research programming				
Research projects				
Funded by Parliamentary appropriation	29 289	29 228	113 834	77 001
Funded by donor contributions	7 989	9 814	22 277	21 093
Capacity building				
Funded by Parliamentary appropriation	7 799	8 184	24 301	24 884
Funded by donor contributions	1 055	1 562	3 122	4 307
Research complements	2 057	2 141	6 287	6 726
	48 189	50 929	169 821	134 011
Corporate and administrative services				
Corporate services	4 507	4 206	13 439	13 049
Regional office administration	847	1 405	3 636	4 080
	5 354	5 611	17 075	17 129
Total expenses	**53 543**	**56 540**	**186 896**	**151 140**
Cost of operations before Parliamentary appropriation	(42 957)	(43 596)	(157 135)	(121 932)
Parliamentary appropriation	40 120	54 511	119 668	159 192
Net results of operations	**(2 837)**	**10 915**	**(37 467)**	**37 260**

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

Condensed Interim Statement of Changes in Equity

(unaudited)

(in thousands of Canadian dollars)

	For the quarter ended 31 December		For the 9 months ended 31 December	
	2012	**2011**	**2012**	**2011**
Unrestricted equity				
Beginning of period	11 274	22 488	10 996	16 044
Net results of operations	(2 837)	10 915	(37 467)	37 260
Transfers from (to) restricted equity	5 950	(4 310)	40 858	(24 211)
Balance end of period	14 387	29 093	14 387	29 093
Internally restricted equity				
Beginning of period	40 088	44 150	74 996	24 249
Expenditures incurred	(5 954)	(6 373)	(40 868)	(8 972)
Additions	4	10 575	10	33 075
Balance end of period	34 138	48 352	34 138	48 352
Reserved equity				
Beginning of period	17 842	17 734	17 842	17 734
Financial planning reserve increase (decrease)	—	108	—	108
Balance end of period	17 842	17 842	17 842	17 842
Equity, end of period	**66 367**	**95 287**	**66 367**	**95 287**

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

Condensed Interim Statement of Cash Flows

(unaudited)
(in thousands of Canadian dollars)

	For the quarter ended 31 December		For the 9 months ended 31 December	
	2012	**2011**	**2012**	**2011**
Operating activities				
Net results of operations	(2 837)	10 915	(37 467)	37 260
Items not affecting cash				
Depreciation of property and equipment	252	354	802	1 078
Amortization of intangible assets	94	121	293	316
Amortization of bond premium	276	251	937	356
Loss/(gain) on disposal of property and equipment	555	(2)	634	(29)
Increase in employee benefits non-current liability	70	46	456	504
Decrease in deferred revenue — non-current	(240)	(732)	(929)	(2 801)
	1 007	38	2 193	(576)
Change in non-cash operating items				
Decrease in accounts receivable	2 869	46	24 455	4 609
Decrease in prepaid expenses	402	125	397	111
Decrease in employee benefits current liability	(2 931)	(93)	(3 606)	(147)
Decrease in accounts payable and accrued liabilities	(5 016)	5 467	(7 002)	1 067
Decrease in deferred revenue — current	(2 856)	1 791	26 965	29 661
	(7 532)	7 336	41 209	35 301
Cash flows (used in)/ from operating activities	**(9 362)**	**18 289**	**5 935**	**71 985**
Investing activities				
Purchase of investments	(35 794)	(62 856)	(138 762)	(237 640)
Maturity of investments	44 133	57 049	141 777	177 511
Acquisition of property and equipment	(354)	(128)	(400)	(438)
Acquisition of intangible assets	(85)	(255)	(308)	(618)
Proceeds from disposition of property and equipment	173	7	94	43
Cash flows from/ (used in) investing activities	**8 073**	**(6 183)**	**2 401**	**(61 142)**
(Decrease)/ Increase in cash and cash equivalents	**(1 289)**	**12 106**	**8 336**	**10 843**
Cash and cash equivalents, beginning of period	**19 119**	**12 972**	**9 494**	**14 235**
Cash and cash equivalents, end of period	**17 830**	**25 078**	**17 830**	**25 078**
Composition of cash and cash equivalents				
Cash	17 830	25 078	17 830	25 078
Cash equivalents	—	—	—	—
	17 830	**25 078**	**17 830**	**25 078**

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

Notes to the Condensed Interim Financial Statements

For the period ended 31 December 2012 *(unaudited)*
(in thousands of Canadian dollars unless otherwise stated)

1. Corporate information

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

The Centre's head office is located at 150 Kent Street, Ottawa, Canada.

2. Authority and objective

The Centre is funded primarily through an annual appropriation from the Parliament of Canada. In accordance with section 85(1) of the *Financial Administration Act*, the Centre is exempt from Divisions I to IV of Part X of the Act, except for sections 131 to 148 of Division III.

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

3. Basis of preparation

The financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand ($000) except when otherwise indicated.

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim financial reporting* using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These statements have not been audited or reviewed by IDRC's external auditors.

The financial statements were prepared on the basis of historical cost based on the fair value of the consideration given in exchange for assets.

The condensed interim financial statements do not include all the information and disclosures required for full annual financial statements, and should be read in conjunction with the Centre's audited financial statements as at 31 March 2012.

a. Seasonality of operations

The Centre's operations consist of funding research projects in the developing regions of the world. It receives most of its funding from the Parliament of Canada. Parliamentary revenue is recognized when it is received, whereas donor contributions are recognized when spent for their intended purpose. Research project expenditures are driven by several different cycles (academic, climatic, and agricultural) and tend not to be evenly distributed during the year.

4. Summary of significant accounting policies

The accounting policies used for the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Centre's annual financial statements as at 31 March 2012.

a. Change in accounting estimate

The Centre revised the useful life estimate for computer equipment from 3 years to 5 years. The Centre is applying the change in estimate prospectively for all periods beginning 1 April 2012; therefore the change has no effect on previous years. The effect of the change in estimate is an increase of $106 in the Net Results of Operations as at 31 December 2012.

b. Future changes in accounting policies

The Centre has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Centre's financial statements in future years.

IAS 19 – *Employee benefits* – the standard was amended in June 2011 requiring enhanced disclosure requirements for defined benefit pension plans. This amendment is effective for reporting periods beginning on or after January 1, 2013. The Centre is currently assessing the impact of this amendment.

IFRS 13 – *Fair value measurement*– this new standard was issued to provide single source guidance on measuring and disclosing fair values, provide a consistent definition of fair value; and other disclosure requirements about fair value measurements. IFRS 13 is to be applied for annual periods beginning on, or after, January 1, 2013. The adoption of this standard is not expected to have a material impact on the Centre's financial statements.

(in thousands of Canadian dollars unless otherwise stated)

5. Commitments

a. Program-related

The Centre is committed to making payments up to $400.3 million (March 2012: $454.0 million) during the next five years, subject to funds being provided by Parliament or donors and subject to compliance by recipients with the terms and conditions of grant agreements. Of this amount, $323.7 million (March 2012: $359.7 million) is expected to be covered by funding from future Parliamentary appropriations and the balance of $76.6 million (March 2012: $94.3 million) by funding from donor contribution agreements.

b. Operating leases

The Centre has entered into various contractual commitments for leases of office premises in Canada and abroad and for staff accommodation in various countries. The lease agreements expire at different dates up to 2022. Future payments related to these contractual commitments as at 31 December 2012 are as follows:

	December 2012
Within one year	1 805
After one year, but not more than five	29 937
More than five years	45 864
Total future payments	77 606

6. Contingencies

Various claims have been asserted or instituted against the Centre. Litigation is subject to many uncertainties and the outcome of individual matters is not predictable. Based on the advice of legal counsel, management is of the opinion that these claims are unlikely to materialize.

7. Provision for restructuring

The Centre was part of the Government-wide review of all federal expenditures aimed at reducing the federal budget deficit and improving operational efficiencies. As a result of this announcement, the Centre's annual Parliamentary appropriation revenue will be reduced by just under $23.0 million by 2014-2015 as compared to 2011-2012. The reduction represents just over 11% of the Centre's Parliamentary appropriation that was included in the Government's review ($207.4 million). On 30 March 2012, the Centre announced its restructuring strategy. The resulting changes include:

- reducing the size of its Board of Governors
- consolidating its Asian presence into one office in New Delhi

(in thousands of Canadian dollars unless otherwise stated)

- consolidating its sub-Saharan Africa presence into the Nairobi office
- ceasing activities in the field of social innovation, the principal component of which is ending the *Innovation for Inclusive Development* program
- a number of administrative process improvements, office space and personnel reductions.

The Centre has now closed its offices in Singapore and Senegal. The Centre's operations now encompass regional offices in Cairo, Montevideo, Nairobi, and New Delhi and head office in Ottawa.

A provision of $5.2 million for restructuring was established when the restructuring initiative was announced. The Centre expects to complete the restructuring process towards the end of the 2013-2014 fiscal year.

	31 December 2012	**31 March 2012**
Provision for restructuring – beginning of year	5 047	—
Additions	—	5 186
Disbursements	(4 245)	(139)
Provision for restructuring – end of period	802	5 047

8. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

How to reach us

Contact information

Head office

MAILING ADDRESS
PO Box 8500
Ottawa, ON, Canada
K1G 3H9

STREET ADDRESS
150 Kent Street
Ottawa, ON, Canada
K1P 0B2

Phone (+1) 613-236-6163
Fax: (+1) 613-238-7230
Email: info@idrc.ca

To connect with IDRC's regional offices, or to view the staff directory, go to the Contact Us page on IDRC' website, www.idrc.ca

This document is available in print form and online at www.idrc.ca

idrc.ca